



# CHARTER SCHOOLS AND STUDENT SUCCESS

BY PAUL E. PETERSON

**One study of 29 countries found that the level of competition among schools was directly tied to higher test scores in reading and math.**

On a recent Saturday, President Obama delivered a radio address on education and he didn't shrink from saying that American high school students are trailing international averages. He sketched out details of a bill his administration is now pushing to revise the No Child Left Behind Act. He proposes to preserve testing requirements but create a better measuring stick, require teachers be evaluated by performance (not credentials), and use carrots instead of sticks to encourage progress.

But nothing in the speech or his proposed legislation hints at the need for school choice and competition. Charter schools went unmentioned. One worries that his view of markets in education differs little from the one offered by Diane Ravitch in her new book *The Death and Life of the Great American School System*. In that book, she offers a naïve and static view of markets: "It is in the nature of markets that some succeed, some are middling, and others fail," she wrote.

Twentieth-century economist Joseph Schumpeter saw it another way. In his view, it is in the nature of markets that middling firms are "creatively" destroyed by good firms, which are themselves eventually eliminated by still better competitors. Ignoring this basic economic principle, critics of charter schools and other forms of school choice see no hope for competition in education. These critics ask us to leave public schools alone, apart from creating voluntary national standards—speed zones without traffic tickets, as it were.

## **Understanding markets**

Few doubt that public schools today are troubled, as the president noted. What the president left out is that the performance of American high school students has hardly budged over the past forty years, while the per-pupil cost of operating the schools they attend has increased threefold in real dollar terms. If school districts were firms operating in the market place, many would

quickly fall victim to Schumpeter's law of creative destruction.

Ms. Ravitch and other critics of school choice reverse causation by blaming the sad state of public schools on events that occurred long after schools had stagnated. They point, for example, to President Bush's No Child Left Behind Act (enacted in 2002), mayoral governance of schools recently instituted in some cities, and the creation of a small number (4,638) of charter schools that serve less than 3 percent of the U.S. school-age population.

### Hindrances to improvement

To uncover what is wrong with American public schools one has to dig deeper than these recent developments in education. One needs to consider the impact of restrictive collective bargaining agreements that prevent rewarding good teachers and removing ineffective ones, intrusive court interventions, and useless teacher certification laws.

Charters were invented to address these problems. As compared to district schools, they have numerous advantages. They are funded by governments, but they operate independently. This means that charters must persuade parents to select them instead of a neighborhood district school. That has happened with such regularity that today there are 350,000 families on charter-school waiting lists, enough to fill over 1,000 additional charter schools.

According to a 2009 *Education Next* survey, the public approves of steady charter growth. Although a sizable portion of Americans remain undecided, charter supporters outnumber opponents two to one. Among African Americans, those who favor charters outnumber opponents four to one. Even among public-school teachers, the percentage who favor charters is 37 percent, while the percentage who oppose them is 31 percent.

A school can have short-term popularity without being good, of course. Union leaders would have us believe that charter popularity is due to the "motivated" students who attend them, not the education they provide. But charters hold lotteries when applications exceed available seats. As a result—and also because they are usually located in urban areas—over half of all charter students are either African American or Hispanic. More than a third of charter school students are eligible for the federal free or reduced lunch program.

### Lotteries and studies

To identify the effects of a charter education, a wide variety of studies have been conducted. The best studies are randomized experiments, the gold standard in both medical and educational research. Stanford University's Caroline Hoxby and Harvard University's Thomas Kane have conducted randomized experiments that compare students who win a charter lottery with those who applied but were not given a seat. Winners and losers can be assumed to be equally motivated because they both tried to go to a charter school. Ms. Hoxby and Mr. Kane have found that lottery winners subsequently scored considerably higher on math and reading tests than did applicants who remained in district schools.

In another good study, the RAND Corp. found that charter high school graduation rates and college attendance rates were better than regular district school rates by 15 percentage points and 8 percentage points, respectively.

Instead of taking seriously these high-quality studies, charter critics rely heavily on a report released in 2004 by the American Federation of Teachers (AFT). The AFT is hardly a disinterested investigator, and its report makes inappropriate comparisons and pays insufficient attention to the fact that charters are serving an educationally deprived segment of the population. Others base their criticism of charters on a report from an ongoing study by Stanford's Center for Research on Education Outcomes (Credo), which found that there are more weak charter schools than strong ones. Although this report is superior to AFT's study, its results are dominated by a large number of students who are in their first year at a charter school and a large number of charter schools that are in their first year of operation.

Credo's work will be more informative when it presents findings for students in charters that have been up and running for several years. You can't judge the long-term potential of schools that have not amassed a multiyear track record.

To identify the long-term benefits of school choice, Harvard's Martin West and German economist Ludger Woessmann examined the impact of school choice on the performance of 15-year-old students in 29 industrialized countries. They discovered that the greater the competition between the public and private sector, the better all students do in math, science, and reading. Their findings imply that expanding charters to include 50 percent of all students would eventually raise American students' math scores to be competitive with the highest-scoring countries in the world.

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### The need for innovation

What makes charters important today is less their current performance than their potential to innovate. Educational opportunity is about to be revolutionized by powerful notebook computers, broadband and the open-source development of curricular materials. Curriculum can be tailored to the level of accomplishment each student has reached, an enormous step forward.

If American education remains stagnant, such innovations will spread slowly, if at all. If the charter world continues to expand, the competition between them and district schools could prove to be transformative. ■

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