



## Stop the Middle Class Decline: Enact School Choice for All

by The Honorable  
Kent Grusendorf

### Key Points

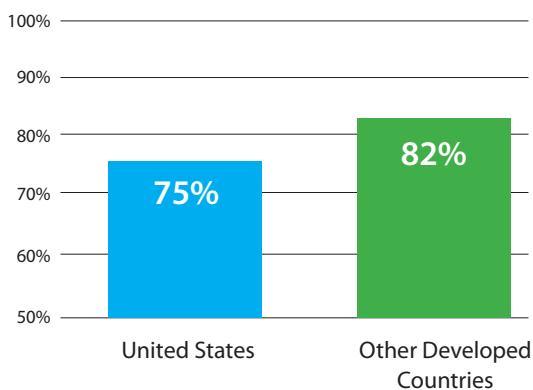
- Rebuilding the middle class “will require innovative, world-class schools.” Such schools are “within our means, but we won’t get them with current assumptions and institutions.”
- While some public schools succeed, the system as a whole is not designed to provide innovative solutions tailored to the needs of individual students.
- Public schools are not preparing Americans to succeed in today’s global economy. As a result, students lack the knowledge they need to secure middle-class employment.
- The size of the middle class has declined since 1970, in part because of the shift from jobs that require physical strength to jobs that require intellectual strength.

A recent report from SMU concluded: “Rebuilding America’s middle class will require capitalism in the classroom.” The report, *Rebuilding America’s Middle Class*, was authored by Dr. Michael Cox and Richard Alm, both with the O’Neil Center for Global Markets and Freedom at Southern Methodist University. The authors examined middle class decline<sup>1</sup> and how shifts from manufacturing to service economies and the advent of technology have changed intellectual capital needs.

They conclude that rebuilding the middle class “will require innovative, world-class schools.” Such schools are “within our means, but we won’t get them with current assumptions and institutions.” They note that poor school performance “takes its greatest toll on America’s minorities” who are ill-served by our education system and therefore struggle to maintain middle class status.

Regarding educational success, they note that only 75 percent of American students graduate from high school compared to an average of 82 percent in 34 developed nations, 10 of whom graduate 90 percent or more.<sup>2</sup> America ranks 16th among developed nations in the number of college aged students enrolled in higher education.<sup>3</sup> As the authors note, “Thirteen years in U.S. public schools leave many students ill prepared for the rigors of a college curriculum.” This is confirmed by the fact that only 12 percent of our university students earn bachelor’s degrees in science, technology, engineering, or math, whereas 36 percent of foreign students enrolled in our U.S. universities earn bachelor’s degrees in these fields.<sup>4</sup>

### Percent of Students Who Graduate from High School

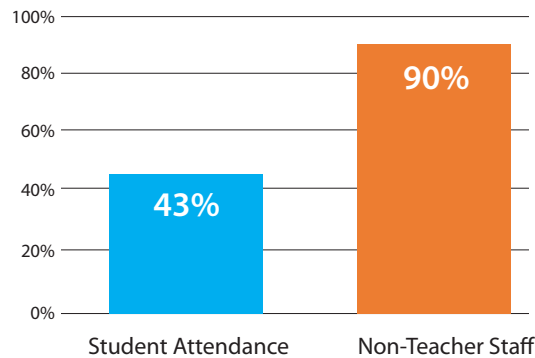


Source: Cox & Alm, *Rebuilding the Middle Class*.

Unfortunately, “Math-phobic American students” tend to major in fields which “earn less and face high unemployment.”<sup>5</sup> Cox and Alm conclude that Americans have “little to brag about” when it comes to student performance:

Compared to the rest of the world, U.S. schools aren’t doing a good job of educating the workforce of the future. Among 15-year-old students in [34 developed countries] tests measuring 2009 student performance rank America 25th in reading, 17th in math and 14th in science.

## Growth in Texas Schools from 1993-2011: Student Attendance and Non-Teacher Staff



Source: The National Center for Education Statistics, Digest of Education Statistics (DES).  
See 1995 DES Tables 43, 84. See 2013 DES Tables 203.80, 213.20.

Cox and Alm also found, “Decades of education policy and higher spending haven’t improved the quality of American education.” Spending per student has more than doubled since 1970.<sup>6</sup> Since 1950, enrollment nationwide has almost doubled, however, non-teaching staff has increased by over 700 percent during that same time period. This is compelling proof of what most know: government does not allocate resources effectively.

Texas has experienced similar growth in spending and bureaucratic growth: since 1993, student attendance has increased by 43 percent, while non-teaching staff has increased by 90 percent. Although Texas is doing great in virtually every other reform arena, decisions regarding the allocation of educational resources are severely flawed.<sup>7</sup>

Cox and Alm do an excellent job of contrasting government versus private sector resource allocation and make a compelling case that if government were in charge of cell phones we would not have smart phones, and more importantly, would not even know that we wanted them. If government were in charge, they contend, “Rigid rules would have hamstrung the product’s development. The bureaucrat’s priority would have been protecting jobs associated with land lines and pay phones. Technology would have advanced at a snail’s pace—if at all.” This difference between dynamic innovation in the private sector and static conservation in the public sector arises from choice and competition. Choice provides individuals the power of “no.” On the other hand, government offers only a “take it or leave it” diktat.

Whereas markets reward success and penalize failure, government fails to reward success and often actually rewards failure with a “bigger subsidy.” This coincides with the Pre-Labor Day Travis County Court ruling on school finance. Although the judgment was a scathing indictment of the failure of the Texas school system, the ruling demands more money as the solution.<sup>8</sup> The district judge acknowledged that government schools are failing “hundreds of thousands” of students, but he also determined that school districts should be rewarded with more money.<sup>9</sup>

The question at hand is: should money follow the child? Or, should we continue to fund institutions directly? If we allow money to follow the child, schools will “survive and prosper by doing a better job of educating; if they don’t deliver, the students will find another school, taking the money with them.” As Dr. Matt Ladner has said, “Without giving parents the ability to match the individual needs of their child with the strengths of different schools, public education will never reach the best outcomes possible.”<sup>10</sup> And to paraphrase Adam Smith and the authors of the SMU paper: allowing the money to flow with the child instead of funding schools will unleash competition which will improve education.<sup>11</sup>

Some reply that education is unique and would not respond to market dynamics or that student’s fate should not be left to market mechanisms. The report addresses this myth as follows:

America’s colleges expose this canard. Students can choose to study anywhere in the country, and colleges compete fiercely for students. The result: U.S. higher education is the best in the world, suggesting choice and competition will make our elementary and high schools less like USPS and more like the iPhone, FedEx, and our Internet companies.

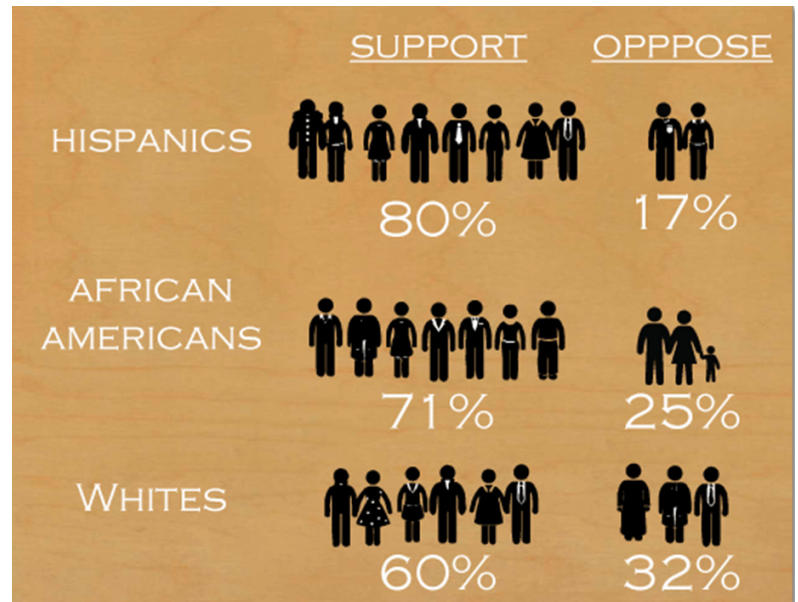
Texans agree. For example, 87 percent of Texans think that “better educational opportunities through school choice” would reduce poverty.<sup>12</sup> Two-thirds of Texans support universal school choice.<sup>13</sup> Polling further finds that minority voters support school choice by higher margins than Anglos.<sup>14</sup> Additionally, 84 percent of the primary voters of Texas’ majority party indicated that they agree with the following statement:

**Should the state fund education by allowing dollars to follow the child rather than the bureaucracy, through a program which allows parents the freedom to choose their child’s school, public or private, while also saving significant taxpayer dollars?<sup>15</sup>**

If Texas is to maintain its leadership status in a dynamic world economy, if Texas is to produce the workforce necessary for the future, if Texas’ middle class hopes to prosper, then Texas must insist on putting children first by providing school choice for all. Polling indicates that most Texas agree.

So why is Texas behind the curve on this front? According to Cox and Alm, it’s the “tyranny of the *status quo*.” The financial interests of the benefactors of the current system see school choice as a threat. As the authors say, “Make no mistake: they’re fighting to protect their own interest, not students’ well-being.” ☆

## Support for School Choice in Texas, by Race: 2014



<sup>1</sup> In 1970, the middle 60% earned 53% of the national income. Since then their share has dwindled to 46%.

<sup>2</sup> *Rebuilding America’s Middle Class: Prosperity Requires Capitalism in the Classroom*.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*

<sup>5</sup> *Ibid.*

<sup>6</sup> Total disbursements per student have more than doubled in the United States, from \$5,500 in 1970 to \$13,000 in 2010. See Cox & Alm, 10.

<sup>7</sup> See, for example, *Eric Hanushek’s Brief for School Finance Trial* and *Mark Hurley’s Expert Report for School Finance Trial*.

<sup>8</sup> See *The Texas Taxpayer & Student Fairness Coalition et al v. Michael Williams*, in which the 250th District Court found that the Texas public education system was a “dismal” failure to “hundreds of thousands” of Texas students, and therefore needed more money. (Executive Summary at page 3 & 5; Finding of Fact 94 n28, 102, 305, 322, 364, 1108.)

<sup>9</sup> *Ibid.*

<sup>10</sup> Matthew Ladner (personal communication, 28 Oct. 2014) See also *Experts: School choice improves education in public schools*.

<sup>11</sup> *Wealth of Nations*, Adam Smith (1776). See Cox & Alm, 16.

<sup>12</sup> See Texas Statewide Survey, Oct. 8-14, 2014. Baseline & Associates, Inc.

<sup>13</sup> *Ibid.*

<sup>14</sup> Hispanics support universal school choice at a ratio of 4 to 1 (80% to 17%); Blacks support universal school choice at a ratio of 3 to 1 (71% to 25%); Whites support it at a ratio of 2 to 1. (60% to 32%) See *Texas School Choice Survey*, question 17. Charter schools are supported at even higher rates.

<sup>15</sup> See *Texas House Rejects School Choice, Will Voters Next Choose to Reject House?*

## About the Author



**The Honorable Kent Grusendorf** The Honorable Kent Grusendorf is the Senior Fellow in the Foundation's Center for Education Freedom. He represented Arlington for 20 years, 1987-2007, in the Texas Legislature where his primary interest and focus was education. In his freshman term, due to his prior service on the State Board of Education, he was viewed as a leader on education issues. Through his appointments, by three governors and three House Speakers, to the House Public Education Committee and various Select Committees, he played a significant role in crafting legislative responses

to the *Edgewood I*, *Edgewood II*, *Edgewood III*, *Edgewood IV*, and *West Orange Cove* school finance court decisions.

On the national level he was first appointed to the Southern Regional Education Board (SREB) by Governor Clements. He was reappointed to the SREB by Governors Bush and Perry and also served on the SREB's Executive Committee. Grusendorf also served a term as Chairman of the American Legislative Exchange Council (ALEC) Education Task Force. During his last two terms in the Texas Legislature he served as chairman of the House Public Education Committee. During his tenure in the Texas Legislature he carried education accountability/improvement initiatives for four governors: Clements, Richards, Bush, and Perry.

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