

**A NEW FRAMEWORK FOR PUBLIC EDUCATION
IN MICHIGAN**

A REPORT

Submitted to the Michigan Department of Education

Fulfilling the Requirements of

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EXECUTIVE SUMMARY

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Acknowledgments

A report of this magnitude and significance only comes to the light through the efforts and understanding of numerous individuals, all playing specific roles in the process of preparing, supporting, reviewing, analyzing, and completing a project of enormous complexity. The "New Framework for Public Education in Michigan" does not differ in this respect.

The research team has been headed by Eugenia Froedge Toma, a noted scholar who directs the Martin School of Public Policy and Administration at the University of Kentucky. Dr. Toma directed a research team consisting of graduate students John Jones, Jess Reaser, Andrew Toole, Ron Zimmer and Dr. Paula Kearns of Michigan State University's Department of Political Science. Coordinating the efforts of this team, and the related labors of undergraduate students, Dr. Cary Federman of James Madison College served as the project liaison. Moreover, the research labors and thoughtful reflections of James Madison College undergraduates made a significant contribution. Carrie Boot, Justin Cassey, Ryan Deel, Anthony Phillips, and Francesco Viola all made contributions to this project.

The Report

Education involves three distinct activities or concepts. The first is that which falls under the general name itself, education, and that is pedagogy, the instruction, what occurs in the classroom and between teacher and student. This report does not deal with that subject except indirectly. The second activity is educational administration or what it takes to envision, organize, manage, and maintain a particular school or schools. This report discusses that subject not at all. Finally, one may consider the environing structures which govern education, and that is the exclusive subject of a "New Framework for Public Education in Michigan."

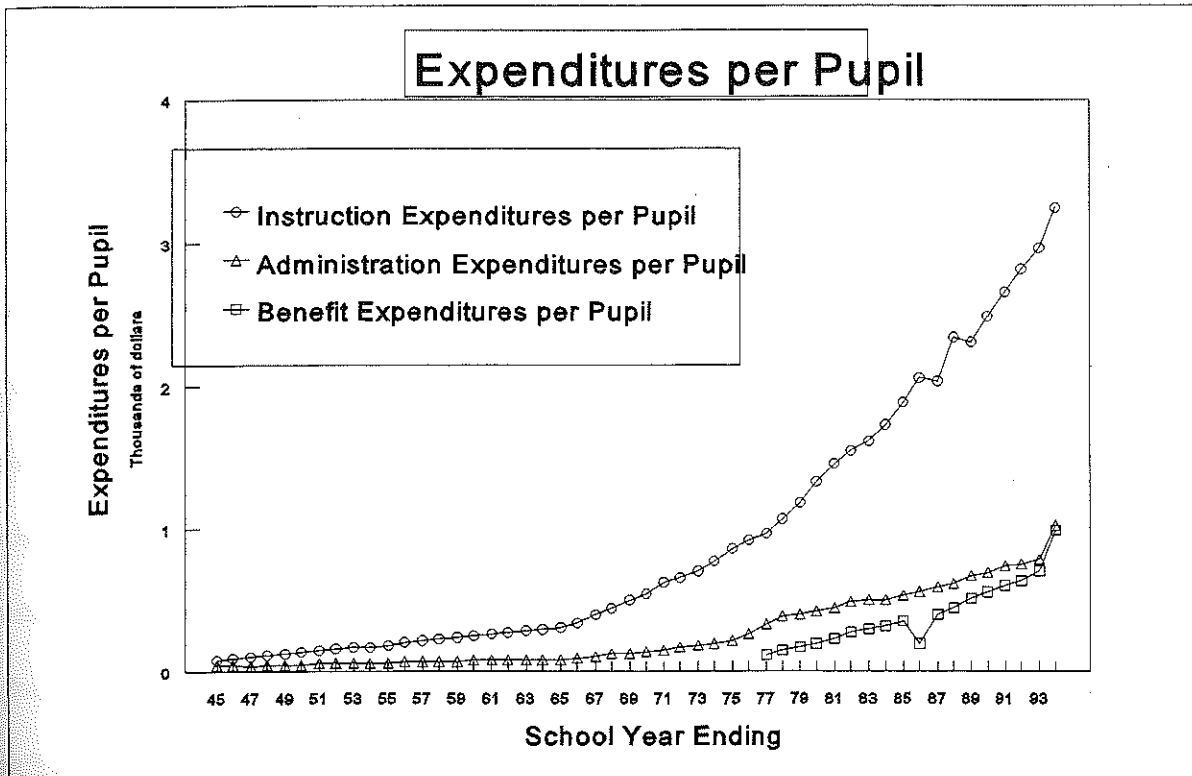


Figure 4.3

The Problem

The manner in which a "New Framework" comments indirectly on pedagogy derives from the need for empirical analysis of the outcomes of public education as currently constituted. By applying measures to the existing standards and statements of outcomes, such as standardized test results and drop-out and graduation rates, we discover that we say something indirectly about what goes on in the school — namely, that schools do not all fail and no school fails all of

the time. Significantly, however, where failures do occur, they tend to be repeated; that is, failures tend to be concentrated in identifiable centers — largely, large urban centers. Similarly, resources tend to be concentrated where the rate of failure is least in the existing system of public education. That means that the distribution of educational resources operates in opposition to the demonstrated needs. Moreover, the mal-distribution seems to be causally tied to the reality that students from failing schools, by yielding up the resources nominally reserved to them, effectively subsidize the educations of students in successful schools. Since the students in failing schools tend to be poorer than the students in successful schools, this constitutes a redistribution of wealth from the poor to the well-to-do. Thus, what is happening in the classroom contributes to the dysfunctional system for distributing educational resources, in which the incentives to perform operate fairly uniformly to reward most those who have most. Students in failing schools are receiving a discounted education, and their performance reflects the intrinsic discount in operation.

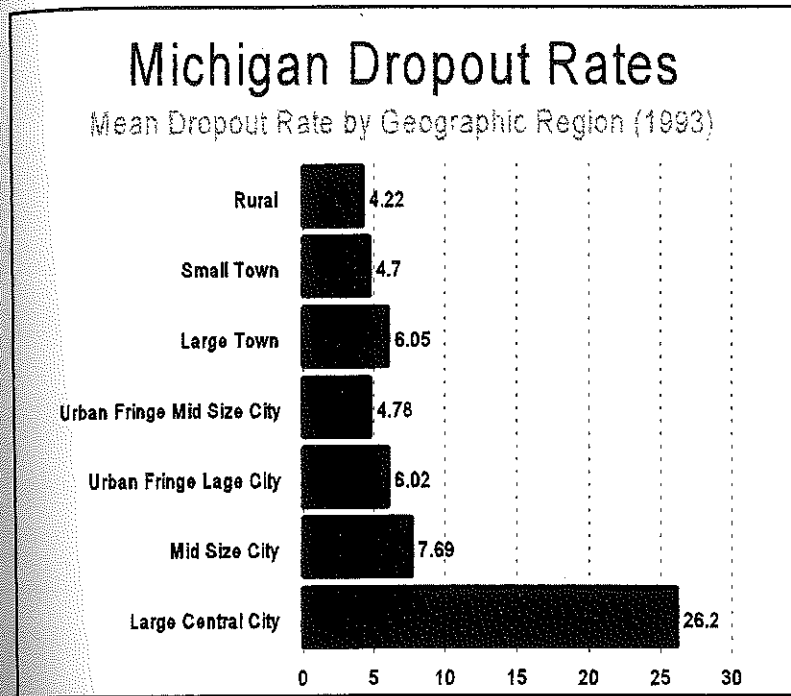
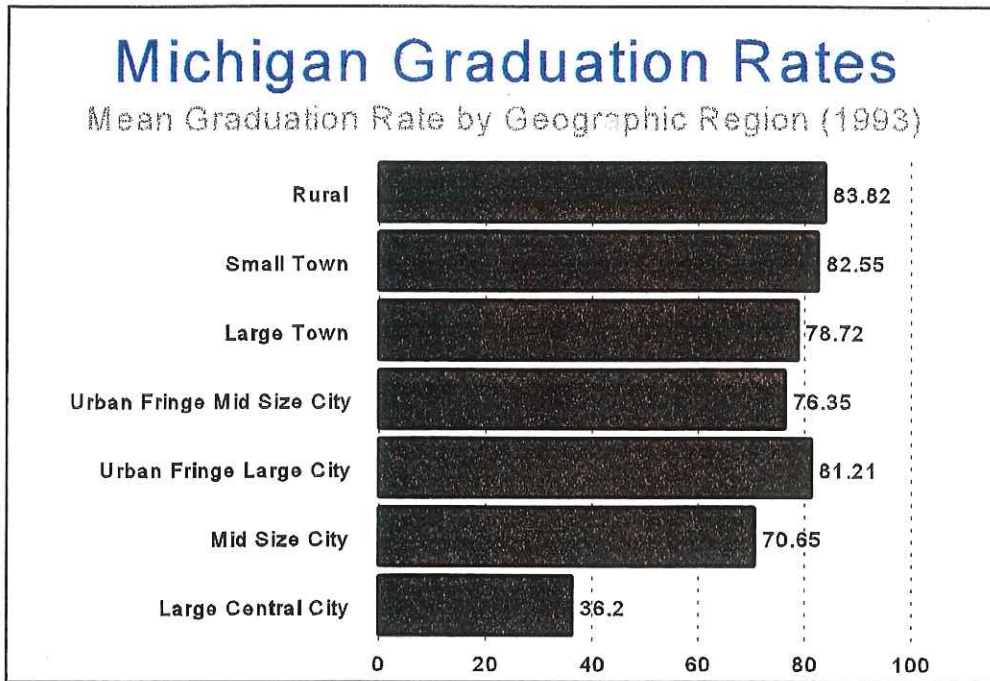


Figure 4.6

A second problem that we demonstrate is the phenomenon of inefficient use of resources occurring in all schools, and tied to the specific manner of governing the schools. In short, having the government run the

schools, independently of paying for the schools, seems to be the single greatest cause of the inefficiencies that are generalizable across all schools. In short there is a systemic problem which can only be addressed by systemic means. Earlier theories identified the systemic dysfunction as a capital market imperfection (market failure) because they conflated “government production” of schooling with “government financing” of schooling. Accordingly, this report for the first time separates those two components as effectively as we have always separated “road building” from “highway financing.”

Figure 4.7



The Proposal

We advocate the devolution of school ownership to the citizens within specific school districts (with special provisions for school employees). Further, the state government would absorb the current debts (retirement and bonded indebtedness). “In both cases of debt assumption amortization over the life expectancies of the debts will render the expense within reach of state revenues in company with a declining impact on public revenues.” State divestiture will be accomplished by means of a specific plan to distribute ownership shares to citizens, with additional shares of stock awarded to teachers and administrators to assure them strategic leverage in the period of transition. Shareholders will govern the schools by means of

boards of directors chosen by vote of the majority of shares. The emerging corporation will be a public entity subject to the rules which currently govern all such corporations in accord with the professed aims and methodologies of the owners.

Schools will freely establish tuition rates and recruit students competitively, while the State will provide the average, annual, current cost of education directly to students as the means to defray the cost of tuition. That sum currently is approximately \$5,900, which may then be expected to become the initial, prevailing tuition rate. Under circumstances of competition, however, we may expect that rate to fall to a level median between that and the usually far lower tuition rates (on average) presently charged by independent schools. At the same time, however, we may expect schools generally to enjoy a net increase in resources available for program development, as the expenses attendant on an overly bureaucratized system recede. Because we recommend that the State fund every student at the current average, annual level, we do not expect an immediate net decrease in the cost of instruction. However, we have analyzed and presented means-tested alternatives, which would permit the State to limit public payments to households earning \$150,000 or less. It is obvious that the savings associated with such a move will grow significantly as the means threshold is lowered. This proposal seeks to provide a specific advantage to schools operating to achieve the objectives of public education. Schools would be improved through competition and a restructuring of the governmental role — a shift from providing the mechanisms of education to providing the funds to sustain consumer choice.

We provide for issues of transition, starting from the demonstration that complete and rapid divestiture would be the smartest move in a privatization effort. Systemic changes can rarely be accomplished by gradual efforts.

What is Public Education?

Public Education may be defined instrumentally as the provision for well nigh universal literacy and numeracy. Such a goal is eminently attainable, no less than the eradication of polio. Where that goal is accepted, there remains but to consider the means of pursuing it, in relation to which the first acknowledgment we encounter is that public resources must be applied to the purpose. However, it would be well not to confuse the public purpose with the public means. Public education is not reducible to the amount of money the public spends on education.

The instrumental definition of public education will prove unsatisfactory to some. They will desire a nobler statement to justify the public's hopes from education. The instrumental definition, however, by no means responds to the question of what hopes justified the adoption of such a definition. We conceive that the original republican conception of an educated citizenry remains the principal motivation for public concern with education. Further, we do not doubt that the idea of an educated citizen includes thoughtful familiarity with the founding principles of American life, an appreciation for the fundamental human rights and liberties whose existence precedes the establishment of republican institutions, devotion to and pride in

the responsibility of self-government, and recognition of an obligation to the well-being of free society. We maintain, however, that those goals are achieved by means of the application of skills of literacy and numeracy, early attained and applied to the texts and opportunities that reinforce the centrality of self-sufficiency in navigating republican existence. We are confident that a free people who possess those fundamental tools will not fail to apply them to these objectives. In that sense, public education must be willing to trust to skilled individuals the acquisition of those understandings necessary to the life of freedom, rather than to presuppose a ritual of indoctrination as the only means to convey them. When the public has provided for the acquisition of such skills, it has done all that can reasonably be called public education. When the Constitution of the State of Michigan declared (Article VIII, Sec. 1) that “Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall be forever encouraged,” it understood that the power of government could not extend beyond encouraging the existence of such means; the power of government could not directly purvey the goal of “good government,” which results from the exertions of educated citizens. When the Constitution of the State of Michigan further committed itself (Sec.2, same article) to “maintain and support a system of free public elementary and secondary schools,” it understood that the support it had to give must justify itself in light of the obligation to encourage “means” of education which could further the purpose. For all practical purposes, schools are free when available to parents of children without cost. Nothing more is required to establish a “system” of public education.

Percent Households with Enrolled Children 1990

Elementary and Secondary Education

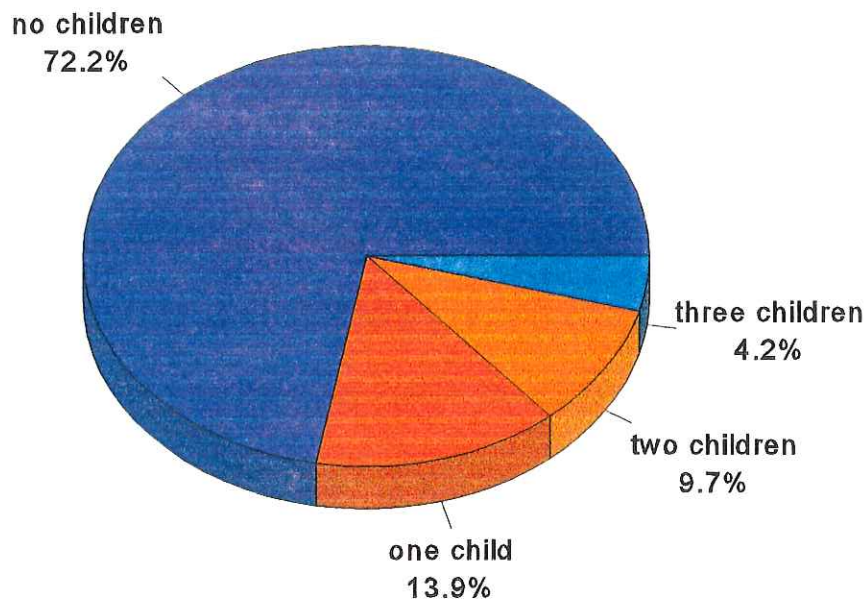


Figure 7.1

In Michigan we find reason to expect timely intervention in the evidence of successful models and the opinions of state leaders who recognize the need to provide greater flexibility in order to assure opportunities for educational success for all children in the State. A case study of compelling simplicity may be seen in the form of the Reading and Language Arts Center in Bloomfield. Janet Beales reports that the Center began in 1991, with an entrepreneur and two tutors whom she trained in the Orton-Gillingham method. In the five years since they have enjoyed 110% annual revenue increases and now operate three centers in suburban Detroit serving 800 clients.

The ultimate story here is the story of new dimensions in the privatization movement, a movement which has attracted detractors as well as advocates. In this study we respond specifically to the legitimate concerns of people who fear excessive privatization, but we borrow the language of thoughtful detractors to reinforce the very reason we have chosen this path. We locate the correct expression of our views precisely in the words of three Spanish commentators who declare themselves not “converted to the ideas of Hayek — the implacable exterminator of the public realm.”

Lo público no es deleznable por si mismo, ni lo privado es la panacea que resuelve todos los problemas. Ni las empresas privadas son siempre eficaces, ni las públicas — desgraciadamente — se identifican con el interés general. Existen empresas públicas ineficientes, pero hay muchas empresas públicas que también lo son... Sobre todo...en una

economía desarrollada e integrada..., hay pocos sectores estratégicos que justifiquen una presencia pública, y muchos servicios básicos pueden ser gestionados por la iniciativa privada con una regulación conveniente, supervisada por los poderes públicos.

This is the identical insight reported by Faverman and Starks, when they argued that “the number one target yet to be addressed for re-engineering, restructuring, and reform is our governmental service agencies...,” chief among which is the system of public schooling.

Because we may readily comprehend that public delivery of goods does not “always identify with the general interest or common good,” we have greater title to listen to proposals that as much attention be devoted to the “supply” side of the educational market as heretofore has been focused on the “demand” side in discussions of educational choice. We recognize that to ask entrepreneurial/ missionary educators to go into urban and suburban schools under present constraints would be the same as having asked 1960s “Freedom Riders” to go into the south to work for the segregationist governments of the era. They won’t do it. What is more, we should not ask them to do it. We should far rather push the goal of restructuring as far as it is possible now to go.

A. Purpose of this Project.

This study was undertaken at the behest of the State Department of Education on behalf of the Governor of the state of Michigan, John Engler, and consistent with the objectives in the

Department's Request for Proposals, entitled *A New Framework for Public Education*. (RFP No. 95-SBE). This study proposes a plan that empowers parents to make real choices concerning the schools their children attend. We advocate provisions by which all K through 12 education will be non-governmentally operated. We propose to eliminate all jurisdictional barriers to school selection. No single structure of educational governance would be imposed by the State, even as the State preserves its commitment to equitable funding for Michigan students. Restrictions on school definitions will be minimal. Schools will be owned by individual share-holders, who will operate each school acting through their respective boards of directors. Nor should it be overlooked that schools, on this model, will shed the traditional governmental immunity which covers state-run institutions from accountability.

We recognize that this proposal suggests a far-reaching change in the apparatus by which the State supports public education. It is natural for responsible individuals to pause before embracing so thorough a change. We do not think the hesitation to innovate is a policy failure; nor are all state officials equally reluctant. The structure of the system complicates the decisions to be made and makes it difficult for policy makers to act directly. Yet, in government-operated schools parents receive a take-it-or-leave-it formula. When parents lose their trust in the government's promise to educate, most have no place to go for a reasonable alternative. What is more, and what is clearly worse from the standpoint of public education, is that classrooms themselves come under the domination of government-sanctioned, bureaucratic methods. State-run schools hamper the

administration of education and its delivery by teachers. The educational system established a

Percent of Michigan Households w/Children in Elementary & Secondary Schools

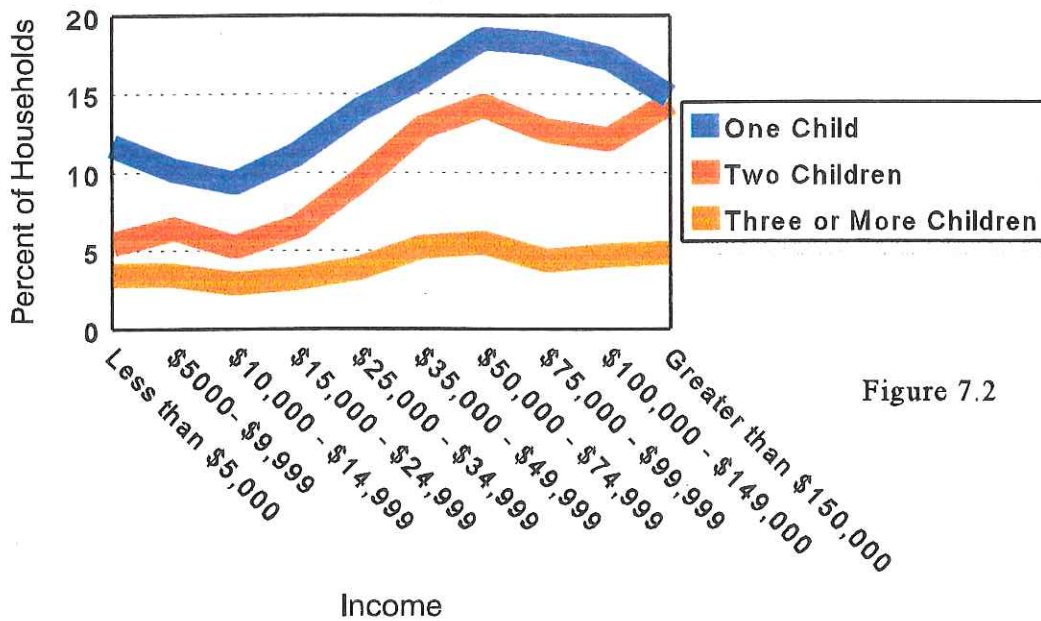


Figure 7.2

century ago still exists, but it is now larger and less than ever responsive to the needs of parents and children.

B. The Proposal

An Alternative System

(1) Ownership

In Michigan the costs of the current system are borne disproportionately by poor, nonwhite families rather than the producers of the failing schools. Because poor, nonwhite families have neither the economic resources to exit the current system nor the political influence to incite meaningful change, there is little reason from their perspective to expect the current system to improve.

A system to respond to the desires of the poor and disenfranchised as well as to the wealthy, politically influential, and all others in the population, requires fundamental, structural reform in the governance or decision making processes for the schools. Among several ownership and governance forms for the production of goods and service, the three most common include formalized collective or government ownership, private nonprofit ownership, and private for-profit ownership.

We recommend:

Nonprofit Ownership

Technically, non-profits are defined by the taxing authorities of each country. In Michigan State, religious, educational, and charitable organizations can operate as non-profits, protected under federal law as well as state law. A nonprofit organization incurs no tax liability to any governmental

entity and its owners are forbidden to reap profits in a monetary form. Any residual from the operations of the organization must be “consumed” by the owners and employees of the nonprofit institution in the form of nonmonetary perquisites or retained by the organization for the purposes of providing future goods and services. It is the constraint on the distribution of residual earnings of the organization that distinguishes non-profits from for-profit institutions (Hansmann, 1980, 1987).

For-Profit Private Ownership

For-profit institutions constitute the other organizational form under the aegis of private ownership. In addition to the fact that the residual earnings of the organization can be taken in monetary form, another important attribute of for-profits is that ownership is clearly defined. The objective of the owners of all for-profit organizations is unambiguously defined as that of maximizing profits.

The clear specification of ownership insures that the firm’s output is the one that satisfies the objective of the owners and provides a product desired by consumers. If consumers are not satisfied, the share price of the stock of the corporation falls and owners receive a signal that the organization is not maximizing its potential profits. Corporate boards, representing the owners, can then signal the same to the management team hired to monitor the output of the organization. Management and workers incur penalties and receive rewards directly related to their performance on the job.

Critical to the achievement of the profit-maximization goal is that the ownership shares can be transferred, or bought and sold in the marketplace.

The organizational structure governing for-profit firms has evolved spontaneously through the marketplace. The intriguing aspect of for-profit organizations is that structural evolution has taken place so that the dual objectives of satisfying consumer demands and maximizing profits for stockholders are intertwined.

Optimal Ownership Form

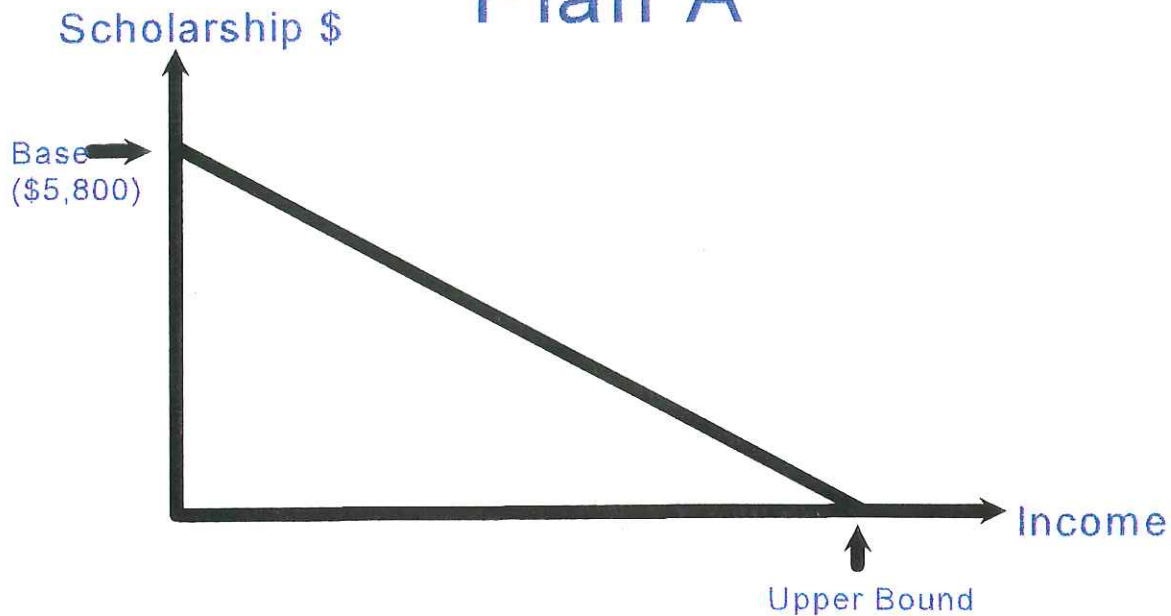
A priori, the optimal form of ownership of schools is unknown. Small, homogenous communities may be able to produce schooling in a manner satisfying the members of their community. Larger communities and those with diverse tastes and preferences would be less likely to provide schooling through government production. In those communities, the optimal ownership forms will include private non-profits and for-profit firms. Ownership of schools must be clearly defined and rules for exchange of ownership shares must be structured so that innovation in organizational form as well as innovation in teaching processes can occur.

2. Financial Subsidies

The conceptual discussion in Chapter III shows that capital market imperfections pose problems for a pure market system of schooling. As a result, there will be under consumption of schooling by those with low incomes or few (nonhuman) capital assets. This suggests public financing of

Figure 7.5

Alternative Funding Plan A

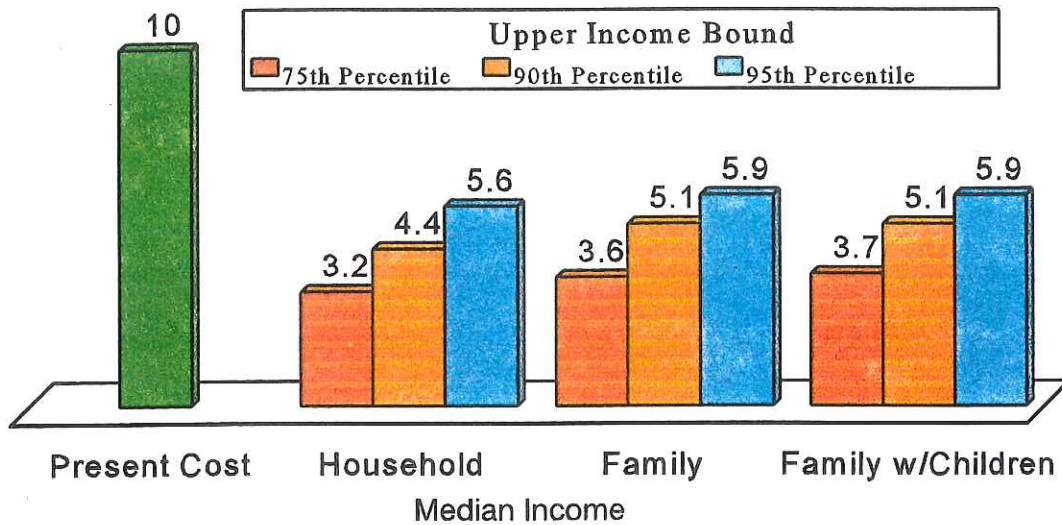


schooling for those who would under consume when dependent on their own resources. As to how to provide the financing numerous alternatives present themselves. We recommend retaining a method similar to that which now exists. Subsidize all (or virtually all) students so that the direct tuition price facing consumers is zero. Variations of this scheme would entail less-than-full subsidies so that schools charge some, but less-than-full tuition. We discuss a range of alternatives to allow full comparison of cost implications.

Figure 7.6

Total Cost of Schooling Under Alternative Funding Plan A

(Billions of Dollars)



Base = \$5,800 (total expenditure per student)

Providing a subsidy to the consumer to be used at the school of choice does not destroy the price signal that links quality and price. Information is conveyed in the price confronting the family. And the tradeoff between price and quality will directly confront the family. The individual who wishes to supplement the subsidy with private money can do so. Private funds can supplement the public funds.

3. Choice of Schools

Under the current system, most children attend schools according to geographic residence within school districts. Local school boards determine the boundaries of attendance for children. The consequence is that high income persons locate in high income neighborhoods and send their children to schools attended by other high income families. Similarly, low income persons segregate in neighborhoods offering low price housing and send their children to schools attended by like persons. The evidence presented in Chapter IV supports this proposition. By restricting school choice to residential location, individuals are necessarily restricted in their ability to choose a school most suited to their preferences and any peer effects that might be captured by mixing persons of differing abilities and income status in the classroom are limited to explicit desegregation policies such as school busing. Both from the perspective of providing families with the ability to make their own decisions about the type of schooling they prefer (a pure efficiency argument) and of capturing production externalities through peer effects, residential location as the basis of school attendance is problematic.

Plan Summary

We recommend one plan, the justification for which is presented in Section Five.

Ownership

A clear definition of ownership is the first component of the alternative plan for educating children. State and local school districts must relinquish all concepts of government ownership of schools. Ownership belongs to all residents of the state of Michigan according to the school district in which they currently reside. In particular, each adult resident of a given school district shall receive the right to receive one share of ownership for each school in the district. For example, if school district A has 5 schools, each adult resident will have the right to 5 shares --- 1 for each of the 5 schools. The shares include the rights and responsibilities associated with ownership of any other asset. The rights include the rights to the physical assets such as buildings and equipment. Current pension obligations for teachers remain the responsibility of the State and will continue to be met until all past obligations are fully funded. Moreover, we recommend that capital indebtedness become an obligation of the State.

All teachers and administrators employed by a particular district in the past school year and who have contracts for the succeeding year shall receive additional shares at a level to be determined by lawmakers. The additional shares for school staffs are a necessary and prudent means to capture the knowledge and interests of persons strategically placed to assure a successful transition.

Shares of stock will be offered by financial institutions within each district. Restrictions on trading of shares will be those that apply to the trading of any publicly held and regulated corporation and the price of each school's shares will be determined through the market. Shares

may be bought by original school shareholders, by persons from other schools within the district, by individuals outside the district, or organizations of a variety of forms. That is, they shall be publicly tradeable.

Governance

Governance of schools will be determined by the owners of each school. Initially, the local school district board will constitute the board of directors for schools presently existing under their authority. Upon majority approval (a true majority, not a plurality) of shareholders of any school, however, an alternative governing board may be chosen. The composition of the board (i.e., parents, teachers, public at large, etc.) will be determined solely by the shareholders of the school. Rules of governance such as board composition, the terms of membership of the board, and other rules defining the structure will be subject to majority rule determination and laws governing public corporations.

In a community in which shares are retained by the local residents, the schools could continue to operate with the same elected officials and same personnel as currently exist if the community so decides. If the same governing body operates the schools, one transitional issue will confront each school and its governing body. Because subsidies will be given not to schools but to individuals, each school must establish a price for which it will sell its service. Given the lack of information in the form of competitive pricing of schools previously, it is expected that the average per pupil expenditures in the schools will be the price level chosen by many schools in the transition phase.

Many municipalities will choose to continue to operate schools as corporate entities with local-based decision making; other communities will opt to sell their shares of ownership in the schools and relinquish the governing rights and responsibilities that accompany ownership. A majority of shareholders can choose an alternative governing body for a school either through voting a change or selling shares to others who will vote a change.

Financing

To address the capital market's inability to judge the value of future human capital and, thus, the market failure associated with consuming the optimal quantity of schooling, financing of schooling will be targeted to individual families. Upon this model, the economic arguments for public financing of schooling support but do not require means-tested financing.

The financial subsidies individuals receive from the state can be used to purchase schooling from communally governed schools, those that opt out of communal governance and choose an alternative organizational form, as well as at new schools that enter the market.

Transition Issues

1. Phase-In or Comprehensive Change

Although varying approaches to this change may be eligible depending on prevailing circumstances, we recommend comprehensive change on the authority of the most successful privatization efforts that have occurred in recent years. That would call for a complete divestiture of

ownership by the state and all local districts, while an alternative procedure would involve divestiture of particular districts.

2. *Personnel*

In the transition period, it is expected that schools would continue to honor personnel contracts and to prefer existing employees. By granting additional ownership shares to these individuals as outlined above, the teachers and administrators of the schools would occupy a special position in the schools. Moreover, private for-profit ownership should result in a system in which the personnel are given stock options as part of the compensation package.

A Brief Look at the Debate

From the debate over financing of education, many have concluded that there is a trade-off between efficiency (both production and consumption) and consumption equity when the provision of education moves from local level to the state level. Consumption and production efficiency at the local level can be created through the Tiebout mechanism (Tiebout, 1956) while leading to an inequitable provision of education. Greater equity in expenditures can be achieved through more central control; however, when public goods are directly provided by the state, the provision of public goods will be uniform among all localities and families will no longer be able to choose among different packages of public goods and tax prices (Fernandez and Rogerson, 1995).

Furthermore, when public goods are provided by local jurisdictions, jurisdictions are forced to

compete. The competition will increase productivity and output quantity and quality among the localities (Hoxby, 1995).

On the other hand, the distribution of the public good will be differential when provided by subsidiary governmental units rather than the state. Equity in the public distribution of goods will depend upon the original endowment of wealth within jurisdictions. Wealthier jurisdictions with a greater demand for a certain public good will provide a higher quality and quantity of public goods than poor jurisdictions with a low demand for the public good. In contrast, the state can assure that the public goods have a uniform distribution, at least in expenditures, when it directly provides the public good. However, Ladd and Yinger (1994) argue that policy makers should be more concerned with the distribution of "real education" resources rather than nominal dollars. They suggest that the equalization of dollars clearly does not mean the equalization of educational attainment and they imply that greater emphasis should be placed upon the equalization of educational attainment instead of the equalization of expenditures. Therefore, achieving equality in expenditures may not produce equitable educational attainment among districts.

A further implication of centralization of education is decreased productivity and educational attainment. In a cross sectional examination of the states, Hoxby (1995a) examines the impact of increasing centralization on productivity (as measured by per pupil costs) and education attainment. Hoxby argues that centralization eliminates the Tiebout mechanisms that allow localities to compete

and act like the private market. The consequence: higher per pupil costs and lower educational attainment. She urges more local control for education on efficiency grounds.

In general, centralization may create waning support for education due to the inability of families to sort themselves to meet their individual preferences and due to the competition for money with other public goods at the state level. The implication is clear: A movement from local to state responsibility in decision making and financing education has been a detriment in the effort to improve education.

All the aggregate data, the production function literature, and the literature on centralization reveal problems in the current system of public schooling. The data and studies also provide insights into policy strategies that should not be followed (Hanushek, 1992, p. 229). First, policy prescriptions should not focus on expenditures. Whether the policy is geared toward raising expenditures, decreasing expenditures, or reducing variations among districts, evidence suggests little expectation that such policies will affect significantly the performance of the current schools. Second, reducing class size, increasing teacher training requirements, and teacher experience are also not the solutions to the poor school performance issues. Finally, more centralization in schools rather than local control are not viable solutions to the current problems in education. Rather, real changes in the very structure of education may be needed.

Striking evidence that the differential performance of the private and public schools is widely perceived and not restricted to evidence under the purview of the academic community has been

compiled by Denis Doyle of the American Enterprise Institute . Doyle (1995) examined public school teachers in metropolitan areas and their choice of schools for their own children. Teachers in the public school system disproportionately send their own children to private schools. In a study using census data, Long and Toma (1988) found this to be true after controlling for other factors such as income, race, and public school inputs. Even though teachers occupy a position enabling them to secure relatively more of the advantages offered by the public system, they disproportionately opted out of the system for private school options across the U.S.

C. Comparative Institutional Structures

Examining the effects of alternative institutional structures within the U.S. poses a particular challenge because of the lack of significant structural differences across or within the fifty states. Although comparative specialists often characterize the U.S. system of schooling as decentralized because of the multi-level system of financing and control, the system is perhaps more remarkable for its resulting similarities among the states. The federal government has traditionally played and continues to play, a comparatively minor role in the production or financing of schooling in the U.S. Funded mandates influence policy on bilingual schooling, the method of teaching disabled children, and other substantive pedagogical issues, but relative to other countries, the federal role is minimal.

Nevertheless, in each of the 50 states, the organizational structure of the schooling system resembles closely the other 49 states. In each state, there is a state board of education whose members are elected or appointed to office (Toma, 1983). The board is responsible for broad policy

issues in the state and, directly or indirectly, represents the link between taxpayer preferences and the administrative or bureaucratic arm of the state government, the state department of education. Previous work by Toma (1983) has shown that the method for selecting the members of the state board is a significant factor in explaining taxpayer satisfaction with the output of the schools.

A similar structure exists at the local level across the states. Again, there is a local school board, generally elected by the voters of a particular local district. To implement and monitor the policies formulated by the local board, a local department of education or bureaucratic agency exists. The most significant variable in the structure at this level is the size of the school districts at the local level. The districts range from very small to enormous as represented by the Los Angeles Unified School District. Scholarly research has examined the effects of district size, and also, school size on effectiveness of the schools. Although not conclusive, the prevailing evidence currently favors the smaller districts and smaller schools.

Despite this evidence, the trend has been to consolidate school districts into larger school districts during the last century. Buchanan (1977) notes that between 1940 to 1970, the number of school districts fell from 117,000 to 18,000 in the U.S. He argues that the consolidation of school districts benefits the bureaucrats within the school system rather than students or taxpayers. Taxpayers have experienced higher tax rates through consolidation while seeing very little improvement in the quality of education. School bureaucrats encourage consolidation because it

leads to higher salaries, promotion prospects, and less competitive pressures to be efficient and productive.

Only recently have reforms in the U.S. gone beyond a mere revision of the financing method for schools. Limited voucher experiments have been introduced, for example, in the city of Milwaukee. Transportation vouchers and choice among public schools have been introduced in the Minneapolis-St. Paul metropolitan area. And the states of Indiana and Ohio have launched ambitious targeted, low-income voucher programs in urban areas, including parochial schools in Ohio. Magnet schools have been created across the country in hopes of creating more educational opportunities across a number of socio-economic groups. Majority-to-Minority (often called Open Enrollment) programs have been attempted in a number of large cities with limited success. Contracting out for services such as food, janitorial, and even school management has begun in numerous local school districts in places such as Pennsylvania, Florida, Maryland, and Connecticut. Charter schools, or independently operated schools within the public system, provide alternatives to the traditional, public system in California, Arizona, Minnesota, and Michigan. These experiments are sufficiently recent, and the data limited, that any attempts to measure performance effects of these marginal structural changes would necessarily be subject to criticism.

Any legitimate comparative study of the governance and financing effects on performance must go beyond the U.S. to other countries. The advantage of extending the analysis beyond that of the

U.S. is that structures do differ around the world and differ in ways that conceptually would be expected to result in radically different levels of effectiveness in the various countries.

While there have been descriptive, comparative analyses of various sorts, until recently there had been limited empirical analysis of the effects of alternative institutional arrangements for the governance and/or financing of schools on the schools' output. Work by Estelle James (1993) represents some of the more rigorous empirical analyses. Recently, Toma (1996) analyzed five countries -- Belgium, Canada (Ontario province), France, New Zealand, and the United States. More discussion of the differences in these countries is described in the report. The findings by Toma support previous works in the U.S. regarding differences between public and private production of achievement. Students in private schools, including countries where a vast majority of students are enrolled in private institutions and supported by public funds, on average exhibit higher achievement than those in public institutions.

In the United States, the constitutional separation of church and state has operated to restrict funding primary and secondary schools other than those under the jurisdiction of the state (save, notably, in cases of special education). Other countries provide an interesting contrast. In France, for example, where there is also legal separation of church and state, measures have been instituted that result in funding religious schools. The countries also differ radically in terms of the proportion of students enrolled in private schools. New Zealand has an official private enrollment of less than 5 percent, while Belgium enrolls over 50 percent of its students in private schools. Yet in some

aspects, these countries are very similar. All countries have compulsory schooling ranging from 8 to 10 years and a school year length that varies only 15 days across the 5 countries. Similarly, the five countries are industrialized with a high degree of literacy among their adult populations

While the structure of American schooling remains fundamentally unchanged since early in the 20th century, numerous changes have occurred in the rest of the world. It is amazing that the institutional structure of education along with a philosophy of uniformity has remained intact in the U.S. since the days in which the philosophies of Horace Mann, John Dewey, and James Conant (Armor, 1989) were first broadly realized. Standardization and uniformity have been protocol in the U.S., with little experimentation with alternative methods of organizing or governing education. The various structural forms of providing education in some other countries have been examined carefully and have proved instructive in developing an alternative framework for the provision of schooling in Michigan.

Americans bathe everyday, and in doing so set themselves apart from almost all other peoples and, indeed, from their own forbears not much longer than a generation ago. The fact of Americans' frequent bathing is a triumph of public education which challenges the evidence of public schools' pervasive failure to generate avid learners with equal facility. Increasingly, however, people conceive that "common" schools perform certain tasks (such as the indoctrination crucial to personal hygiene) better than others (such as the inspiration needed to launch a career of learning).

The current political season offered the spectacle of a major candidate whose strongest constituency is the National Education Association (NEA) but who calls on volunteers to teach third graders how to read, while another major candidate demands educational choice independent of the teachers and who attacks the NEA in language usually reserved for the NRA (National Rifle Association).

Nevertheless, it is still the case that we may anticipate a mandate to do something regarding the perceived failures of public education. That mandate will doubtless center on the incongruity identified above, namely that public schools, when they undertook to inculcate habits of personal hygiene succeeded beyond imagination but have not attained like success with respect to inculcating habits of personal mental hygiene. We may fairly conclude that a monolithic organization and lock-step approach for some reason work in the one case but not in the other. That, in turn, will produce a demand for devolution and decentralization in education, precisely in proportion as people conceive that the goal of producing avid learners is infinitely more valuable than that of producing bodily cleanliness. The model of welfare reform will constitute the basis of education reform hereafter, the important exception being that the locus of reform will be the state house rather than Congress.