An ‘enormous opportunity’

By Eric Hanushek
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Prepared testimony on the Arkansas Student Accountability and Educational Accountability Act of 2003 for the House Education Committee, which held a hearing on the bill last Thursday.

Arkansas is following some two dozen other states that have had to respond to a court finding that its current financing system is unconstitutional. These events are always traumatic, but—from a slightly different perspective—they offer enormous opportunity.

I am here today because I have gone through the proposed accountability legislation in the Arkansas Student Accountability and Educational Accountability Act of 2003 and I am terribly impressed by it. It truly offers the possibility that Arkansas will vault to the top of the nation in the development of sound policies for the financing of its schools and for the education of its citizens.

Let me very quickly put the situation into national perspective. Almost twenty years ago, the federal government released its monumental report, A Nation at Risk. This official publication said in clear terms that U.S. schools were not competitive and that it was extraordinarily important to do something about this. This report led to considerable public attention and two decades of intensive “reform” efforts, replete with dramatic increases in spending, reductions in class size, and increased teacher qualifications. But no improvement in student outcomes resulted.

Over this time, the courts have also been active, passing judgment on state financing statutes and state policy. These courts, however well intentioned, have proved to be quite ineffective—particularly when they become active in the design of alternatives. The federal government has historically not been very influential, although the recent No Child Left Behind Act of 2001 has, I believe, usefully energized the nation in productive ways.

State legislatures are the place where reforms should be located and, frankly, are the only real hope for improving the schools. State legislatures have the constitutional responsibility for setting the financing structure and educational policy for schools. They also can find ways to use the pressure of the courts to improve the schools and can do the innovative things that are required.

The actions you take today will have lasting effects. It simply is not feasible to change policies and finances frequently, both because you will not be able to sustain the legislative energy to keep the process going and because it is just bad policy. When faced with court pressure or when acting on their own to set new policies, history shows that the states that have failed are the states that have focused exclusively on the financing of schools. While it might not always seem to be the case, the financing of schools is simply much less important than setting a good pattern in how the money is used. To be sure, financing cannot be ignored, but it also cannot be the only thing, or even the first thing, considered.

The bill before you today is better than any bill I have seen in my 30-plus years of studying educational finance policy. I have been directly involved in a dozen separate court cases involving school finance, and I have researched the implications of financing and accountability alternatives over this period.

Finally, as a member of the Koret Task Force on K-12 Education of the Hoover Institution, I am...
extrordinarily pleased to see the relationship between this bill and the thoughts of the Task Force. The Koret Task Force, if I may modestly describe, is made up of 11 scholars who are national leaders in research about various aspects of school policy. The print on our recent book (Our Schools and Our Future: Are We Still at Risk?) is still wet, but its scientifically based recommendations can be directly related to the key elements of this bill.

Let me underscore what I think are the key elements in this legislation.

1- It concentrates on student performance.

In simplest terms, if you are interested in student outcomes, there is no substitute for focusing on student outcomes. Efforts often get waylaid by turning to inputs—resources, characteristics of teachers, class size, and so forth. The lack of consistent and strong impacts of these on achievement dooms these as an effective focus of policies.

2- It builds upon local decision-making.

We have found that managing the schools from the state capital is simply infeasible. The heterogeneity of local circumstances—for local strengths and weaknesses—means that central policies about how to do the job almost always fail. On the other hand, central policies on what outcomes are needed are entirely appropriate and necessary.

3- The proposed system is transparent.

This bill promises that students, parents, school personnel, and legislators will know what is happening in schools. As Florida has demonstrated, by giving direct letter grades A to F to schools on the basis of student outcomes, there is no confusion about where a school stands. Importantly, by keying performance to a nationally normed test, it is possible to see where Arkansas stands and how effective its programs are.

Arkansas will only succeed in its schooling if it becomes competitive with the best schools in the nation. Being the best in Arkansas but mediocre in the nation should be unacceptable to you. Nationally normed tests have several advantages: lower cost, timely responses, and a scale against the schools of the nation. By supplementing these tests with Arkansas specific components that reflect standards for Arkansas schools, it can achieve alignment of curriculum and measurement while retaining the advantages of national comparisons. Finally, by providing detailed information on the spending and organization of schools, everybody can immediately see what the school is doing with its resources.

4- The system provides direct accountability.

The built-in incentive aspects of the bill call for rewards (and punishments) to schools on the proper basis—whether they are succeeding in educating their students. Substantial financial rewards go to schools that show they can effectively turn their resources into student outcomes. A particularly important aspect of the accountability elements is that they relate both to overall performance and to the progress that students make.

Everybody recognizes that some children come to school better prepared than others. We should reward schools handsomely when they take a poorly prepared student and achieve great gains in performance—even if they cannot bring every student up to expectations within a single year. We want good teachers to take on the challenge of educating the poorest prepared students, and this is the importance of rewarding progress of students. (The bill also recognizes that following progress demands a system of testing and accountability that follows individual students, wherever they are in the state. It is not possible, for example, simply to track changes in average performance of a school over time, because student mobility makes this a very imprecise measurement.)

5- Students in failing schools are provided choice.

Not all Arkansas schools will meet the challenges of providing a 21st century education. Receiving a failing mark is often viewed as a problem for the school. In reality, the true problem falls on the unlucky students who were placed in an ineffective school. The students in failing schools have been hurt, and they do not have time to wait until the state or local district can figure out how to fix the school. Their problems are immediate.

The choice plan within this bill is truly innovative. It maintains choice within the public sector, but it does so in a way that promises getting the incentives right. It has the money following the student, so the school and district lose funding if they prove ineffective. It covers the transportation costs for the student. And it provides funding to expand the good schools. The normal problem with choice restricted to just public schools is that the good schools simply do not
have room for added students (and often do not have much interest in expanding). This bill attempts to deal directly with that problem by handling any facilities costs from the state and by bringing the full student resources with the new student.

This bill takes the best policy proposals currently available and puts them into the policy of the state.

The bill does not ensure success. It will still take a lot of hard work. And it will take time until the schools can respond. Yet it has the elements that current evidence suggests have the highest probability of transforming the schools of Arkansas.

Finally, I think it is very important to view the package as a package. There is often a temptation to take some parts, tinker with others, and drop some of the key elements. While I have not stressed it, largely in the interest of time, the elements that I highlighted have a good chance of success in large part because they fit together as a system.

I commend you for pursuing such an innovative and coherent package. Passing a strong bill like this will rightfully get you considerable national attention.

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