

Supply Side Choice: The Coming Revolution in Education

School vouchers have the potential to transform public education. Currently, an entrenched bureaucracy and recalcitrant unions conspire to undermine any reform effort that threatens their influence, regardless of the benefits to be gained. Those proposals that do manage to win approval are typically underfunded, understaffed, and then criticized for underperformance. Rather than attempting to overcome these obstructions, vouchers provide a means for circumventing them. The introduction of choice into the schools will force educators to behave like any other service provider. Reform and experimentation will become the norm as the education commissars, now competing for business, begin seeking new ways to satisfy their customers and improve their product. The quality of the schools will quickly improve, and consumers—formerly known as students—will reap the rewards.

At least, that's what voucher proponents hope will happen. Unfortunately, disappointment is more likely to be the rule when families discover that this newfound freedom is a meaningless one. Though magnet schools and specialized academies will spring up, these institutions will target high-achieving individuals, the persons who already have an abundance of opportunities available to them. Academic non-achievers—the majority of students—will be left much as before, chasing after scraps at the margins of the system.

Family income, appearance, or sexual preference—all of these must be a permissible basis for discrimination, if there is to be real choice in education

Blame for this situation lies with the rules restricting the criteria that a school can use as a basis for determining admission. At the moment, the absence of a marketplace in education mutes the destructive impact of these regulations; once vouchers are adopted, however, the economic consequences of these regulations will become apparent. By preventing the adoption of innovative admission policies, these rules ensure that any new educational offerings will be little more than variations of already existing programs, differing only in curriculum emphasis or academic stringency. Truly inventive programs, ones specifically crafted to meet the needs of student populations underserved by the present system, will remain an impossibility.

Vouchers alone will not bring revolutionary change to public education. For this to happen, any reform package must also provide for the elimination of the asymmetry of choice that currently exists between education consumers and education suppliers. Schools must be given the same flexibility in determining admission as students now possess when deciding where to matriculate. Public and private schools must be allowed to employ any criteria they desire as a factor in determining admission. Family income, appearance, or sexual preference—all of these must be a permissible basis for discrimination, if there is to be real choice in education.

Vouchers will create the marketplace, and the introduction of symmetrical choice will ensure that the shelves are stocked. Implemented together, these reforms will bring immediate and dramatic results. For the first time, schools will be able to truly distinguish themselves from their competitors. Educators will be free to identify a market and shape their programs accordingly, just as other businesses have done for generations. As a result, a range of offerings will emerge, many of them impossible until now. Some institutions will, no doubt, opt to become athletic powerhouses, emphasizing sports prowess over more traditional academic studies. These schools will focus their recruiting on individuals of a certain size, height, or ethnicity; some may even make year-to-year retention dependent upon excellence on the playing field. Programs of this type will appeal to students intending to pursue a high-paying career in professional sports, a market currently underserved at the K-12 level. Other institutions may choose to cater to the demand for a culturally and ethnically homogeneous educational environment, a market segment that has proven consistently robust over the years. This would be accomplished by carefully restricting admission to individuals from a certain race or ideology, in order to achieve the 'purity' of experience demanded by the families being served. No matter how outlandish seeming the program, its success or failure will be determined by the market—not by bureaucrats with a vested interest in the outcome.

...these reforms will, in many cases, have the paradoxical but pleasing effect of yielding less diverse classrooms

Obviously, non-European, non-Asian students will benefit the most from these reforms. Historically, this group has lagged in academic achievement and, in consequence, its members have fared poorly in a system where academics are the only measure of success. Once supply side choice enabling reforms are enacted, however, these individuals will find the educational opportunities available to them multiplied many times over. One can easily imagine

an entire network of academies specifically targeting these students, with admission determined by criteria more in keeping with the norms of non-majority communities. In an effort to please their consumer constituencies, these institutions might come to rely on factors such as fashionable dress, an ability to clearly voice unfounded grievances, and status as an illegitimate child when determining admission and standing.

While creating a more diverse pool of program offerings, these reforms will, in many cases, have the paradoxical but pleasing effect of yielding less diverse classrooms. As any teacher will attest, children from different demographics learn differently, and methods that work for one group are often counterproductive when employed with another. African-Americans, for example, respond well to music and dance based instruction, while Asian-Americans thrive in a program emphasizing rigorous mathematical preparation, fluency in multiple languages, and exposure to numerous extra-curricular activities. Under the present system, individuals from

Supply Side Choice: The Coming Revolution in Education

disparate backgrounds are thrown together in the same classroom; as a result, educators are forced to adopt a bland curriculum and employ the most generic instructional methodologies—in an effort to serve all, none are well served. In contrast, by allowing the selection of children tailored to the needs of the classroom, supply side choice will facilitate the tailoring of the classroom to the needs of individual children.

Sadly, some schools will likely continue to experience budget difficulties even after these measures are implemented. Because of this, there will be a continuing need to identify new revenue making opportunities, a task that will be made easier by the more tightly defined demographic groupings present in these new schools. Advertisers will crave access to these audiences, but other opportunities for public/private partnerships should not be overlooked. Pharmaceutical testing organizations, for instance, are always in need of captive homogeneous populations.

...by allowing the selection of children tailored to the needs of the classroom, supply side choice will facilitate the tailoring of the classroom to the needs of individual children

The advantageous effects of these reforms will be felt beyond the schools, as well. Numerous social factors are known to correlate with academic performance, and there is every reason to believe that schools will begin incorporating these findings into their admission policies. Given the statistical relationship between a broken home and poor academic performance, for example, many schools may choose to make admission dependent upon the presence of an intact, two-parent family. Other schools may require that mothers not work outside the home, and some may even make loyalty oaths and background security checks a condition of admission. In this way, schools will once again come to play an important role in reinforcing the shared values of the community.

In addition to the compelling economic arguments in favor of supply side choice, political calculus makes its adoption attractive, as well. Educators have long opposed the adoption of vouchers, fearing they will have a polarizing effect on the education system. These opponents argue that good students, now free to choose, will migrate away from schools predominantly populated by bad students, leaving many administrators and teachers—through no fault of their own—trapped at schools filled with apathetic students. This would not be the case, however, if voucher based reforms are accompanied by supply side choice enabling measures. With these paired reforms, administrators and teachers would have a powerful tool at their disposal, one that restores balance to the education marketplace. Schools would be free to end their association with known trouble-makers, whether they are students who are disruptive in the classroom, or parents who are disruptive at board meetings. In this way, supply-side choice is the key to overcoming institutional resistance to vouchers.

The fiercest resistance to these reforms will undoubtedly come from those persons with the most to lose: the freeloading students and families who, until this time, have been allowed to enjoy all the privileges of publicly funded education without having to fulfill any of the responsibilities. Clearly, given America's commitment to universal public education, there will be a need to provide a school of last resort for these individuals. Unlike the current situation in which nearly every school is an institution of last resort, though, the dregs of the educational system will be concentrated in these last-chance schools. In fact, even the lowest performers will benefit from this arrangement; once these individuals are consolidated in this fashion, it will be easier to channel the appropriate resources to them, and to identify new markets within their numbers, thereby hastening the birth of additional alternative educational resources.

Forward Thinking

As the indices plummet and the layoffs mount, it's difficult to believe that only a few months ago even our little operation had VCs lined up outside the door, begging to hand over briefcases filled with hundred dollar bills. In those heady days anything seemed possible: why, some observers were pegging us at a \$20M valuation, maybe even \$30M, depending upon the vigor with which we defended our intellectual properties. Unfortunately, the collapse of the secondary market in irony-backed instruments has deferred our dreams of an early retirement beneath the too-blue skies of Palm Springs. Taking what comfort we can from the conviction that the markets, while blind and stupid, are also just, we turn our attention to the news of the day:

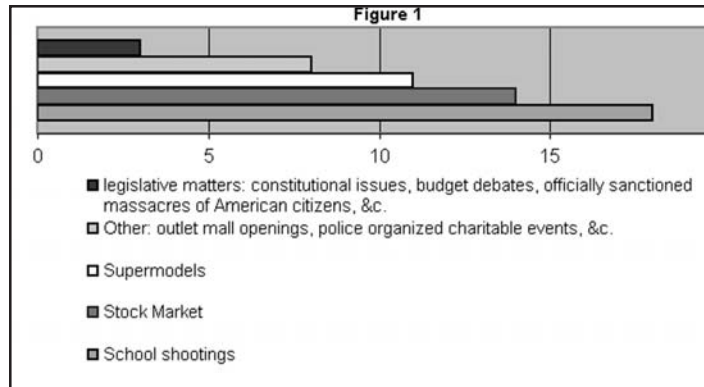


Figure 1 presents viewership numbers for network newscasts during the past year, detailed by subject matter. School shootings proved to be the biggest draw, suggesting that Americans are both troubled and captivated by the surge in youth delinquency. Though violence and firearms are as American as apple pie and ice cream, the increasing frequency with which these shootings occur is more than a statistical anomaly. Why are growing numbers of white, middle-class males taking up arms against their peers? An answer may be found in figure 2 on page 50.