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JANUARY 28, 2010 4:00 A.M.

A Responsible Choice

Fiscal crises demand efficiency in education.

In his State of the Union address, President Obama proposed spending another \$4 billion annually on K–12 public education. He did not mention that state, local, and federal governments already spend well over twice what they did in 1980, or that there has been no discernible improvement in student achievement during that period.

Especially in the current economic climate, the president would have been better served backing a policy with a proven record of improving achievement *and* saving money: school choice.

State and local budgets are in sorry shape. States came up more than \$158 billion short of projected tax revenue when planning their budgets for 2010 last year, and as the economy deteriorated and tax revenue plummeted more quickly than expected, nearly \$34 billion was added to the tab. Together, these shortfalls add up to the largest gap on record — 28 percent of general-fund budgets for 2010. And the near future looks even bleaker than the present.

As unemployment remains high and home prices continue to fall or stagnate, states are facing an estimated shortfall of \$180 billion for 2011 and another \$120 billion for 2012. Compounding the growing problems at the state and local levels, federal stimulus funds used this year and next to close shortfalls will evaporate. And most states' reserves were tapped long ago.

K–12 schooling is the biggest item on state and local budgets. Judging by the 2005–06 totals from the National Center for Education Statistics (NCES), state and local governments now spend well over \$500 billion each year on public K–12 education. The Bush and Obama administrations have overseen a startling increase in the federal involvement in and funding of K–12 education, but the federal government provides just 9 percent of education funds, compared with 44 percent from local sources and 47 percent from states.

State governments spent 35 percent of their general funds on K–12 education in 2007, according to the

National Association of State Budget Officers. In contrast, Medicaid — which is continually singled out as a problematic state-budget item, even though most Medicaid funds come from the federal government — accounted for just 17 percent of general-fund expenditures. Combined, state and local governments spend 27 cents of every dollar they collect on public K–12 education system, but only 8 cents on Medicaid.

The amount we spend on education has increased dramatically and consistently over the past century, with a 25 percent increase in per-pupil expenditures, in constant dollars, between 1995 and 2005 alone. This upward trajectory shows no sign of flagging, with total state education spending increasing even during this serious recession, and amidst plummeting tax revenue, with the assistance of federal stimulus funds. The White House reports that elementary- and secondary-education spending at the state level increased from just over \$228 billion in 2007–08 to \$236 billion the next, leveling off at \$235 billion for 2009–10.

And yet student achievement has been stagnant since the 1970s. There is little evidence that increased spending, especially at the federal level, has any impact on long-term student outcomes. Indeed, a recent, rigorous, government-sponsored study of the federal Head Start program — the Holy Grail of public programs aimed at boosting long-term student achievement — discerned *no* positive effect on student outcomes past the first grade.

Meanwhile, ten similar studies show decisively that school choice works. Nine of the studies found statistically significant positive impacts on at least some students. None found a negative effect. The latest results from the Washington, D.C., voucher program show that children in the program for three years read more than two grade-levels ahead of those who applied but didn't win the voucher lottery.

Even small and restricted school-choice programs save taxpayers millions a year: \$32 million under an existing program in Milwaukee; \$39 million in Florida; and more than \$531 million in Pennsylvania. Larger programs that give all families access to vouchers could save billions of dollars every year while greatly improving education.

The evidence is staring the Obama administration in the face: States, local governments, and taxpayers can't afford *not* to have school choice.

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