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NEW PERSPECTIVES ON CHOICE IN K-12 EDUCATION

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P R O C E E D I N G S

MR. LOVELESS: My name is Tom Loveless. I want to welcome you to the Brookings Institution and to the Brown Center on Education Policy.

Today's panel is discussing school choice in K-12 education. The event centers on the release of a new book that Julian Betts and I edited, called "Getting Choice Right: Ensuring Equity and Efficiency in Education Policy." This book is the third and final publication of the National Commission on School Choice that was funded by the Gates Foundation and the Annie Casey Foundation, and we thank both of those foundations for their generous support.

The commission met for two years. Our objective was to go beyond what typically is investigated in school choice. The usual question is, is it a good thing or a bad thing? And we decided not to look at that. What we wanted to look at was simply to take the question of whether choice is good or bad, put that off the table and say, whether it's good or bad, it's here, and it's always been here.

There are various forms of choice in education systems. Vouchers are probably the most controversial of the forms of choice, but there are others: charter schools, of course, magnet schools; there's intra-district choice. The old school district that I taught in in California had that in the 1980s. Basically that means that a child in a public school district, if there's a seat open in another school, may apply for that seat

and attend another school outside of one's residential boundaries. There are inter-district school choice programs. The State of Massachusetts, for instance, has one. And that's just like intra-district choice except that the child moves outside of his or her home district and goes to another district.

So there are a variety of forms of school choice. You'll be hearing about other kinds of choice today from our three speakers. Let me introduce them to you now. There are lengthier bios in your packet if you want to know what these three folks have accomplished, but let me briefly introduce them.

The first speaker will be Julian Betts. Julian is a professor of economics at the University of California-San Diego and he's also a senior fellow at PPIC, which is the Public Policy Institute of California.

Laura Hamilton will speak second. Laura is a senior behavioral scientist at the RAND Corporation. Currently Laura is in Pittsburgh.

And then finally, Patrick Wolf. Patrick is associate professor of public policy and principal investigator of the School Choice Demonstration Project at Georgetown University.

We'll begin with Julian. Julian's going to take—just to give you an idea how the rest of the morning will be structured, Julian will take about 20 minutes because he has several things he needs to accomplish. Then Laura and Patrick will each speak for about 12

minutes. After that, we'll throw it open for your comments and questions from the floor.

MR. BETTS: Well, good morning, it's good to see you all here. Thanks for coming. We've already established that I'm the most long-winded person on this panel, it sounds like.

What I want to talk about this morning is lessons from economic theory about implementing school choice. Now, I acknowledge right at the start—I think I need to get this on the table—that a lot of people, especially people who are skeptical of choice, understand market standards and supply and demand—factories making widgets, supply meeting demand in that market determining price. What on earth does that have to do with the education of my child? Schools are not a factory and my child is not a widget. We've all heard that.

All those things are true, and yet at the same time I want to make the case that the market metaphor for schools is actually fairly apt, in the following sense. Even in the very limited sorts of school choice that we have today, such as charter schools, open enrollment, the 10-12 percent of people who are attending private schools, even in that limited system of school choice, parents are actively making decisions about what is the best form of education for their children.

So we have a demand side. We have consumers making decisions. And we also have suppliers making decisions about whether to enter the market or not. So we do have a market, like it or not. And the

question is, what is the best form for that market to take and what can we learn from economic theory about things that go right in markets, things that go wrong in markets, and what can we do to try to maximize the benefits while mitigating the risks?

So let me start by telling you about the theoretical case for school choice. It all hinges upon the idea of competition. So I'm going to give you two examples here, two extremes, neither of which is quite realistic.

At one extreme we have a monopoly. A monopoly refers to a market where there's one seller of a good. In that case, consumers basically get the short end of the stick. They end up buying less of the good than they would otherwise, at a higher price. They also may end up getting lower-quality services. Then at the other extreme, which is what economists refer to as perfect competition, we have a very large number of suppliers and demanders, none of whom can affect market prices. In that sort of a situation, it's easy to compare monopoly to perfect competition. Monopoly leads to lower provision of services for any given price paid.

Now, how does that apply to schools? Here I've tried to indicate that. We can think of school districts as approximating a monopoly in the sense that parents have very few options other than attending the local school district. Perfect competition would be a

system of widespread school choice, or in larger cities parents might quite literally have a choice among hundreds of different schools.

One of the benefits of perfect competition is efficiency, and this result up here in red is meant to get at that. The mathematical result from these models is that the production of educational services and its allocation to individual students and families is done in a very decentralized way such that it would be impossible to make any one student better off without making another student worse off. And that's because there's no waste in the system. Every single resource the schools get is being put towards things the parents value.

That's the first benefit of choice. The second benefit of choice is heterogeneity. If we believe that students vary in their educational needs, then school choice can probably do a very good job of that because you've got decentralized decisions being made by perhaps hundreds of different school suppliers around a state. And you can imagine a large urban school district approximating something like this. But we have to remember that in a widespread system of school choice, we have perhaps tens of thousands of individual families making decisions about where to send their child and suppliers of schools making perhaps hundreds of decisions about whether to open a school, how big the school should be, what the curriculum should be, and so on. It's conceivable but somewhat far-fetched that a large urban school district

could gather all the information that you'd need to replicate such a system—which, again, features efficiency and choice.

Here's a simple example. Let's suppose that what parents care about is math achievement, which is on this axis, and language achievement. Obviously parents care about more than this, but we'll try to keep it simple to start with.

This curve line right here is what economists refer to as a production possibilities frontier. It shows all the combinations of math and language achievement that could be produced at a given school if the school is using resources efficiently. So Points A and C are on this efficiency frontier; Point X, though, is not. And it's quite conceivable that in a system of monopoly where there's no competition, schools could end up spending resources on things that parents really don't care about at all. Then you'd up down here, where both math and language achievement are below where they might be otherwise.

In this graph, I'm showing the same production possibilities frontier, but now we're drawing in what are known as indifference curves. So let's consider this indifference curve here. What that shows is combinations of math and language achievement that would make a given family equally happy. I think most parents would be reasonable about this. There's some tradeoff between math vs. language achievement. Parents would like both types of achievement to be as high as possible for their child, so they want to be on the highest indifference curve

possible, and that would be at this point right here. So parents with these tastes would emphasize math achievement over language achievement, and they'd want to be at Point A. So if every family in an entire district thought this way, every school should be devoting resources more to math than to language achievement, as shown.

Now, in reality, different students will have different needs and parents have somewhat different tastes. So in this graph what I'm showing is two different types of families. There's the original family over here that becomes as low off as possible at Point A; there's another family down here that believes much more, say, in liberal arts and puts a much greater emphasis on language achievement than on math. Point C is the optimal point for them.

So in the system where families have different tastes, through school choice schools can actually adjust. It's hard to imagine how a large urban school district can do this, because it would need to gather a lot of information about each of the families' tastes. It might end up at Point A, in which case these families down here, who really would prefer Point C, are quite unsatisfied, or vice versa. It could make some sort of compromise, which would be sensible. But this is the sort of one-size-fits-all criticism that we often hear of urban school districts.

And also remember the problem with monopoly. If you have no big competition to an urban school district, there's nothing really

compelling it to spend on things parents really care about. It could end up down here, at an inefficient point altogether.

So that's the case for school choice. I think it's important also to talk about the many things that could go wrong with choice.

The first is that this efficiency result I've told you about, it really only applies if seven quite stringent assumptions are always met. And I haven't talked at all yet about the issue of equity, and a lot of opponents of school choice fear that spreading school choice throughout the country could actually lead to more inequitable outcomes in test scores and graduation rates and so on than we already have. So we need to talk about both of those.

For efficiency, what I'm going to do is first briefly go through the assumptions that are needed for perfect competition, and then talk about some of the more obvious ways in which that is going to fall apart.

The first assumption is that in the market we're talking about that's perfectly competitive, the good or service has to be homogeneous. And then combine that with No. 3, both firms and consumers have to be very numerous; neither can affect the price. Well, in reality I think most of us think that education comes in various flavors. So even in a large city with hundreds of different schools, we probably need to think about three or four distinct markets—college prep, vocational, and so on. So

it's unlikely that we're going to have a really huge number of firms; in other words, suppliers of education.

Firms, in this case schools, had to be equally willing to sell to all consumers. That means schools had to be equally wiling to enroll any student. We'll talk about that as well. There has to be perfect information on price so that school administrators can make the right decisions and, at the same time, families can make the right decisions where to send their child.

Firms have to maximize profits. That can be relaxed very easily. Most schools of choice are nonprofit. They actually work under the same sort of rigors of competition as for-profit firms. The bigger issue is this, that all consumers maximize utility in a way that helps students. And that may or may not be true.

There has to be free entry and exit for both firms—in other words, schools—and consumers. For families, that seems quite easy. It's easy to change a student from one school to another. But this issue of free entry and exit for schools is a really important one.

And finally, for perfect competition there have to be no externalities in production or consumption. This refers to non-market interactions between either consumers or producers. The most obvious externality in public education is probably peer group effects, where my rate of learning is affected by all the other students around me in the classroom.

Well, are we ever going to have perfect competition in education? The answer is clearly no. You could make the case that there's not a single market for any good or commodity in the world that is exactly perfect competition. But there are shades of gray here. Any failure to meet any of those seven assumptions is going to lead to what we call imperfect competition. And what that means is that we get some inefficiencies, we get some wastage of resources. But the important thing to realize here is that, even in a world with imperfect competition, it's almost always the case that more competition is better than less competition. And that's the thing to bear in mind.

So what I want to talk about now is some of the more obvious failures of the tenets of perfect competition in a case of school choice, and some practical things we might do to reduce those problems.

What I see as sort of challenge number one to these assumptions is the idea there can be a large number of providers. There may not. There may be a very small number of providers in a niche market. And also, entry and exit can be very difficult for schools. There's a lot of literature we talk about in Chapter 3 of the book, some of the big challenges facing charters schools as they attempt to open up to do with lands-owning regulations, startup costs, and so on.

So how do we reduce those sorts of problems? How do we increase supply? One thing we might move towards if this country decides to expand school choice is to start to think of districts as not only

operators of schools, but as leasers of schools buildings. The idea here is that when schools fail, under competition they should be closed down. Well, if a district is simply leasing a building to a management organization, be it a charter school or whatever, if that school is failing, the charter is revoked; it doesn't mean that neighborhood is going to lose a school. What it means is that somebody else is going to take over that school and, hopefully, the next group of people has a better set of ideas on how to manage those schools.

Another possibility for increasing competition, especially at the high school level, is to create schools within schools. The Gates Foundation has spent a lot of money on this. The idea is that you have multiple schools on one school site, affording parents greater choice and at the same time it's efficient because these multiple schools share overhead costs for that campus.

Limiting paperwork is probably a major issue. Finding ways to limit paperwork while still regulating in important ways—on health and safety and things like that—could do a lot to expand charter choice.

And finally, it seems pretty clear that both at a state and federal level we need to provide clear commitment, long-term commitment to funding for schools of choice—for startup funds for busing funding and so on.

Challenge number two is that, in reality, unlike under perfect competition, schools may not be equally willing to accept any student. In

this age of accountability it seems quite likely that schools would prefer to take students off higher test scores. That's called cream-skimming. And then, in the more radical forms of choice such as vouchers for private schools, a real issue is raised about whether these private schools will be allowed to discriminate based on religion or other personal characteristics.

How do we mitigate these problems? Well, first of all, to reduce cream-skimming, there are a number of different things we could do. We could create quotas, for instance by Zip Code or by background of student. Another thing we could do would be to create differential subsidies to encourage schools to take, for instance, students who have low test scores. There's plenty of precedent for things like this in both federal and state legislation. Title 1, what is that? It's giving additional funding to schools that enroll a large number of disadvantaged students. It's a good example of this.

And finally, we need to require real lotteries for admission that limit a school's ability to take the "best" students. And it really puts the onus on schools of choice to recruit widely.

What about the second and, to me, more troubling issue of discrimination based on race, religion, gender, and so on? I can't think of any good market mechanisms that would achieve that. I think what you need to do is to say that any private school that was participating in a voucher scheme cannot do this. It would be prohibited by law.

Challenge three is lack of perfect information. I won't say a lot about this because Laura's going to be talking about how families choose and what sort of information they need. But just in brief, things that we could do would be to require districts annually to send a pamphlet to ever family in the district detailing all the choices that are available—the curriculum of the schools, characteristics of the teachers at the schools, test scores, and so on. In more radical forms of school choice that include private school vouchers, a corollary here would be that private schools would have to enter the same system of testing as public schools already do. Without that, it's going to be very hard for families to figure out which are the better schools.

And finally, parents need better information than they're typically currently getting about where their students stand. Instead of getting overall annual results on math and reading, parents need to get very detailed information on what aspect of language—reading and writing—what aspect of math is their student doing well on or doing poorly on. Once armed with that information, parents can then shop around for the best school.

Challenge four is that we're assuming here that consumers maximize utility, they maximize their own self-interest. There are probably a small number of families out there who place very small weight on the quality of education that their children receive. And it seems to most of us quite unfair that children of such families should be

left behind in failing schools. It's hard to know exactly how to solve this problem, but here are a couple of ideas.

First of all, consider schools that are failing. For instance, under No Child Left Behind you could imagine an advocate being appointed who's outside these individual schools, who advises, who has the ability to contact every parent in a failing school to advise them of their choices.

A second possibility to get around the problem of some parents being overly passive and leaving their child in a neighborhood school and maybe that's not in the student's best interest, is to require families every year to apply to a school. That would include parents who intend to leave their student at the local neighborhood school.

Challenge five is externalities from peer group effects. The idea here is that if we think that having highly achieving students around your student will help your student learn more quickly, then it's very unlikely that we're going to get to a first best outcome, because parents who have highly achieving students are not going to take this externality into account. So how do we solve issues like this? It depends on what society wants. Whether it wants inequality in outcomes or equality, it seems that society does pay some attention to the idea of bringing the bottom end up—in which case, we want some sort of mixing of students to some degree.

How could you go about that? Well, you could use lotteries, you could use quotas, and, again, you could use differential subsidies to schools based on the types of students who are enrolled there. And there's plenty of precedence for that at the federal level and also in most states.

Let's turn to equity now. Let's suppose we have a more or less efficient school choice system going. It could be the case that an efficient outcome could be highly inequitable. For example, disadvantaged families could be left behind with their children in schools where enrollment is declining and it's clear that the school is not getting the job done. What can we do about this?

Well, again, microeconomic theory comes to the rescue. There's a mathematical theorem known as the Second Fundamental Theorem of Welfare Economics. In the context of school choice, this is more or less what it says: The market can reach any efficient outcome it desires on that production possibilities frontier. So you can reach any of those efficient outcomes, outcomes where students from disadvantaged areas have very low test scores, or outcomes where students from disadvantaged areas actually have very high test scores because a lot of resources are directed their way.

Where you end up on the production possibilities frontier depends entirely on the distribution of buying power among families. So if most of us are concerned that school choice might hurt disadvantaged

families, the implication is what we need to do is to give more buying power to disadvantaged families.

How can we go about doing that? A sort of ham-fisted way of achieving this end is to create quotas for schools based on the neighborhood that a student comes from or, perhaps in a more [inaudible] way, student demographics.

Another solution, which is much more elegant and actually could benefit all students, would be to create a system of tradable enrollment rights. The idea here is that, let's suppose—in the book chapter you'll see that I focus on test scores. But let's say we're trying to mix students not by test scores but by neighborhood, and in any school district about 50 percent of students are in affluent neighborhoods, 50 percent of students are in less-affluent neighborhoods. Each school gets a quota of tradable enrollment rights which gives it the right to enroll about 50 percent of students being from the more affluent neighborhoods.

So what happens to a school that's in a very affluent neighborhood where, say, 70 percent of students are from the affluent neighborhood? Well, it can do two things. It can either try to expand its population by recruiting students from low-income areas, thus creating more school choice slots. Or what it could do is to try to buy some of these tradable enrollment rights from schools that have a surplus. Which schools are going to have a surplus? Inner-city schools that don't have a

large number of affluent students. In practice probably what is going to happen is both.

So we have two results of this. First of all, the system of tradable enrollment rights is almost bound to increase the number of slots in affluent areas for students from less affluent areas. The second thing that's going to happen is that schools in less-affluent areas are going to be selling some of these enrollment rights on an annual basis in open market. That's basically giving these schools an extra budgetary boost beyond what schools in more affluent areas get.

And this could be particularly helpful because—there's an entire chapter in the book devoted to what happens to students who are left behind in failing schools. Well, this idea of transfer of money actually helps the students who are left behind, because those schools are now going to have a higher budget.

Does this make any sense? Is there any precedent in the world for something like this? There's plenty of precedent, it turns out. Just a couple of recent examples from the U.S.—the market for auctioning off airwave rights, and I think more applicable is the systems we've created in this country for tradable pollution permits.

So just to conclude, it's very unlikely that an expanded system of school choice would approximate perfect competition, but it will be more competitive than what we have today and that's likely to increase efficiency, which would make most students better off.

As Tom said, it's not the case that school choice is either good or bad. The devil is in the details. It's how we implement it. And the whole point of this chapter and indeed the whole point of the whole book is to try to find practical solutions that will maximize efficiency of school choice while mitigating the very real concerns we might have about equity.

What Tom and I wrote in the introductory chapter is that should society decide to move further towards a system of universal school choice, it should do so with full knowledge of the potential benefits, the potential costs, and the policy options available to mitigate those costs. And this book represents one step along that path.

Thanks for listening.

[Applause.]

MS. HAMILTON: I'll be talking today a little bit about a chapter that I co-authored with Kacey Guin at the University of Washington. I don't have any graphs, but I hope the presentation is still mildly interesting nonetheless.

Julian talked a little bit about both the supply side and the demand side of choice. And what I want to talk about is the importance of considering the demand side when we think about different choice schemes and how we design the systems.

We know that families' decisions about what school to send their child to will have tremendous effect on the education of those

children who are sent to those schools. But it's also important to keep in mind that these decisions will have an effect on the entire system, and particularly in choice programs where we expect there to be sort of broader systemic effects on the conventional public school system. The signals that parents send by how they choose schools and what criteria they use will affect how the public system responds to choice programs.

In the debate, we often hear advocates of school choice claiming that parents will choose sensibly and will get some of the desirable outcomes that Julian talked about. And we often hear critics of school choice worrying that certain types of family won't choose sensibly; they'll use criteria other than academic achievement and, as a result, those children will be in schools that don't do well and the systemic responses might not be what we'd like them to be.

So one of the things that we tried to do in this chapter is review some of the recent research on how parents actually choose schools. A lot of this work was done by Mark Schneider and colleagues. Mark is now a commissioner at NCES. And I also want to point out that Patrick Wolf, who's sitting over here, he and his colleagues also have a report that I think is one of the best qualitative reports that's out there about how families choose. It addresses not only parents but also students. That's one of the ones that is definitely worth looking at.

What you talk to families about their criteria, educational quality is almost always at the top of their list. But educational quality

is defined differently by different families. It often includes things like class size, the academic environment of the school—whether the school places high expectations on students. Families often refer to "high standards," and by that they mean not the state standards that are imposed on the school, but the standards that are set within the environment of that school. They talk a lot about teacher qualifications and resources.

Oftentimes when parents talk about quality, they're not actually referring to test scores. Some of the work that's tried to look at the relative importance that parents place on different criteria has found that parents will actually put more weight on things like teacher quality than they will on test scores.

It's also been shown that the criteria that parents apply vary to some degree by race, ethnicity, and by socioeconomic status. And it turns out that, on average, lower-income and minority parents tend to place more emphasis on test scores, and particularly test scores that reflect basic skills in math and reading and also on things like safety and discipline. That may reflect in part the problems that are inherent in the public schools that their children are coming from. So this suggests that there is some legitimacy to the concern that choice will result in segregation because parents from different backgrounds won't use the same criteria. But it's not necessarily the kind of segregation that a lot of choice-critics predict.

Now, as with any research that uses surveys or interviews, you always have to be a little bit worried about whether what people say is actually reflective of what they do. And it turns out that in this context and many of these contexts it's not always the same thing. So when you talk to parents and they mention lots of these sort of academic-quality indicators, and if you ask them to rank different criteria, the demographic makeup of the school often is dead-last in their list of what matters to them.

But there's been some research that's tried to look at how parents actually choose aside from what they say. Some of this has involved getting information on different aspects of schools and then using that to predict how parents will choose. Some of it has done things like look at Internet search patterns. So Schneider and Buckley, for example, have a paper that was able to track how parents spent time on an Internet search engine that allowed them to get information on schools. So they could see where they went first and how much time they spent in that section of the Web site.

It turns out that school demographics matter a lot more to parents' choices than they will typically admit. There are several possible reasons for this. One may just be that parents are not comfortable admitting that this matters to them when they're asked about it, but it actually does. But it's also possible that this serves as a proxy for other things that parents care about but can't get information on. So

they may perceive that schools with lots of low SES children, for example, have fewer resources or they may think they have lower-quality teachers. Lacking information about those things, they use the SES of the student body as a proxy.

We don't know enough about this to know what's actually driving these behaviors, but it's important to point out that some of what we get from the survey and interview studies may not be completely accurate. This, again, raises some concerns about segregation, although always when we're thinking about segregation resulting from a choice system, we need to think about what that segregation would be in the complete absence of choice.

One of the things that's clear, and Julian mentioned this, is that access to information is critical. Right now, parents use a combination of publicly available information about schools and their own private personal networks to get information. And those networks are really informative for things like trying to understand kind of the academic environment of the schools, things that aren't easily measurable and not publicly accessible. One of the problems with this is that low-income parents tend to have access to less informative and less extensive networks than higher-income parents. So they may actually be getting less good information about some of the things that families care about.

When we talk to families about what they'd like to know, they often mention a combination of quantitative information and

qualitative information. They're very interested in student achievement, but they're skeptical of the validity of test scores. And they raise some of the same concerns that psychometricians and others raise about the validity particularly of high-stakes test scores. Parents worry that schools will narrow their curricula in response to these scores, that the scores might be inflated because there's teaching-to-the-test going on, and so forth. So there's some skepticism about the value of those scores.

One of the things that have happened in recent years is that information about schools, particularly about achievement, has become much more accessible than it has in the past. More families have Internet access, state accountability systems under No Child Left Behind are now required to publish information about schools and their academic performance. We don't yet know how this information is being used; for example, whether parents are looking at the subgroup information and how they're using that to make decisions, how that's influencing their decisions with respect to the racial-ethnic breakdown of the school, for example. So there needs to be some more work trying to understand who has access to that information and how they actually use it. But it's clear that information is becoming more available to people.

One of the things that we talked about in the book and as a commission is that there's a need for what we call large-scale demonstration programs. It's common for researchers to say that there's a need for research, and it's sort of self-serving, but we kind of think of

this as broader than what we typically think of as research. When we say "demonstration programs," we're thinking about really broad initiatives in which you can design the study so that it answers particular questions. A lot of the research on school choice has been in relatively small-scale programs where choices are fairly constrained and the context may not be generalizable beyond a particular city or area. We could get much better information about a lot of choice-related questions, including the issue of how parents choose, if we could design a choice system so that from the outset it was set up to answer specific questions.

Here are just some examples of the kind of questions that these kinds of programs could answer. First, we'd like to know more about how the responses of schools and choosers are shaped by how information systems are designed. So you can imagine putting a choice system in place where you could systematically vary the type of information that's given to families and get a better sense of how that information affects choices, and how it affects the responses of the schools.

A second one is trying to understand how parents' choices are affected by some of their, sort of, personal constraints, like their work schedule and their location. One thing that bothers a lot of people who look at family choices is that parents will often put more weight on things like the existence of an after-school program or the proximity of the school to the home than you'd like to see if you really wanted to

maximize test scores, if that was the goal of the system. So we need to get a better understanding of how those things matter to families and what ways they matter, and how families can weigh those very practical concerns against the need to maximize the quality of the education that the school's providing.

And then a third example is how parents' choices are affected by the supply of schools and then, in turn, how the choice behaviors affect the supply. So what messages are sent by the criteria that parents use to choose, and how does that affect what kinds of schools enter the market.

So it's probably a fantasy to think that the kinds of demonstration programs that we're envisioning that could answer all these questions could actually occur. But it is something that we think is need and we need to sort of expand the body of information on choice beyond the relatively small number of contexts in which it's currently being conducted.

And that's it, so I'll turn it over to Patrick.

[Applause.]

MR. WOLF: School choice, evaluations and debates have a test score obsession. We all know about that. That's always the lead whenever a comprehensive school choice evaluation or report is released is what the impacts are on test scores, and that's important. As Laura pointed out, that's a major concern in terms of what parents consider

when they're choosing schools, and as Julian pointed out, that's certainly part of the hoped for gains in terms of productivity and effectiveness that a properly functioning and designed market can deliver.

But debates about school choice also tend to pull in the issue of civic values and the public purposes of education, and that's what I'm going to talk about here today. Why should we talk about civic values in the context of considering whether to launch of expand regulated policy designed school choice programs? There are a number of reasons for that. One is our representative democracy requires informed and involved citizens, so it's really a necessity that young adults emerge who are capable of the responsibilities of self-government. The public school system has long viewed citizen preparation as part of its mission. For Horace Mann, John Dewey and other supporters and shapers of the public school system, it was almost the raison d'etre for the public schools was to craft democratic citizens. Third, school choice programs are often criticized as threats to civic value. So concerns about the impact on civic values are often used in debates to question the desirability of launching or expanding policies regarding school choice.

These concerns about school choice diminishing school choices rest on a number of important and in many respects sort of common-sense assumptions. The first is that neighborhood public schools promote equity because through their sameness, the sameness that Julian mentioned as at times problematic, can be viewed as a real

asset in terms of equity. Everybody has access to a public school, and in fact, this sort of sameness and uniformity was the foundation for a recent Supreme Court case in Florida that invalidated one of the school choice programs down there because it was allowing students access to a schooling system that was not uniform that was not the same as the public schools.

Second, public schools are considered to be or assumed to be diverse common schools. They were established to be common schools to educate all the members of a community. They were established to be melting pots that would take a diverse set of students and make them all American citizens, also make them all Protestants, but that's sort of a side note. So there is this image of the public schools and the public school system as a set of common schools. This is a very attractive image, and part of that common school vision would be fostering important civic values.

Finally, public schools are, well, they're public. They're run by the government and this government operation is expected to ensure that they will focus on certain collective societal interests, whereas there's an assumption on the other side that private schools will be responsive to individual interests of the fees paying families, the fees paying clients, and not necessarily the collective interests of the broader society.

Supports of school choice have arguments in response to these claims. They include that public charter and private schools also can be viewed as laboratories of democracy. In fact, these claims were made hundreds of years ago by such prominent scholars as Thomas Paine in The Rights of Man, and John Stewart Milne. Second, the common school vision, some choice supporters claim, is largely a myth, that we had this idea that public schools almost always operate as the sort of welcoming and integrating sort of instruments or entities, but in many cases the critics suggest, public schools operate basically in ways that promote the interests and ideology of the political party or dominant political force that controls them. Sort of the dark side of being a governmental organization can be the intrusion of politics and the advancement of particular political interests and that this really is inconsistent with the common school vision as theorized or as assumed.

Third, neighborhood public schools may be open schools, but only open to your neighbors. The whole point behind residential assignment is that you are assigned to a public school based on your residency within a particular zoning area or catchment area. It's true that the public school system is open to all, but any particular public school is generally not open to all absent some sort of school choice arrangement.

Finally, the choice supporters argue that voluntary associations such as the opportunity to attend a charter school or to send your child to private schools promote equality, social cooperation and

efficacy which can be the foundation for young people establishing strong civic values. So those are the battle lines, at least theoretically.

What evidence is there in support of the claims on either side? I went out to seek as many rigorous empirical studies of the effect of school choice, in many cases private schooling, in other cases charter schooling or open enrollment, on the civic values of students. To be included in this review, the studies had to be large N, which means they had to have a large number of observations; they were empirical studies, evidence driven studies that at least controlled for key demographic factors that we know influence both the school choice decision and civic values. So controlled for the key candidates for confounding any kind of a relationship that we would establish between school choice and civic values.

I found 20 separate studies that met these basic qualifications. Although they all met these basic standards for rigor, they varied somewhat in their sophistication, from straightforward observational studies that just sort of take a snapshot of individuals at a certain point of time and control for their background characteristics, to somewhat more sophisticated studies that use matching or instrumental variable techniques to try and construct a sort of artificial control group, to experimental designs that are able through random assignment to construct a pure control group or counterfactual and generally are considered to be the most rigorous research designs. So there was some

variation, but they all sort of met the basic standards for social science research.

These 20 studies covered a variety of civic value outcomes, and some of the studies produced multiple findings. There were a total of over 40 findings among the 20 studies and they covered the civic values of political tolerance, volunteerism, political knowledge, social capital, political participation, civic skills and patriotism. You'll notice that school integration is not listed here, not because it's not important or it's not a public concern when it comes to e, but what I wanted to look at is outcomes that may have been influenced by the school or school choice program being evaluated as opposed to basic conditions of the school. Another reason for me to exclude integration is that Brian Gill has a chapter in this book that speaks specifically to that topic and so I wanted to generate some value added and look at these attitudes and behaviors that are connected with responsible citizenship in a democracy and to try and determine the consensus of the existing studies regarding the effect that school choice programs and school choice participation on those attitudes and behaviors.

With this kind of a meta analysis, one of the best ways to characterize the results is graphically. Here I have a graphic that summarizes the basic results and plots them along a continuum. Here we have the sole negative result among the 40 or so results, and it's considered negative because the study uncovered a statistically

significant negative effect of private schooling or school choice on a particular civic value. There was one of those. I also have a category for contingently negative. What that means is that at least one identifiable subpopulation in the study or at least one set of schools in the study produced a clear statistically significant negative impact on civic value outcomes, and we had two studies that generated contingently negative findings. The most popular category was neutral, and we see a very large number, 16 of the findings, were that there was no significant effect on civic values of participation in a school of choice.

But to your right on the graphic we have the positive findings, and they're quite and surprisingly strong. We see a number of contingently positive findings where at least one subpopulation or one set type of choice schools generated positive civic value outcomes, controlling for other factors, and then we have 15 findings of unequivocally or generally positive effects of participating in school choice. You'll see the darker bars at the foundation describe the findings that came from the more rigorous studies that went beyond merely controlling for background factors and actually tried to construct more rigorous and reliable control groups. So if we just ignore the white bars on top, we see a less evidence rich distribution of findings, but still findings that really cluster in the neutral to positive area, and that's over all studies, all civic values.

Let's look at a couple of specific civic values that have been studied. Political tolerance has been studied more than any other civic value, and political tolerance is kind of interesting to study because to system it well, and most of these studies use the more reliable form of measuring political tolerance. What you do is you ask your respondents to pick a political group that they can't stand, that they absolutely detest, and then ask them what constitutional rights they would extend to that least liked or despised group. So it's really a tough test for tolerance, and most respondents picked the Ku Klux Klan, Nazis. I guess in contemporary terms they might pick al Qaeda, they might pick pro-life groups, pro-choice groups, the religious right, feminists, or environmentalists. You give them a long list of left-wing and right-wing groups that might be considered distasteful or extremist, they select the one they hate the most and then you press them in terms of what you would permit them to do.

Here we see again that the findings on the effect of school choice on the civic value of political tolerance cluster in the neutral to positive range. There is one contingently negative finding, and this was a finding that students who used a choice program to attend evangelical Christian schools were less politically tolerant than the comparison group of public school students, but these other findings found that use of choice programs and attendance in various private schools actually either

enhanced political tolerance of young adults or had no effect. Again, the neutral finding is pretty strong but still is important to acknowledge.

Volunteerism. It's important that young adults be committed to improving their communities, and there are a number of programs in schools, public and private to promote volunteerism. We find that the programs or the environment of private schools or choice schools again appears to have a net positive effect on the voluntary behavior of young adults. Here we see that the modal category for the findings is actually contingently positive, we have a lot of positive and neutral findings, and then we have one contingently negative finding.

I could go through the rest of civic values we assessed or I assessed, and you'd see the same spread or distribution of findings, just the number of studies goes down and down and down. There are fewer studies of political knowledge, social capital, political participation and the like, but they all sort of cluster in that neutral to positive range.

The final and least studied civic value was patriotism, so there's one lonely study of patriotism out here. I participated in it myself. This was the only study in the review that consistently found a public schooling advantage, a non-choice negative or a choice negative effect on attitudes of patriotism, of fierce commitment to country and the symbols surrounding the United States. But obviously one finding doesn't determine a question, so that one study needs company.

One issue that's been raised, and I would consider this to be the Illinois argument because it's been famously made by University of Chicago sociologist James Coleman, a modern and contemporary University of Chicago sociologist, Anthony Bryk and his colleagues, and also a member of our choice committee from Illinois named Charles Venegoni, and that is the positive effects of school choice on civic values are a Catholic schooling effect, that Catholic schools in particular have focused on fostering civic values and have created these educational communities that are committed to social justice, committed to quality and inclusion. That's what we're capturing because Catholic schools are such a large component of the private schools that participate in school choice programs, such a large component of the private schooling option, that the positive school choice effect that we're seeing in many of these studies is really a Catholic school effect masquerading as something more broad which is important when you think about it because it's likely that as school choice programs expand, if they expand, Catholic schools will probably play a less prominent role, that the Catholic sector of schooling is not likely to get larger in the future and so if these positive civic value effects of choice are limited to Catholic schools they may describe the current reality but they may not forecast the future.

To test that I excluded from the sample all of the findings that were connected explicitly to Catholic schools or to a largely Catholic

subpopulation such as Latinos. We see there's a lot less evidence because the Catholic schools were a component of many of these studies, and we see a somewhat flatter distribution. All three negative findings, the one wholly negative finding and the two contingently negative findings, did not involve Catholic schools so they remain in the sample when we net out all of the Catholic schools or Catholic populations.

There are a number of neutral findings and a small number, about eight, contingently positive findings remain. So we see that the message the evidence is sending is not as unequivocally school choice is generally good for civic values when we exclude the Catholic schools, but it certainly isn't sending a message that school choice is clearly a bad thing for civic values even when the institutions that are famous for fostering civic values in the private sector, Catholic schools, are excluded.

In conclusion, strong arguments are made that school choice imperils civic values. If you doubt that, just Justice Stephen Breyer's dissent in the *Zelman* school voucher case where he makes a very fierce claim that expansions of school choice will balkanize our society and destroy the republic. Such arguments rely on assumptions, generally not data. When you look at many of the major studies like Amy Gutmann's Democratic Education, John Dewey's work, these are the work of theorists who are making claims based on their theoretical reasoning. They generally are not evidence-informed claims.

A most set of empirical studies exist on the question of the effect of private school and school choice arrangements on civil values. The consensus of this set of studies is that choice's effects on civics range from neutral to positive. They generally don't harm the civic values of students, and in many cases there's evidence that they boost the civic values of students relative to comparable students who take the assigned public schooling option.

I believe I'm the first scholar ever to argue for more research in their area of specialization, but I'm just going to go out on a limb and say that more research is needed. More research is needed for a number of reasons. One important reason is that this finding is a sort of a man bites dog finding. Our expectations and assumptions are so strong that public schooling and the public school system has a comparative advantage in promoting civic values, that we're going to need a lot more evidence I think to convince people that—

[End Side A. Begin side B.]

MR. WOLF: [In progress] —in fact the case. But also although these 20 studies met basic standards for rigor, only four of them met the highest standards for rigor. Only four of them were pure random assignment experiments, and of those four elite studies, three of them reported neutral effects, one of them reported a positive effect. So if we really want to focus on the cream of the crop studies, there isn't a lot of information or conclusive evidence provided yet on school choice and

civic values. But still there's really nothing in the evidentiary debate to support an unbridled assumption that the expansion of school choice programs necessarily imperils our democracy, that it would necessarily reduce the levels of tolerance, commitment, political knowledge and social capital in our society. In fact, evidence suggests otherwise, and I think we should seek out and bring to the table even more evidence in an attempt to resolve this very important question.

[Applause.]

MR. LOVELESS: Thank you. That will give you hopefully a good idea of what the book is about. We're really proud of it. The chapters, as you just heard, are mostly just pragmatic looks at questions that lurk in the school choice debate and often aren't addressed.

Let me throw it open for questions now from you. We have a microphone and I'm supposed to tell you this. I forgot. Please wait until we get the microphone to you and then everyone can hear.

QUESTION: My question is to move this from the theoretical to the practical realm. Can you point to any states or communities where you see real promise of choice working in some of the ways that you might hope it would?

MR. BETTS: I think there are quite a few examples of communities that are expanding choice at a surprising rate. Where I live, San Diego, is probably an example of that. Nationwide, something like 14 percent of students are in schools of choice. In San Diego, it's 1 out

of 4 students now. The number of charter schools has gone up from 24 just 2 years ago to 32 now. There are traditional systems of choice based on bussing and magnets. There's an open enrollment program that is very active, and the charter school program is growing very quickly.

At the same time though, I could point to that community and many others where in spite of there being a lot of growth, there are also some quite formidable challenges. For charter schools, for example, the question of setting up a new school is a very difficult one because of the need to find space, and California recently passed a law which says that any district that has school buildings that are unused has to make those available charter schools to which it grants charters. I know of one big district in Southern California which is presently being sued by a charter school is paying about 20 to 30 percent of its spending per pupil on rental because it has to rent its space and it's claiming that this district has unused space which it wants. In any community you can probably point to growth in choice, but there are also some quite big challenges.

QUESTION: This is a question for Dr. Hamilton. Did you find any distinction between the age of the child when it came to preference for choosing schools in the immediate location? Did you find that that was more operative at the elementary school ages but not so much at high school?

MS. HAMILTON: The research that's been done on that, there hasn't been enough research looking at that question to really look at effects on different groups of students. We know that families are willing to go farther away as their kid get older. So I suspect that the relative importance of location does decline over time. I haven't seen anything that looked specifically at that. The same with the after-school programs and the need for balancing child care, that tends to diminish in most families' minds as the kids get into secondary school.

MR. LOVELESS: Although one thing to consider with that, it is interesting in terms of the flow of children from public schools to private schools to public schools, if you look at just the gross numbers, the percentage of kids in K through 6 nationwide who are in private schools is a larger percentage than at the high school level. So there is a tendency for kids actually to return to the public schools in high school and that's probably do, this is speculate, to such things as extracurricular activities, school sports and also peer groups and friendship units in neighborhoods being very important for adolescents, but we don't know a whole lot about that.

QUESTION: This is a question for Julian. To me it's not obvious why religious schools that participate in voucher programs should be prohibited from discriminating on the basis of religion. First of all, it's perfectly legal for them to do that and to limit enrollment to

coreligionists just as it's legal for synagogues and mosques and churches to limit enrollment to believers.

Second, I think there is reason for that because one of the purposes of religious schools is to promulgate religion and to establish a setting that reinforces the beliefs and values of the folks who freely choose those schools. So in a society that cherishes religious values, why would we want to prohibit schools from establishing those kinds of communities?

MR. BETTS: That's a great question, and I don't disagree with the central tenant of what you're saying. The point I was making was that if we expand some of the experimental systems of public money being given on vouchers so that students can attend private schools, there are very important separation of church and state issues. It's just at the federal level, a lot of state constitutions also have very big roadblocks to public money going towards religious institutions.

So you could imagine what might happen if something like what happened in Florida is expanded in other states, it could be the case that some private schools which happen to be religious, if they're under this sort of requirement, that if you take public money you can no longer limit your enrollment to coreligionists. They may opt out. They may decide this is not the way to go. So I wasn't claiming that under a system of school choice, private schools must be forced to do this, but if they're

going to take public money, they ought to be. That was the point I was making.

MR. LOVELESS: Again just sort of a trend in the statistics in terms of enrollment in Catholic schools, the percentage of children who are non-Catholics attending Catholic schools has really dramatically increased since 1959. 1959 actually is when Catholic school enrollments peaked in the United States. They've been going down ever since then. If you took out the non-Catholics who attend Catholic schools, of course that enrollment figure would even be more dramatic, that fall-off.

MR. LOVELESS: Other questions? Let's go to the back up there on the aisle.

MS. SACHAR: Excellent, excellent presentations. I'm Sally Sachar. I'm with the Washington Scholarship Fund and we're running the D.C. Voucher Program, so in the spirit of dull disclosure, we're one of the people actually trying to do this.

I have a question about the comments on pure competition. In part just to highlight one of the tensions that exist, that there's a lot of desire to have more diversity of schools in choice programs and the goal of having more diversity does require that certain schools such as some of the more rigorously academic independent schools would be able to pick students that they feel could succeed there. So I think that sometimes there's a competing desire between what you referred to as pure competition and the fact that in order to have a broader umbrella of

schools, schools do need to have some ability to choose students that could actually work.

But I also would like to say that your notion of pure competition, in the general marketplace where we have competition, it's not the case that every product or commodity could be purchased by every person. The notion is that there is a large selection of products and services that are available and that some people will be able to avail themselves of some, and others based on their needs and preferences. I fear that by setting up a standard that a choice program would be perceived as undemocratic or not accessible in saying that you couldn't allow a school such as St. Alban's to say we have 10 students here who are applying and we think that five of them will be successful and five will actually be very harmed because they won't be able to succeed, and I would like to hear your comment on that.

MR. BETTS: That's a good comment. I think that there is some scope for striking a balance between diversity on the one hand and allowing schools to select on the other hand, and I actually say that in the chapter. For example, a charter school that is focused on the creative and performing arts, it's not inconceivable that such a charter school would have some sort an audition process. But my sense of the public desires in this nation is that people are quite concerned about diversity and about public schools continuing to be a sort of melting pot, a meeting ground of people of different cultures. So some sort of balance has to be struck.

When I talk about quotas, for instance, am I claiming that every single school in a city should exactly reflect the demographic makeup of the entire city? Obviously now. But by creating some sort of minimum thresholds we minimize the chance that we're going to have just complete segregation which I think is a very, very valid concern about expanding choice.

MS. HAMILTON: I would just point this is another example where you need to compare with the current choice system in most places which is neighborhood assignment, and there's already quite a bit of segregation that goes on there, and in many suburban communities parents are able to pick schools that have almost uniformly high-scoring populations. So the level of segregation that you would expect in a choice-based system needs to be compared with what we're already seeing which is quite substantial.

MR. LOVELESS: James Coleman wrote an interesting essay in the 1980s actually on this very topic where he advocated that schools of choice be allowed to cream-skim, set admission requirements, whatever they want. His argument was that by doing that what would happen is that schools would differentiate themselves by expertise and specialty so that you'd get, for instance, schools that cater to and know how to deal with low-scoring kids, and you'd also get schools that know how to deal with really high-achieving kids, and that that would be a good thing. He used our system of higher education as a model for

exactly that. He said you wouldn't want a Harvard student assigned to a local community college, and perhaps vice versa would also be a bad education. So we took as a commission these things to be essentially open questions but ones that depending on how you answer them have certain consequences.

Another question in the back? How about clear to the back?

MR. KLENK: My name is Jack Klenk. I'm with the Office of Non-Public Education at the U.S. Department of Education. I want to thank all the panelists for their excellent presentations.

My comment is to Professor Betts. It seems to me that the market approach you have taken, the economic model that you have used, while it has some strengths, has some real limitations as well. In particular, I don't think it gives enough emphasis to the value of freedom that both parents would have and schools would have in a choice program. The reason why the Catholic schools grew in the 19th century was not because of an economic model, but because the Catholic Church and Catholic parents wanted Catholic schools for their children.

Because of that, I'm concerned about some of the criteria that you would use for a publicly funded choice program. It seems to me it would have the effect of reducing the religious diversity, you would require that schools use similar tests to those used in public schools at least to some extent, and I wonder whether this would not have the perverse effect of removing many private schools from being willing to

participate in such a program and thereby reduce the supply. We've seen that in D.C. where some of the schools such as were referred to in the previous question said that they would not participate in the program if they had to meet these requirements and that would have excluded from eligible children the opportunity to attend these schools.

I guess my concern is that in not paying, in my opinion, sufficient attention to the reality of freedom as something which generates schools and generates demand from parents, that you would take away from a choice program some of the characteristics that make for diversity and for a healthy supply of schools.

MR. BETTS: That's a good question, and I think the first response I'd add to that is simply the separation of church and state and that it's just going to be a practical reality for the foreseeable future in this country. You more specific comments about should we require private schools to test their students, the commission members, my memory of our discussion of this, was that there was not unanimity on this, that most of us felt that that was necessary to provide information to families about the actual school quality, and Laura made that point I think quite forcefully. So we do have to do something like that.

I think where I take issue with you is to say that if you put all these restrictions on the use of public money, the supply of private schools will go down, I don't think that's right because private schools would always have the option of not participating, they would still have

the same clientele, the same families would still be going there. What we're talking about here is opening up perhaps in a voucher system private school choice to families that previously could not afford it, so public money would be going towards this.

If you're going to do that, there is going to be some sort of regulation over what is taught and how things are taught. The difficult question is how to strike that balance between freedom to teach in any way you want, and on the other hand regulation to make sure that there is some common body of understanding that every student in this country must master before graduating from high school, and that's the tension I think you're pointing to.

MR. LOVELESS: Patrick, do you want to comment on that? Maybe the Milwaukee experience obvious has some of the—well, forget it.

MR. WOLF: There are two big questions when you're talking about the testing and other sort of quality regulations and government oversight regulations. One specifically regarding testing is should you require some sort of testing. And the second is should you permit the private schools themselves discretion in selecting the tests that they administer and report the results of.

The more options you give the private school the less pure comparability you'll have in the results, but the more likely it is that they will have a test that they feel is an effective gauge and they're

comfortable with in terms of gauging the performance of their students on their curriculum, et cetera. This debate is raging in Milwaukee right now, the home of the largest urban school voucher program in the country and it will be interesting to see what path they go. Right now they don't require any kind of testing, but 120 out of the 125 private schools that exist do administer some sort of test and there is a possibility that they might be required to report it.

The general point that Julian makes about with public money inevitably goes some strings attached, we've certainly seen this in the European example. In Europe a number of countries have very extensive government-sponsored school choice programs and there are varying degrees of regulation in those countries. In some cases a uniform curriculum is mandated, in many cases there are consistent testing arrangements. So it does suggest that it's a bargain that's often struck, but it's a legitimate question whether or not it's a Faustian bargain.

MR. LOVELESS: And Milwaukee of course has one of the oldest of the modern voucher programs in the United States and there were private schools, especially religious-oriented schools in Milwaukee, that chose not to take part in the program because they felt that by accepting voucher students it would compromise their essential mission, and there are private schools, not just religious oriented, but also secular schools that may make that judgment.

MR. WOLF: If I may add, I know so much about the European context because I co-edited a book called Educating Citizens that also came from the commission experience and is also published by Brookings Press, so a little advertisement there.

MR. LOVELESS: One more from the back and then I'll come back to the front. Right there in front.

QUESTION: I found the idea of tradable enrollment rights, that was something that I had not heard of before and I find it fascinating. On the other hand, I look at it and I think if you're going to allow the higher-income, the more affluent neighborhoods to buy the enrollment rights from the lower income, you're going to give the lower-income schools some more money, but we found that that's not necessarily enough. I think in a large part when we talk about diversity, it isn't just for the sake of having a diverse student population, but it's the point of having diversity from low income, high income, minority, immigrants, et cetera, so that all the children benefit from being with each other and that that seems to bring up the lower-income children's test scores and what they learn and the upper-income children also learn a great deal from that.

How is that necessarily a good thing? Why wouldn't they just go ahead and but those and just keep those affluent neighborhood schools just the way they are now?

MR. BETTS: That's an excellent question. The idea here is that affluent schools, if we're using that example, don't have enough of these rights so either they start recruiting students from less-affluent neighborhood so they get up to whatever the district requirement is, or they start buying these rights. You're right that because both of these are probably going to happen, we're not going to see exactly the same diversity in every single school. Inner-city schools will still tend to enroll primarily lower-income students, but choice will be widened because it will be in the interests of schools to do this.

The second possibility here is that if all schools in a given city in affluent areas refuse to expand by opening up some choice slots, they're all going to be competing for a limited number of these permits and the transfers that actually would be going to the less-affluent schools could be quite substantial, perhaps in the order of $1,000 or more per pupil attending that school. I believe with you wholeheartedly that money alone is not going to answer all the problems that afflict inner-city schools, but it could certainly help.

I think there's also historical precedent for this in the sense that magnate schools were created with the idea that there's something additional at inner-city schools that will serve as a magnet to draw people from the suburbs, and I guess Kansas City is the best recent example of that. The outcomes there were somewhat along the lines that you

expressed, that not enough people came from the suburbs to those inner-city schools as a result of the additional spending.

The two points that I want make are that schools cannot simply avoid increasing choice and simply buying these permits because the price will become too high. Second, once that starts to happen, it could actually create integration in terms of where people live because schools in less-affluent neighborhoods are going to be pretty special places because of the resources that they have. Is this a cure-all? No. I'll agree with you on that.

MR. LOVELESS: Kansas City was the famous example where suburban children if they chose to go into the city to attend school, a cab picked them up at home every morning and took them into school. Still it didn't have much impact. I think the racial figures per and post the program didn't budge.

MR. OLSEN: Rob Olsen from Mathematica. I wanted to ask a question about cream skimming and integration and segregation to the members of the panel. I think as Julian put it quite well, the devil is in the details. So to make any progress we actually need to not talk about choice as a whole, we probably need to think specifically about different types of choice. I'm interested in hearing any thoughts members of the panel had as far as specific types of choice. What sorts of things could we do for charter schools, for magnet schools, for any other form of

choice that you think it's important to promote a relatively integrated school system?

MR. BETTS: Let me start. There are lots of things that can be done to promote integration. One example would be to have a series of lotteries based on geographic area, so I know of our charter school that used Zip codes in the county and admits a certain number from each of those places. So that's a way that's guaranteed to increase integration and it does in that particular school. It does seem to be doing a fairly good job in that regard.

Attaching some sort of financial incentives to schools of choice. To recruit students of a certain type would be another way of doing this. On top of that, I think that at least in California the charter schools I've looked at, we did a survey of all the charter schools in San Diego recently, and about two-thirds of them mentioned in the survey that they actually are already targeting specific audiences, populations I mean, and those populations almost always were disadvantaged, limited English proficient sorts of populations. So a lot of the people creating these charter schools are actually quite interested in integration.

MS. HAMILTON: And then there's also I think on the information side. If it's true that families are using demographics as a proxy for other things that they care about, then it could be that providing them better information on the things that they care about will them make better choices that aren't so dependent on those demographics.

For example, families care a lot about things like extracurriculars and arts programs, some families do at least, and that's part of what the magnet systems are typically set up to do is to say that we know there are lots of families from various racial, ethnic SES backgrounds who will be attracted to this particular school because of this program.

Right now for the vast majority of schools, families don't have information on the various programs. They don't know much about the resources that are actually provided. And even with respect to test scores, they'll see an average test score and they'll infer that that tells them something about the quality of the instruction that goes on when in fact we're not telling them anything about the amount of gain that's provided by the school if you think about a value-added measure, for example.

I think there are lots of ways that we could design better information systems that could lead families to rely less on those things both when choosing where to buy a house in the case of traditional neighborhood assignment and when participating in various choice programs.

MR. WOLF: And I think as we pursue that important and noble goal, we should really acknowledge what we do know. Some things we do know is that advantaged families are doing just fine in terms of educational environments and educational choices, and so many of the types of families demographics groups that are looking for more options

and better choices are the disadvantaged ones. So to the extent there's cream skimming, it's among a disadvantaged population. This is what a lot of the studies, including Mathematica's New York voucher evaluation found is that among highly disadvantaged groups the slightly more advantaged of the highly disadvantaged are the ones who usually participate, and is that cream skimming? I'm not so sure.

The other thing we certainly know is that coercive means to try to bring about full racial and economic integration just have a history of failing in the United States. They're very unpopular. Some of the logistics of them are terrible because in a lot of cases it involved putting low-income minority kids on buses, not cabs, in the inner city, busing them to a suburban school where they are just clearly perceived as outsiders. They are arriving by bus while the other kids are walking or being dropped off by their parents and they spend a lot of time on a bus where they otherwise could be studying or participating in extracurriculars.

I think the prospects of achieving maybe not perfect integration, we're never going to get that, it's a holy grail we're never going to find, but improved integration, there are some prospects of doing that through voluntary means. As Laura suggested, I think information is important. I think choice schools that are themed with themes that are attractive across racial categories is also a potential way. Bronx Math and Science I think is one of the better integrated high

schools in New York partly because there are a lot of black kids interested in math and science, there are a lot of Hispanic kids interested in math and science, there are a lot of white kids interested in math and science, there are a lot of Asian kids interested in math and science.

I think that also though raises the question of what do we think about cultural-centric choice schools like black heritage choice schools and Latino-themed choice schools. On the integration side, I think that we can raise legitimate concerns about that. The question is if there are other gains that are countermanding.

QUESTION: I have a follow-up to the tradable enrollment rates. I wanted to know how would you ensure that the schools in disadvantaged neighborhoods that are receiving more funds use that to raise the achievement standards? How do you know it's going go to the students and not just the administration?

MR. LOVELESS: That's a great question. You could probably do it through legislation, that here a shopping list of things that you can buy with the money, instructional aids, after-school programs, and so on. That would be one way of doing it. I think another factor that would tend to compel schools to spend on "the right things" is the national frenzy for testing and accountability. Recently some Southern California districts have moved towards a system of site-based financing where principals will have a lot more power over how their budget is spend, and it's not clear to me yet exactly how that's going to play out,

but it seems like money is being spent on things like instructional aids, after-school reading programs, and the like. So that gives me some hope that this would not be frittered away. If it was, then legislation could solve that I think.

One final question and then we have to leave the room. How about right here on the aisle?

QUESTION: Julian, I'm curious about the perfect competition. What would be the stages or the progression that we would see our system go through as it seeks to attain that?

MR. BETTS: You'd start with this stylized extreme of a monopoly where quite literally the only choice parents have is either at the local school district or to home school, or to send to perhaps one or two local private schools. I think Washington, D.C. is a pretty good example of the progression that you'd see. I think because of the fact that the chartering authority is outside the school district in D.C. which is quite unusual, that that's one of the reason why there are so many charters here. So over time you start to see greater heterogeneity in the themes of schools, a greater number of real choices emerging for students.

You're never going to progress all the way to perfect competition. The best you're going to have probably is a handful of choices for parents, perhaps 10 or 20. In cities like Chicago with excellent public transportation, you might quite literally have the choice

of 100 schools that you could see sending your child to because it's easy to get from one point of the city to the other. But that whole question of choice, NCLB Choice is making it quite clear that choice works well in densely populated urban areas. If you're in a small town, if you're in a rural area, the whole idea of moving towards perfect competition through choice is much less reasonable. I can see how the progression would work, the end game is going to differ dramatically depending upon whether you're in an urban densely populated area or a more rural area, and that's an important limitation.

MR. LOVELESS: Thank you all for coming, and those were great questions. We'll see you next time.

[Applause.]

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