It's Not About Choice,
It's About Markets and . . .
They Don't Work for Education

David R. Garcia,
Public School Choice Parent,
Choice Proponent,
Markets in Education Critic
School Choice as Arizona’s dominant educational policy was expected to improve student achievement in all schools.
Arizona parents have more choice than any other state
   - #1 Education Freedom Index (Greene, 2000)
   - #4 Center for Education Reform Parent Power Index and "A" rated charter school law

Most recognizable education policy (along with the ELL block)

Intended to improve the best interest of public education (charter and district schools)
   - "Rising tide lifts all boats"
   - "Invisible hand"
Arizona Student Achievement Scores Stagnant

National Assessment of Educational Progress (NAEP), Average Scale Scores, 4th Grade Reading

The data were generated online at http://nces.ed.gov/nationsreportcard/districts/
Arizona Student Achievement Scores Stagnant

National Assessment of Educational Progress (NAEP), Average Scale Scores, 8th Grade Mathematics

The data were generated online at http://nces.ed.gov/nationsreportcard/districts/
The answer to the most commonly asked question

Academic achievement in charter schools is marginally better than district schools (at best).

Mostly, overall achievement is the same.
Marginal improvement (at best) for 12% of charter school students

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minimal statewide gains
Arizona results are consistent with national and international research

U.S.: Charter and market advantages often described as “slight” or “modest”

International: “Small” market/choice effects, “fragmented” and “inconclusive”
Why Not?

Why has the introduction of expansive school choice policies not resulted in large-scale academic improvements?
Choice ≠ Markets
Choice ≠ Markets

Policy makers talk choice but want market forces to drive school improvements through empowering parent consumers.

What’s the difference between choice and markets?

- Choice benefits choosers

- Markets benefit everyone via the "Invisible Hand."

- My opinion: Advocates of “Education Savings Accounts” left 10% of funds to public schools to make the case that the student exit benefits all public school students
Neither choice nor markets as the dominant educational policy will lead to major, overall improvements in student achievement.
The Real Question

Why don’t markets work in education?
Education Markets are Expected to Work Just Like Private Markets

Rational Consumers are the key to driving improvements for all Consumer:
  1. Coffee Shop A serves a bad cup of coffee
  2. Rational Consumer must leave Coffee Shop A - maybe complain
  3. Buy from Coffee Shop B because serves better coffee
  4. Coffee Shop A improves or closes and local coffee is improved

Non-Consumer:
  Takes no action but still benefits from Rational Consumers’ disciplined actions
The Mechanics of Market-Based Improvement in Education

What do individual schools need to improve?
- Understand why parents left (or why parents did not select their school in the first place – a much more difficult question)
- Be able to improve on the reasons that parents left

What the state needs to drive overall improvement?
- Rational consumers that make disciplined choices based on the bottom line (test scores)

Example: Private school choice
Parents do not act "rationally"

Parents view schools as communities, not businesses
Parents do not act “rationally”

Parents do not choose on the same bottom line (test scores) as state or national policies
- Many other factors, such as school safety, school/class size and student well-being
- Student demographics: The elephant in the room

Rely primarily on sources other than state reports
- Formal sources of information (e.g., school report cards) are one the least influential sources of information in school choice decisions
- Most influential information source is other parents
Parents do not act “rationally”

When faced with a declining school most parents stay – they don’t leave!
- In 2005-6, 0.2% of eligible students transferred schools under the NCLB choice provision (AZ Consolidated Report, 2005-2006)
- From 2008 to 2009 91% of students reenrolled in “Excelling” schools and 84% in “Under/Failing” schools

- How “Coffee Shops” really work in education.

- From a market perspective, parent involvement is irrational.
POLICY POINTS

POLICY POINTS BRINGS RELEVANT DATA TO TIMELY PUBLIC POLICY ISSUES IN ARIZONA

School Reenrollment: Choosing to Stay

Few other states have embraced school choice as readily as Arizona. Due to the combination of strong statutes that encourage charter school development, open enrollment, tuition tax
vouchers, and homeschooling options, analysts have described Arizona as “the first real
education market in the country” (Gresham, Hess, Maranto, & Milliman, 2008). Of these choices,
charter schools are the most expansive option available to parents. In 2008, 472 Arizona charter
schools enrolled 8% of the total student population (Arizona Education Network, 2009).

| Percentage of Students Entering (In) and Exiting (Out) Schools, During the 2007-2008 Academic Year, by Sector, Arizona |
|---|---|---|---|---|---|
| | Traditional Public | Charter | | | |
| Schools | In | Out | In | Out | In | Out |
| Reading | 240 | 0.08 | 0.04 | 22 | 0.12 | 0.09 |
| Performing | 300 | 0.09 | 0.04 | 125 | 0.17 | 0.07 |
| Mathematics | 240 | 0.08 | 0.04 | 11 | 0.09 | 0.08 |
| History | 150 | 0.09 | 0.02 | 39 | 0.07 | 0.03 |
| Science | 210 | 0.04 | 0.01 | 49 | 0.06 | 0.01 |
| Overall | 1500 | 0.07 | 0.03 | 277 | 0.06 | 0.05 |
Higher percentages of students enter and exit low performing charter schools

Percentage of Students Entering (In) and Exiting (Out) Schools, during the 2007-2008 Academic Year, by Sector, Arizona

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<th>Traditional Public</th>
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- How “Coffee Shops” really work in education.

- From a market perspective, parent involvement is irrational.
Why do parents act so “irrational” when it comes to school choice?
Parents view schools as communities, not as businesses

“Rational” consumer behavior in education is costly
   - Switching Schools = High Transaction Costs

Parents are members not consumers

Parents treat schools like public goods
   - They are quality takers and quality makers
   - First inclination is to help not leave
   - The more involved, the more irrational. The most committed are the last to leave.
The Common Retorts
(and research-based responses)
More (or more efficient) market-based policies are necessary to generate pressure (e.g. more intuitive school accountability labels, performance incentives to promote competition).

- Arizona is #2 state for Market-Based Policies, behind Texas and tied with Wisconsin (CATO, 2006).

- How much more market-based policies does Arizona need to increase student academic achievement?

- More system incentives will not change the underlying dynamics of parental choice behavior
Districts are not responsive to market forces.

- District responses logical given what we know about why parents choose charter schools

- Major reasons that parents choose charter schools: small school/class size and specialized curriculum

- District response: open small, specialized schools and improve customer service

- These logical responses will not necessary lead to higher test scores.
Common Retort - #3

Schools should act more like businesses.

- Yes, with regard to logistical issues (e.g., transportation and procurement).
  - Garcia’s litmus test: "If you can stack it, treat it like a business."

- Nobody has articulated how markets should work where it matters most - in the classroom
“Markets work precisely because they are neither gentle nor forgiving. They are impersonal mechanisms that gain their power by harnessing self-interest and drawing on desire and fear” (Hess, 2009, in Sykes et al., 2009).
Moving Forward
Moving Forward - #1

- School choice is an important part of a comprehensive educational policy structure

- School choice can build coherent academic communities.

- People see quality schools of choice and often confuse academic coherence with competitive effects

- Question how markets are expected to work in education.
Moving Forward - #2

- Education community should recognize and promote the thousands of public school choice parents—especially in district schools.

- ASBA Toolkit for National School Choice week (January 27 - February 2, 2013)

- Focus on parent choosers rather than system choices
Commentary

Protecting the Choice to Stay: “Education Savings Accounts” and Legislative Priorities
by David Garcia — 2012

“Education Savings Accounts” (choice vouchers) are the latest iteration of school voucher proposals and are touted by free market advocates as the future of school choice policies and a vehicle for education reform. In Arizona, where the state legislature has passed choice vouchers on two occasions, the policy discussion has been framed as a conflict between parental choice and bureaucratic mandates and the courts have sided in favor of parental choice. More correctly, the public policy discussion should be framed as a matter of competing parental choices; the choice to divert public funds away from public schools and the “constitutionally-supported” choice to send students to public schools. In setting priorities to resolve this conflict in an environment of scarce resources, I argue that the next available public school dollar must go toward meeting the constitutional mandate to fully maintain public schools on behalf of those parents who have chosen for their students to attend them before allowing other parents to divert public funds away from public schools. Alternately, if the legislature wants to hold true to their commitment to provide parents with the option to divert public funds away from public schools, a policy option with some legal precedent, then it must first maintain its public schools on behalf of the parents who have chosen for their students to attend them. This latter solution has the potential side benefit of achieving the education reform that advocates covet - maybe in a properly maintained public school system, there will no longer be anymore failing schools or underserved students.
Moving Forward - #3

- Engage parents by treating schools as communities and finding strategies for improvement other than to encourage parent exit.

- Parent involvement is a promising policy that can lead to major improvements for all.

- Few dedicated parents can have a broad impact well beyond their individual students.
Questions?
Breakout Session

Tomorrow, 2:30 - 3:20pm, McArthur 5
- How markets take the “public” out of education and create challenges for collective action
- Address any questions
- Discuss moving forward
Thank you!

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