

# Choice is not Enough

*Existing school choice programs are too weak to force public schools to improve.*

By Frederick M. Hess

In the 1970's, during the height of the Communist régime in the old Soviet Union, Moscow's shoppers could choose from scores of grocery stores. Nonetheless, you'd have to look long and hard to find a market proponent who would suggest that the Muscovite grocery market had benefited from competition. Why?

It's because employees' job security, compensation, and promotion were little affected by "competitive" performance — regardless of how effectively their stores competed. Transforming "choice" into competition requires making the consequences matter for individual educators.

Imagine if a Wal-Mart store manager were told that losing customers would have no impact on her salary, evaluation, or job security — while attracting new customers would require her to hire more employees, assume greater responsibilities, and erect a trailer in the parking lot to handle the added business, all without additional compensation or recognition.

But this is exactly how schools — even most "choice" schools — compete today. Take the principal of a typical elementary school that was built to house 400 students and currently enrolls 375. What happens if that principal loses 75 students to independent or home schools?

Typically, three retiring teachers are not replaced, three classrooms are freed up, and the tiny amount of discretionary money that flowed to the school to support those students doesn't come in. Oh, and some complaining parents are no longer causing problems.

In short, the principal's job gets easier. She earns the same salary and has the same professional prospects she would have otherwise; yet she has fewer teachers to lead, fewer students to monitor, and a happier and less-crowded school.

Take the same school and assume that the principal works hard

to increase its enrolment, with the result that the school adds 75 students. What happens? The principal takes on responsibility for three new teachers, squeezes students into the last available classroom, adds two portables out back, and crowds the school.

This principal is now responsible for two teachers who are not happy about teaching all day in a portable and 50 families who feel the same way. In return for these headaches, the "successful" principal receives — what? At best, a small pool of discretionary money, typically amounting to less than \$50 a student, more responsibilities, dissatisfied constituents, and no more recognition or pay.

Why would we expect this principal to compete in more than a token fashion? To be blunt, competition works when it hurts. Markets work precisely because they are neither gentle nor forgiving.

In the private sector, when competition is threatening enough — as when American automakers and electronic manufacturers were almost wiped out by Japanese competitors in the 1980s — firms either reinvent themselves or yield to more productive competitors. Unions make painful concessions or watch jobs vanish.

The absence of competition means that public schools, like other government agencies, typically lack this discipline. No matter how inefficient the agency, employees have little to fear.

Subjecting school systems to real competition would produce more disciplined, productive schools — and many other benefits as well. But that is not, for the most part, how schools react today when confronted with school choice programs.

*(Adapted with permission from Tough Love for Schools, reviewed on page 3. Dr. Hess is director of educational policy studies at the [American Enterprise Institute](#) in Washington, DC.)*

## From Choice to Competition

*Choice-based reforms are the first step in promoting competition, but alone they are wildly insufficient. Here are the six missing components.*

The sine qua non of effective choice is that **parents must be in a position to deny resources to poor schools and bestow resources on good ones.** The money for educating a given student should follow that child when he or she changes schools, and the size of choice programs should not be restricted.

**Principals whose schools attract students should be rewarded and recognized accordingly.**

**Principals and superintendents need to be able to hire, fire, promote, and reward employees.** In the current system, when principals and district officials try to monitor and manage their employees in accordance with market imperatives, they stumble over regulations, professional norms, and contractual provisions.

**It is necessary to overhaul rigid contractual arrangements that stifle potential entrepreneurs.** Salary schedules based on seniority and pension plans based on continuous service penalize long-time teachers who leave their positions for new opportunities.

**It is essential to increase the number of choice schools** in order to make competition truly threatening. The many barriers, formal and informal, that limit the growth of choice options must be eliminated.

**It is crucial to welcome for-profit operators** if the supply of schools is to be expanded significantly. School managers motivated by profitability are more likely to serve large numbers of children and have the resources required to operate a large network of schools.