

# Summary of Observations and Recommendations

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The conference “Excellence in Education” focused on a critical question: How can we most effectively improve elementary and secondary education in the United States? Since the early 1980s, the demand for high-skilled workers in the American economy has increased sharply. Yet many high-school graduates are finding that they lack the training to qualify for the types of jobs that would help them secure a traditional middle-class life. It is not that students today are less able to learn; as Richard Murnane and Frank Levy point out in their paper, average math and reading scores are higher now than they were in the early 1970s. Rather, job requirements have been rising quickly while corresponding advances in education have been slow to materialize.

This mismatch is particularly troubling because it has contributed to the widening of income disparities in this country. Individuals at the lowest economic levels are often the least well served by our schools. Thus, they are at a particular disadvantage in competing for jobs. As the skill levels required in the labor market rise, this group is likely to slip further into poverty. Alluding to the income gap in his opening remarks at the conference, William McDonough stressed that “improving education for everyone is the only way to make progress on this problem.”

Because the demands of our economy are changing—and because earlier reforms have not kept pace—many of the conference participants spoke of the need for new education policies. Both Eric Hanushek and Julian Betts remarked in their studies that the United

States has traditionally relied on the quantity of education its citizens receive—that is, the relatively high number of years of required schooling—to be competitive globally. But many countries whose students outperform U.S. students on standardized tests are now beginning to rival the United States in average years of schooling, creating a new and more intense form of competition.

The recommendations put forward by conference participants for dealing with the growing crisis in education fall within several broad groupings, each discussed in more detail below: greater competition, increased choice for parents, stricter accountability for teachers and administrators, the linking of incentives to performance, significant emphasis on the establishment of standards, smaller class size, and more experimentation with a broad range of policy initiatives. With revenues in federal, state, and city coffers growing, politicians and citizens are acquiring additional flexibility to fund education initiatives, so the discussion of policy alternatives in this volume is especially timely. One often hears that making choices is more difficult in good economic times than in bad. But policymakers who read this volume will find much thoughtful analysis to guide their decisions on the best course for the nation’s educational system.

## GREATER COMPETITION

Many conference participants identified increased competition among schools and school systems as a key component of any program of reform. In his account of the changes

under way in the New York City public schools, Rudy Crew emphasized that the ability to compete is essential to the survival of public school systems:

The transformation of [the New York City public school] system is driven by the same market forces that drive our economy—namely competition, quality, and productivity. Not only must our students be able to compete in a global, information-age marketplace, but our schools must be able to compete with private and parochial schools as well as the privatization movement. Parents need to know that the product of our schools will be of consistently high quality and that they can count on strong positive outcomes. . . . Ultimately, our schools must perform at a level that restores the public trust in their capacity to fulfill their mission, or we will lose the franchise.

Although alternatives such as charter schools and open enrollment programs are gaining prominence, public schools have long faced competition from other sources. To investigate whether increased competition improves educational outcomes, Caroline Hoxby looked at the traditional forms of school choice in the United States: parents' ability to choose between public and private schools and parents' ability to choose among public school districts by deciding where to reside. Hoxby's analysis suggested that public schools do in fact react to competition by upgrading the schooling they offer and that parents exercising greater choice prompt schools to adopt more demanding curricula and more structured classroom environments. Other conference participants noted an additional benefit of greater competition: schools concerned about enrollments may be more motivated to take on the risks of large-scale, meaningful reform.

The competitive model of education favored by many of the participants entails increased accountability. Under this model, failed schools would be closed quickly and poor teachers and administrators dismissed—albeit with appropriate due process. But this same model of education also recognizes the importance of positive incentives—that is, “carrots” in addition to “sticks.” Voters can be expected to approve more funding for successful

schools, and parents will very likely seek to have their children admitted to such schools, but policymakers must find additional means of rewarding superior teachers, principals, and programs.

#### INCREASED CHOICE

As Hoxby's paper suggested, the beneficial effects of competition come into play when parents can choose their children's schools. Parents and students alike clearly want more options. In the roundtable discussion that closed the conference, Peter Flanigan noted that his organization received 23,000 applications from public school students for 1,000 scholarships to private schools. Although middle- and upper-income families even now have some freedom to decide which schools their children will attend, low-income families typically have many fewer alternatives.

Increased choice can take different policy forms: choice between public and private schools (aided by vouchers), choice between charter schools and traditional public schools, or choice among traditional public schools. Derek Neal's paper supported the broadly held view that Catholic schools generally provide inner-city minority students with greater skills and higher graduation rates than those offered by public schools. In considering why private Catholic schools achieve a better outcome, Neal emphasized the poor quality of the public school alternatives available to urban minorities. Other conference participants cited parental commitment to education (parents of children attending private school pay tuition) and the private schools' ability to turn away students. Still others attributed the difference in outcomes to features of the private school environment such as reduced bureaucracy, the increased autonomy given to principals, and students' greater sense of personal safety in the classroom. Cecilia Rouse's examination of the Milwaukee Parental Choice Program, a publicly funded program that provides vouchers to low-income students to attend nonsectarian private schools, offered some corroboration of the benefits of private schooling: although the program had no discernible effect on the participating students' reading achievement, the students showed significant gains in math.

## BETTER INCENTIVES

All economists are trained in the theory that incentives matter, and they would expect this theory to hold in the schools as in other settings. Yet looking at the broad spectrum of practices and policies in our educational system, conference participants argued that much more can be done to motivate school personnel to improve their programs. The link between teacher pay and student learning was one area identified as requiring significant change, especially since teacher wages tend to be relatively homogeneous and are based more on years of experience and education than on classroom outcomes. Participants favored giving administrators, particularly principals, more incentive tools and greater flexibility in using these tools. Although the support for qualitative performance incentives was strong, participants recognized that further study of the design and implications of such incentives is needed.

## EXPLICIT STANDARDS

Several conference participants emphasized the central role of educational standards in the reform of the school system. Betts called for curriculum standards that would clearly delineate what students are expected to learn. He also recommended that students be evaluated regularly to determine whether they are meeting the standards. Among Betts' specific proposals was the adoption of exit exams—a test of basic skills that all students would be required to pass before they graduated from, or dropped out of, high school.

Murnane and Levy approached the subject of standards from a somewhat different perspective. They argued that parents and others lack the information that would allow them to compare the skills that students learn in school with those that are valued in the national economy—namely, superior math and reading skills and the ability to solve problems, to communicate effectively, and to work in teams. The authors suggested that the way to address this lack of information is to establish more rigorous standards, test student performance against those standards, and inform parents of the results. Parents would be much more likely to become involved in the improvement of the schools if they

were presented with evidence that their children were not being prepared to meet the demands of the workplace.

Not all participants agreed with Betts, Murnane, and Levy that a program of standards and testing is the key to better schools. Some expressed the view that teachers will waste time “teaching to the test.” To the extent that standardized tests rely only on rote memorization, this argument has some merit. But if the tests are well designed—for example, if they require written responses that assess students' ability to synthesize information and apply concepts—then teaching to the test is exactly what teachers should do.

One controversial question discussed by participants was whether standards should be established at the national or the state level. There was no consensus on this issue. Although national standards might be more cost effective, participants were quick to point out the difficulty of reaching agreement on a set of national standards. Standards that received the support of educators and policymakers in all states might be too weak to be meaningful.

## SMALLER CLASS SIZE

Conference participants expressed different views on the relationship between class size and learning outcomes. Hanushek pointed out that class size has fallen over the past couple of decades, while average scores on international math and reading tests have improved little. Yet Alan Krueger argued that the Tennessee Student-Teacher Achievement Ratio (STAR) experiment, currently the most closely watched state program, did show gains for students in smaller classes. In the first year that STAR students were assigned to smaller classes, they performed better on standardized tests than students assigned to regular classes. Moreover, the beneficial effects seemed to be the greatest for children of poor parents. Although the effect of additional years in smaller classes was more muted, the improvements of the first year remained. Still, the mix of results obtained by researchers suggests that smaller class size alone is not the answer and that other variables—including teacher competency and the enforcement of standards—may influence outcomes.

## MORE EXPERIMENTATION AND EVALUATION

A recurrent theme in the conference sessions was the need for more experimentation and follow-up analysis to determine which policies are the most effective in improving educational outcomes. To date, studies of various policy prescriptions have not provided a wholly satisfactory explanation of why some schools teach better than others. As Betts noted in his paper, for example, the establishment of higher expectations for students—whether in the form of more rigorous curriculum standards, increased homework, or stricter graduation requirements—appears to spur student achievement, but the empirical evidence to support this conclusion is limited.

Conference participants also addressed the issue of how we measure the value of educational quality. Attempts to quantify the value of improved education through its impact on wages earned by students later in life have produced mixed results. Sandra Black adopted an alternative approach in her paper: she calculated what people are willing to pay to reside in a community that would allow their children to attend better schools. By determining how an increase in the average test scores of a school affected the price of houses in that school's attendance district, she was able to attach a dollar value to the benefit of higher test scores. This benefit, she argued, can be compared with the cost of an educational program to assess the program's cost-effectiveness.

## CONCLUSION

Conference participants took different positions on the nature and extent of the problems affecting American schools. There was considerable agreement, however, on some broad issues. First, most participants saw a need to clarify the goals of elementary and secondary education. If we establish explicit goals for our schools, then we can measure student progress toward the goals and hold our schools accountable for students' success or failure in reaching them.

Second, participants agreed that the problems of the current system are most chronic in urban schools serving low-income students. They also agreed that in the case of these students, we have sufficiently strong empirical evidence to conclude that providing greater school choice could lead to better educational outcomes.

Finally, a consensus emerged at the conference that more studies are needed before we proceed with large-scale reforms affecting the school population as a whole. Existing research cannot justify efforts to expand choice programs to a much broader set of students, nor can it support substantial increases in expenditures on education. For the immediate future, the best course appears to be continued experimentation with different reform initiatives. In addition, as several participants pointed out, the studies undertaken must be carefully designed at the outset to permit a comprehensive evaluation of their results.

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