

Background

No. 2125
April 18, 2008



Published by The Heritage Foundation

A Nation Still at Risk: The Case for Federalism and School Choice

Dan Lips

In 1983, the National Commission on Excellence in Education issued the landmark *A Nation at Risk* report highlighting the crisis in American education.¹ The commission reported that American students were at risk of falling behind students from around the world and that this imperiled our national security and future prosperity. “If an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today,” the commissioners wrote, “we might well have viewed it as an act of war.”²

Twenty-five years later, the American education system remains in a state of crisis. Each year, the United States spends more than \$550 billion on K–12 public schools—more than 4 percent of the nation’s gross domestic product.³ A student attending public school in 2008 can expect taxpayers to spend an average of \$9,266 on his or her behalf—a real increase of 69 percent over the average per-pupil expenditure in 1980.⁴

Regrettably, millions of American students continue to pass through the nation’s public schools without receiving a quality education. On the 2007 National Assessment of Educational Progress (NAEP) test, 33 percent of fourth-grade students scored “below basic” in reading.⁵ Among economically disadvantaged children, 50 percent scored “below basic.”⁶ In many of the nation’s largest cities, high school graduation rates are below 50 percent.⁷

Widespread failure in America’s public schools imposes great personal and societal costs. Many Amer-

Talking Points

- In 1983, *A Nation at Risk* highlighted the crisis in American education. American students were falling behind students from around the world, endangering our national security and prosperity.
- In 2008, a public school student can expect \$9,266 to be spent on his behalf by taxpayers—a real increase of 69 percent over 1980. Millions of students continue to pass through the public schools without receiving a quality education.
- President Ronald Reagan offered a bold vision: End federal intervention, restore federalism and state and local control, and expand parental choice.
- Policymakers took another approach. Decades of reforms have shown that simply increasing funding and expanding government authority has done virtually nothing to address the crisis.
- Federal policymakers should limit federal intervention and restore greater state and local authority. State policymakers should expand parental choice and implement reforms to hold schools and students accountable.

This paper, in its entirety, can be found at:
www.heritage.org/Research/Education/bg2125.cfm

Produced by the Domestic Policy Studies Department

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002–4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

icans' lives are affected by their lack of a quality education. Moreover, taxpayers must shoulder the burden of costs caused by the uneducated population. This widespread failure may imperil our nation's prosperity and security.

Federal and state policymakers must recognize this persistent crisis and implement policies that will lead to systemic education reform. At the federal level, Congress should reform federal education policies to protect academic transparency, eliminate bureaucracy and inefficiency, and encourage innovation at the state and local levels. Policymakers should embrace policies that give all families the freedom to choose their children's schools, free school leaders to innovate and develop successful school models and improve teacher quality, and allow parents and the public to hold public schools and students accountable for results.

The State of Public Education in America

This year, American taxpayers will spend more than \$9,200 on the average public school student entering the first grade.⁸ This means that if the student remains in school through 12th grade, he can expect to have roughly \$100,000 invested in his education by taxpayers. This considerable investment, however, often does not purchase a quality education.

Academic Achievement. The National Assessment of Educational Progress is the best nationally representative sample of American students' academic achievement, but the NAEP exam consistently shows that a significant percentage of American students fail to meet a basic standard of learning. In 2007:

- 33 percent of fourth graders and 26 percent of eighth graders scored "below basic" in reading,⁹
- 18 percent of fourth graders and 29 percent of eighth graders scored "below basic" in mathematics,¹⁰
- Students from lower socioeconomic backgrounds scored lower than their peers, and
- Among students who were eligible for the free and reduced-price school lunch program, 50 percent of fourth graders and 42 percent of eighth graders scored "below basic" in reading.¹¹

High School Graduation Rates. National estimates of high school graduation rates also highlight the crisis in America's elementary and secondary schools. According to government and independent reports, the estimated average high school graduation rate is between 71 percent and 74 percent.¹² Among ethnic-minority children, the graduation rate is significantly lower. In 2002, only 56 percent of black and 52 percent of Hispanic students graduated, compared to 78 percent of white students.¹³

1. National Commission on Excellence in Education, *A Nation at Risk: The Imperative of Education Reform*, April 1983, at www.ed.gov/pubs/NatAtRisk/risk.html (April 5, 2008).
2. *Ibid.*
3. National Center for Education Statistics, *Digest of Education Statistics: 2007*, Tables 25 and 26, at www.nces.ed.gov/programs/digest/d07/tables_1.asp (March 28, 2008).
4. Author's calculations; National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 174.
5. See U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress, at <http://www.nces.ed.gov/nationsreportcard/naepdata/> (March 28, 2008).
6. *Ibid.*
7. Christopher B. Swanson, "Cities in Crisis: A Special Analytic Report on High School Graduation," Education Research Center, April 1, 2008.
8. The average per-pupil expenditure in U.S. public schools (based on fall enrollment) in 2004–2005 was \$8,701. National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 174.
9. U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress, *Reading Report Card*, at http://nationsreportcard.gov/reading_2007/r0001.asp (November 2, 2007).
10. U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress, *Mathematics Report Card*, at http://nationsreportcard.gov/math_2007.
11. National Assessment of Educational Progress, *Reading Report Card*.

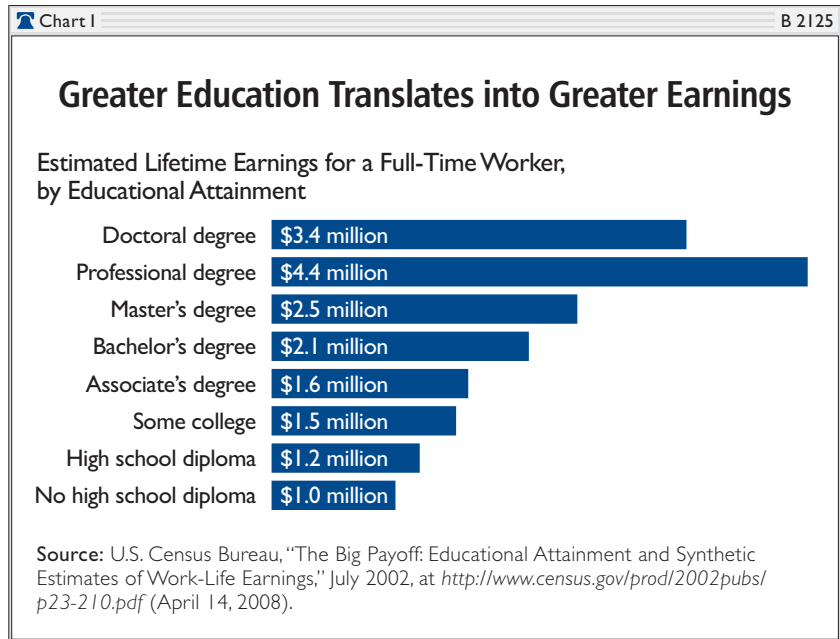
There is reason to believe that the graduation rates are considerably lower in some of the nation's largest cities. A 2008 study published by the Education Research Center found that the high school graduation rate was below 50 percent in 17 of the nation's 50 largest cities.¹⁴ The cities with the lowest graduation rates were Baltimore (35 percent), Cleveland (34 percent), Indianapolis (31 percent), and Detroit (25 percent).¹⁵

Adult Literacy. Another indicator of the poor performance in the nation's education system is the high rate of adult illiteracy. The U.S. Department of Education's 2003 National Assessment of Adult Literacy found that 14 percent of American adults scored "below basic" in literacy, meaning that they could not perform simple, everyday tasks that required reading or writing.¹⁶ The report projected that an estimated 30 million American adults possessed no more than the most rudimentary literacy skills.¹⁷

The Costs of Low Educational Attainment

The poor performance in America's schools also imposes greater costs, such as lower lifetime earnings and life expectancy for students, and societal costs such as higher social welfare payments imposed on our communities. Overall, the systemic failure of our public schools threatens our nation's future prosperity and security.

The Personal Costs. Failing to attain a quality education to prepare for adulthood imposes signifi-



cant personal costs, ranging from reduced lifetime earnings to lower life expectancy. In 2002, the U.S. Census Bureau issued a report projecting the relationship between lifetime earnings and educational attainment: A full-time worker with a college degree can expect to earn more than \$2.1 million over the course of his or her lifetime, compared to a high school graduate, who can expect to earn only about half that amount for a lifetime of full-time work. (See Chart 1).

Another government study reported the link between educational attainment and life expectancy. A 2002 U.S. Department of Health and Human Services study reported that, "For the total population, and for males and females separately, mortality is inversely associated with educational attainment; that is, the average risk of death

12. The Manhattan Institute estimated the national high school graduation rate to be 71 percent. See Jay Greene and Marcus Winters, "Public High School Graduation and College-Readiness Rates: 1991–2002," Manhattan Institute, February 2005, at www.manhattan-institute.org/html/ewp_08.htm (November 2, 2007). The National Center for Education Statistics estimates the graduation rate to be 74 percent. See National Center for Education Statistics, *Digest of Education Statistics: 2006*, Table 101, at www.nces.ed.gov/programs/digest/d06/tables/dt06_101.asp?referrer=list (November 2, 2007).

13. Greene and Winters, "Public High School Graduation and College-Readiness Rates: 1991–2002."

14. Swanson, "Cities in Crisis: A Special Analytic Report on High School Graduation."

15. *Ibid.*

16. National Center for Education Statistics, "2003 National Assessment of Adult Literacy," U.S. Department of Education, Institute of Education Sciences, at <http://nces.ed.gov/naal/index.asp> (March 28, 2008).

17. *Ibid.*

decreased markedly with increasing educational attainment.”¹⁸ An independent study found that high school dropouts live an average of nine years less than high school graduates.¹⁹

Lifetime earnings and life expectancy are only crude measures of life outcomes. The full benefit of knowledge and a quality education is impossible to quantify.

Societal Costs. Low educational attainment in American schools also affects society as a whole. Poorly educated adults are less likely to make a positive contribution to society and are more likely to be dependent on government services. Professor Cecilia Rouse of Princeton University found that the lower wages of high school dropouts result in \$158 billion in lost earnings and \$36 billion in reduced federal and state income tax revenue.²⁰ Rouse also found that high school dropouts were more likely to be unemployed: Only half held regular jobs compared to 69 percent of high school graduates.²¹

Adults who drop out of high school also have higher health care bills: \$35,000 per year compared to \$15,000 for college graduates.²² These health care costs impose a significant burden on taxpayers. Brian Gottlob, a senior fellow at the Friedman Foundation, analyzed the fiscal effects of high school dropouts on federal and state governments and reported that if every high school dropout had instead earned a college degree, the number of uninsured working adults would drop by almost 4 million.²³

Likewise, the number of Medicaid beneficiaries would drop by 3.5 million, saving taxpayers \$7 billion every year.²⁴ Low levels of education among adults also correlate with increased criminal activity.

A Threat to Our Future Prosperity and National Security

The poor performance of American students may also endanger our future prosperity and even our national security. In the 20th century, the United States was able to claim a position of global strength in large part because of its economic strength. In World War II, America’s military power was made possible by U.S. economic strength. The United States won the war in the Atlantic and Pacific in large part because of its technical might and ability to field a superior military. During the Cold War, the strength of the American economy was one of our greatest assets in opposing the expansionism of the Soviet Union.

The relationship between economic strength and national power will continue in the 21st century, but the United States is facing new challenges in the increasingly competitive global economy. Best-selling author Thomas Friedman makes this point in his book *The World Is Flat*, which focuses on the challenges presented by an era of increased globalization and international competitiveness. In an ever-“flattening” world, many jobs can easily be outsourced to skilled, lower-cost workers in other countries. This means that, both today and in the future, American workers will have to compete for jobs against workers from around the world.

Sadly, there is reason to believe that many Americans may be unprepared for this challenge. Comparisons between American students and adults on international tests highlight the need to improve the performance of our nation’s schools.

In 2006, the National Center for Education Statistics reviewed the performance of American adults and students on international tests.²⁵ The review

18. Kenneth D. Kochanek *et al.*, “Deaths: Final Data for 2002,” U.S. Department of Health and Human Services, National Vital Statistics Reports, October 12, 2004.

19. Henry M. Levin, ed., “The Social Costs of Inadequate Education,” Teachers College, Columbia University, October 2005.

20. *Ibid.*

21. *Ibid.*

22. *Ibid.*

23. Brian Gottlob, “Testimony Before the Subcommittee on Income Security and Family Support of the House Committee on Ways and Means,” November 14, 2007.

24. *Ibid.*

found that American students were not excelling compared to international students and that, in some subjects, they were performing below average compared to other developed nations. American students scored below average on math and science tests administered to students in developed countries. In math, American 15-year-olds ranked 21st of 29 countries. In science, they ranked 16th. On reading exams, American students fared somewhat better—they were average. But is average good enough?

If the nation's public schools continue to underperform, a growing number of American workers will enter the workforce unprepared to hold their own in the increasingly competitive global economy—threatening not only their, but the country's, future prosperity as well as national security.

Differing Visions for Reform: Parental Choice vs. Government Command

A Nation at Risk was a catalyst for numerous education reform efforts. Since 1983, many observers have sought to solve the problems in America's schools by increasing federal funding for—and intervention in—the educational system.

But President Ronald Reagan had a different vision. When the report was released, he argued that the way to solve the crisis in American education was to increase parental choice and strengthen state and local control:

I believe that parents, not government, have the primary responsibility for the education of their children. Parental authority is not a right conveyed by the state; rather, parents delegate to their elected school board representatives and State legislators the responsibility for their children's schooling....

So, we'll continue to work in the months ahead for passage of tuition tax credits,

vouchers, educational savings accounts, voluntary school prayer, and abolishing the Department of Education. Our agenda is to restore quality to education by increasing competition and by strengthening parental choice and local control. I'd like to ask all of you, as well as every citizen who considers this report's recommendations, to work together to restore excellence in America's schools.²⁶

Regrettably, this agenda was not achieved during President Reagan's tenure, and subsequent attempts to curtail federal power and promote parental choice in education have achieved only limited success. For the most part, the decades that followed his presidency instead have witnessed the gradual increase in federal authority over the nation's schools—and the continuing decline of American education.

Lessons from 25 Years of Education Reforms

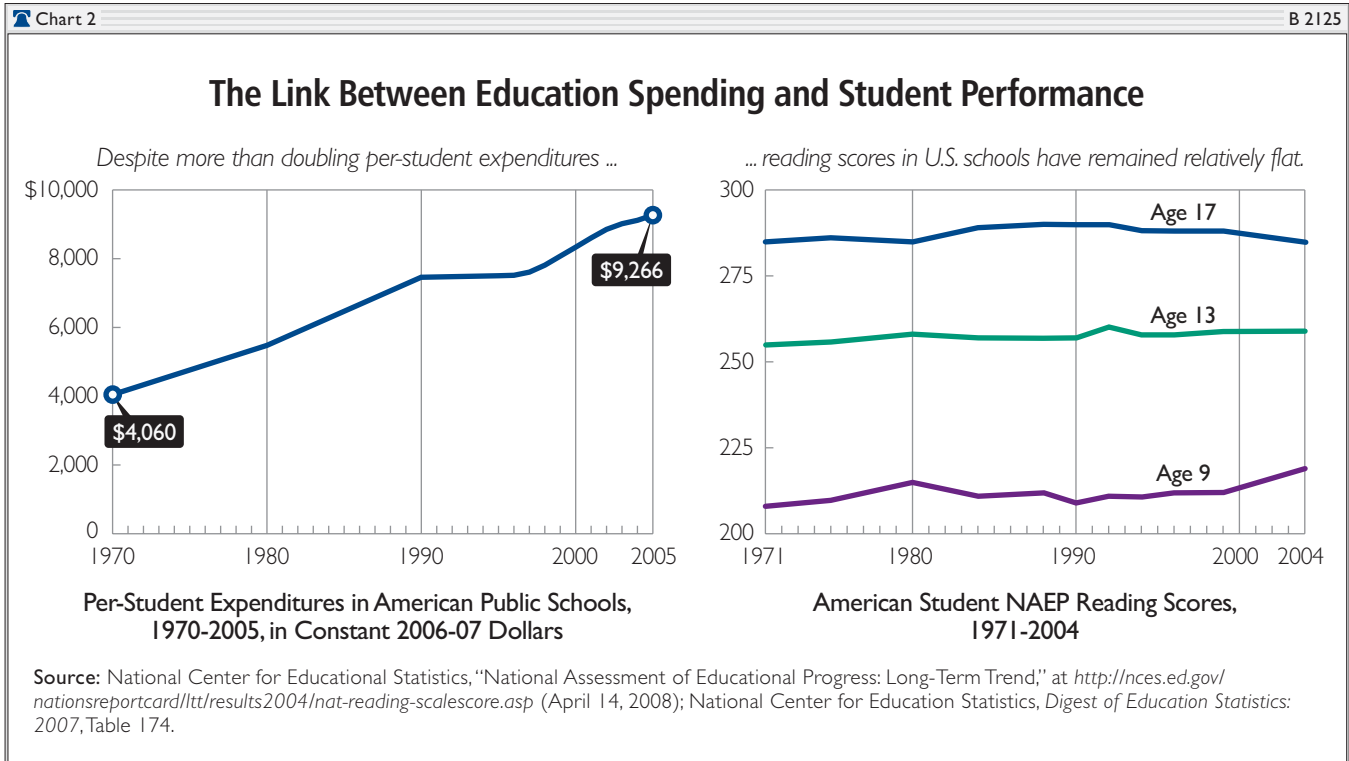
To address the persistent crisis in America's schools, parents, taxpayers, and policymakers should review the recent decades of reforms. The following are four important lessons that can be drawn from a quarter-century of school reform.

LESSON 1: Simply increasing government funding for public education is insufficient.

Simply increasing government spending on public education is not the solution to the problems in the nation's public schools. Since 1970, average per-student spending in American public schools has increased by 128 percent—from \$4,060 in 1970 to \$9,266 in 2005 (after adjusting for inflation). Chart 2 presents the growth in real per-student spending since 1970.²⁷

Regrettably, American students' performance on long-term measures of academic achievement has not risen correspondingly. Chart 2 also presents the

25. National Center for Education Statistics, "U.S. Student and Adult Performance on International Assessments of Educational Performance," U.S. Department of Education, 2006 No. 73, at <http://usinfo.state.gov/infousa/education/overview/docs/2006073.pdf> (April 16, 2008).
26. President Ronald Reagan, "Remarks on Receiving the Final Report of the National Commission on Excellence in Education," April 26, 1983, *The Public Papers of President Reagan*, at www.reagan.utexas.edu/archives/speeches/1983/42683d.htm.
27. Author's calculations; National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 174.



test scores of American students (ages 9, 13, and 17) on the National Assessment of Educational Progress reading exam.²⁸ American 17-year-olds attained the same average score of 285 in 2004 as in 1971. The average scores of 13- and 9-year-old students were modestly higher (4 points and 9 points, respectively) in 2004 than in 1971.

These modest gains appear trivial when compared to the dramatic increase in per-student funding that occurred over the same period. As Dr. Jay Greene writes in *Education Myths*, "It is clear from the evidence of our national experience that simply adding more money to the public school system produces no significant improvements.... This evidence is strongly confirmed by the existing body of academic research."²⁹

LESSON 2: Federal intervention needs to be limited.

When President Lyndon Johnson signed the Elementary and Secondary Education Act into law in 1965, he declared that "all of those of both parties of Congress who supported the enactment of this legislation will be remembered in history as men and women who began a new day of greatness in American Society."³⁰ But after more than four decades, widespread greatness in America's public schools continues to prove elusive.

The most recent federal intervention in K–12 education—the No Child Left Behind (NCLB) Act of 2001—has demonstrated the limits and potential dangers of federal intervention. This 1,100-page law established new regulations and requirements for states to receive federal funding for education.

28. National Center for Education Statistics, "National Assessment of Educational Progress: Long-Term Trend," at <http://nces.ed.gov/nationsreportcard/ltr/results2004/nat-reading-scalescore.asp> (March 31, 2008).

29. For a thorough discussion of the relationship between education spending and achievement, see Jay Greene *et al.*, *Education Myths* (New York: Rowman & Littlefield, 2005), pp. 7–20.

30. Lyndon B. Johnson, "Remarks in Johnson City, Texas, Upon Signing the Elementary and Secondary Education Bill (Apr. 11, 1965)," transcript available at www.lbjlib.utexas.edu/johnson/archives.hom/speeches.hom/650411.asp.

Most important, the law requires the states to test students annually from grades three to eight and once in high school and to report student performance (including disaggregated scores for student subgroups) and progress toward proficiency, known as adequate yearly progress (AYP).³¹ Schools that fail to meet AYP goals are subject to remedies, including school choice, after-school tutoring, and school restructuring.³²

These new requirements came with increases in both federal funding and regulation. The Bush Administration, for instance, requested \$24.5 billion for NCLB programs for fiscal year 2009—an increase of 41 percent over 2001 levels.³³ But the new funding has come with added costs for states and localities, including significant increases in the amount of resources that must be devoted to complying with the federal requirements.³⁴

After six years, NCLB has demonstrated the limits and potential dangers of expanding federal authority in education. A central purpose of NCLB was to require states to adopt high academic standards and provide other options—the possibility to attend another school—to children enrolled in persistently low-performing schools, but there is reason to believe that NCLB is failing to meet either of these objectives.

First, a number of researchers have highlighted how NCLB's requirement that states demonstrate

students' proficiency on state examinations has created an incentive for states to weaken standards to make tests easier to pass.³⁵ A 2006 study by University of California researchers found that the gap between state and NAEP proficiency scores had widened in 10 of 12 states examined since NCLB was enacted.³⁶

Second, few children are benefiting from NCLB's limited school choice options. The Department of Education reported that only 1 percent of eligible students took advantage of the federally mandated public-school-transfer option between 2004 and 2005.³⁷ Only 17 percent took advantage of the "supplemental services" (tutoring) option.³⁸ A Department of Education survey of parents in eight urban school districts found that 27 percent of those who were eligible had been notified about the school-transfer options.³⁹ This suggests that many public school districts are failing to comply with the federal policy.

The Title I program—a centerpiece of federal K–12 education policy since 1965—demonstrates the limits and problems associated with federal intervention. Currently funded at \$14 billion for 2008, the purpose of Title I has been to provide greater opportunities and resources for disadvantaged children. But Title I has grown increasingly complex and bureaucratic over time. A 2007 evaluation found that the current Title I funding formula was overly complex and bureaucratic:

31. No Child Left Behind Act of 2001, No. 107–110, 115 Stat. 1425, 1449–1452 (2002), at www.ed.gov/policy/elsec/leg/esea02/107-110.pdf.

32. *Ibid.*

33. U.S. Department of Education, "Summary of Discretionary Funds, FY 2009 Request," at www.ed.gov/about/overview/budget/budget09/summary/appendix1.pdf (March 28, 2008).

34. According to the Office of Management and Budget, NCLB increased state and local governments' annual paperwork burden by 6,680,334 hours per year. Submission for OMB Review, 71 Fed. Reg. 61,730 (Department of Education, Oct. 19, 2006).

35. See Eugene Hickok and Matthew Ladner, "Reauthorization of No Child Left Behind: Federal Management or Citizen Ownership of K–12 Education?" Heritage Foundation *Background* No. 2047, June 27, 2007.

36. See Bruce Fuller, Kathryn Gesicki, Erin Kang, and Joseph Wright, "Is the No Child Left Behind Act Working? The Reliability of How States Track Achievement," *Policy Analysis for California Education*, University of California, Berkeley, 2006, at <http://pace.berkeley.edu/reports/WP06-1.pdf>.

37. U.S. Department of Education, "Department Releases Interim Report on School Choice and Supplemental Education Services," April 3, 2008.

38. *Ibid.*

39. *Ibid.*

Rather than delivering effectively on good intentions for helping poor children, congressional action over eight reauthorizations has led to a convoluted, bureaucratic system that is less student-centered, less transparent, and therefore less accountable to the public.⁴⁰

LESSON 3: Realize the promise of expanding parental choice.

Over the past 25 years, progress has been made by expanding school choice and by making public schools accountable to parents and the public. In the 1980s, there was little school choice in America. Today, a growing number of American families are benefiting from the freedom to choose among several schools.

As of this writing, 13 states and Washington, D.C., support private school choice. This year, as many as 150,000 children will use publicly funded scholarships to attend private school.⁴¹ Millions more will benefit from opportunities to choose schools within the public education system thanks to public school choice and the proliferation of charter schools (independently run public schools).

Research evidence with respect to existing programs suggests that school choice is having a positive impact.⁴² Surveys of families participating in school choice programs have found that parents are more satisfied with their children's education when they can choose their schools. Researchers studying the effect of private school choice on academic achievement have reported positive effects, both for participating students and for public schools faced with competition from other schools.

Moreover, expanding choice within the public school setting is yielding positive results. The growing charter school movement, for example, has led to the creation of innovative schools like the KIPP (Knowledge Is Power Program) Academy schools, which have demonstrated superior results teaching often disadvantaged student populations.⁴³ A 2004 study by Harvard University economist Caroline Hoxby found that students in charter schools were more likely to be proficient in reading and math than were students in the nearest comparable public school.⁴⁴ Widespread public-school choice also has been reported to have positive effects.⁴⁵

LESSON 4: State-level reforms can lead to improvement.

Improving academic achievement across the nation has proven difficult, but there is good reason to believe that comprehensive state-level education reforms can lead to dramatic improvement in the classroom.

Florida represents a promising model of a state that has implemented aggressive education reforms that have led to improvements in academic achievement.⁴⁶ Over the past decade, Florida policymakers have established a rigorous accountability system and innovative testing model; have increased the focus on reading, reducing social promotion, providing new pathways for hiring, and rewarding quality teachers; and have expanded public and private school choice.

After ten years, Florida's assertive approach to education reform seems to be working. The state's public-school students have demonstrated significant improvement on NAEP reading and math

40. Susan Aud, "A Closer Look at Title I: Making Education for the Disadvantaged More Student-Centered," Heritage Foundation *Special Report* No. 15, June 28, 2007.

41. Dan Lips, "School Choice: Policy Developments and National Participation Rates: 2007–2008," Heritage Foundation *Background* No. 2102, January 31, 2008.

42. For more information, see *ibid.*

43. For more information on KIPP, see <http://www.kipp.org/>.

44. Caroline Hoxby, "Achievement in Charter Schools and Regular Public Schools in the United States: Understanding the Differences," Harvard University Program on Education Policy and Governance working paper, December 2004.

45. Lisa Snell, "The Agony of American Education," *Reason*, April 2006, at www.reason.com/news/show/33293.html (March 28, 2008). For more information, see William G. Ouchi, *Making Schools Work* (New York: Simon & Schuster, 2003).

46. For more information, see Paul Peterson, ed., "Reforming Education in Florida," Hoover Institution, Koret Task Force on K–12 Education, 2006.

exams compared to students nationally. Black and Hispanic students have been improving at a faster rate than their white peers—evidence that the state is succeeding in reducing the ethnic achievement gap. The Sunshine State’s experience demonstrates that systemic education reform is possible.

What Federal Policymakers Should Do

Although the word “education” is not mentioned in the Constitution, the federal government has played a growing role in the funding and regulation of elementary and secondary education since the 1960s. This interventionist policy has hindered rather than advanced the progress of educational improvement in America. The following principles should form the basis for full reform in American education.

- **Resist increasing federal authority.** Decades of increased federal intervention have failed to deliver significantly improved student performance in long-term measures of academic achievement. No Child Left Behind has once again demonstrated the limited and potential unintended consequences of increased federal authority.

The federal government provides 9.2 percent of the funding for public education.⁴⁷ Members of Congress should recognize the limits of federal authority in education and resist increasing federal power even more.

- **Streamline federal programs and bureaucracy.** The federal government currently spends more than \$71 billion on elementary and secondary education through more than a hundred programs run by more than a dozen agencies.⁴⁸ In 2008, the Bush Administration proposed the termination of 47 Department of Education pro-

grams (funded at \$3.3 billion in 2008), which had achieved their purpose, are duplicated by other programs, are focused too narrowly, or are unable to demonstrate effectiveness.⁴⁹

Each year, Congress also appropriates hundreds of millions of dollars for education earmarks targeted for specific purposes chosen by Members of Congress.⁵⁰ Federal education reform should consolidate or eliminate federal programs, cut down severely on bureaucracy, and provide funding directly to state and local governments—and let them determine how to allocate resources to best assist students.

- **Reform NCLB to protect transparency and restore state authority.** Congress should reform No Child Left Behind to liberate states from excessive federal regulations and bureaucracy and give state and local authorities the opportunity to implement reforms designed to meet local students’ needs most effectively. This approach was proposed by Senators Jim DeMint (R–SC) and John Cornyn (R–TX) in their Academic Partnerships Lead Us to Success (A-PLUS) Act.⁵¹

This policy would restore federalism and greater state and local control in education, moving decisions affecting students and schools closer to parents and taxpayers and encouraging state-led innovation. A participating state would be allowed to receive its share of funding for NCLB programs free of federal requirements and regulations if the state meets basic requirements that include (1) maintaining academic standards and continued annual testing, (2) reporting test performance of specific groups of students by disaggregating data and reporting information to parents and the public, and (3) continuing to use federal funding to assist disadvantaged stu-

47. National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 162.

48. Budget statistics found at National Center for Education Statistics, *Digest of Education Statistics: 2007*, Table 362, at www.nces.ed.gov/programs/digest/d07/tables/dt07_362.asp?referrer=list (April 1, 2008).

49. U.S. Department of Education, “Fiscal Year 2009 Budget Summary,” February 4, 2008, at www.ed.gov/about/overview/budget/budget09/summary/edlite-section3.html (April 1, 2008).

50. Dan Lips, “End Wasteful Education Earmarks,” Heritage Foundation *Education Notebook*, April 16, 2007, at <http://author.heritage.org/Research/Education/ednotes68.cfm>.

51. For more information, see Dan Lips, “Reforming No Child Left Behind by Allowing States to Opt Out,” Heritage Foundation *Background* No. 2044, June 19, 2007.

dents. The Secretary of Education would have the power to review and terminate the performance agreement if these terms are not met. This approach would protect state-level academic transparency by removing incentives for states to reduce standards to make tests easier to pass.

- **Expand school choice in Washington, D.C.** Since the federal government has oversight over the District of Columbia's school system, Congress should work with local policymakers to reform the District's education policies to allow parents greater autonomy to choose their child's school and encourage schools to create quality learning environments to attract students. Specifically, Congress should expand the D.C. Opportunity Scholarship program both to allow more children to participate and to create new school choice options for families in the nation's capital.

What State and Local Policymakers Should Do

State and local policymakers should implement comprehensive education reforms. Specifically, they should implement policies to give all families the opportunity to send their children to safe and effective schools, hold schools and students accountable for results, and implement policies designed to promote school-level leadership and improve teacher quality.

- **Expand educational freedom.** State and local policymakers should implement policies that include school vouchers, tuition scholarships, and education tax credits. They should also expand parental choice within the public education system by enacting strong public-school choice, promote charter school options, and offer innovative alternatives such as distance learning. States should also create legal protections for home schooling and expand education savings options for families, such as state-level tax deductions or credits for contributions to Coverdell Education Savings Accounts.

- **Hold schools and students accountable for results.** States should continue to hold public schools accountable for results by establishing academic standards and testing students annually to ensure that children are learning. States should move forward with innovative testing systems that allow teachers and parents to determine more accurately whether individual children are making progress each year. In addition, state policymakers should eliminate social promotion once and for all and develop policies to provide remediation to children who are at risk of falling behind.
- **Encourage effective school leadership and teacher quality.** State and local policymakers should promote innovation and competition within the public school system by encouraging greater school leadership and should pursue strategies for improving teacher quality such as merit-pay systems and alternative-teaching certification.

Conclusion

Twenty-five years after the seminal report *A Nation at Risk*, American education remains in a state of crisis. Millions of students continue to pass through the public schools without mastering basic skills and knowledge. Policymakers and the public must recognize both this persistent failure and the attendant need for systemic reform in American education.

At the federal level, Congress should reform federal education policies to protect academic transparency, eliminate inefficient bureaucracy, and encourage innovation at the state and local levels. Policymakers should embrace policies that give more families the freedom to choose their children's school; allow school leaders to innovate and develop successful school models and improve teacher quality; and allow parents, lawmakers, and the general public to hold public schools and students accountable for results.

—Dan Lips is Education Analyst in the Domestic Policy Studies Department at The Heritage Foundation.