The Impact of Federal Involvement in America's Classrooms

By Andrew J. Coulson

Committee on Education & the Workforce
United States House of Representatives

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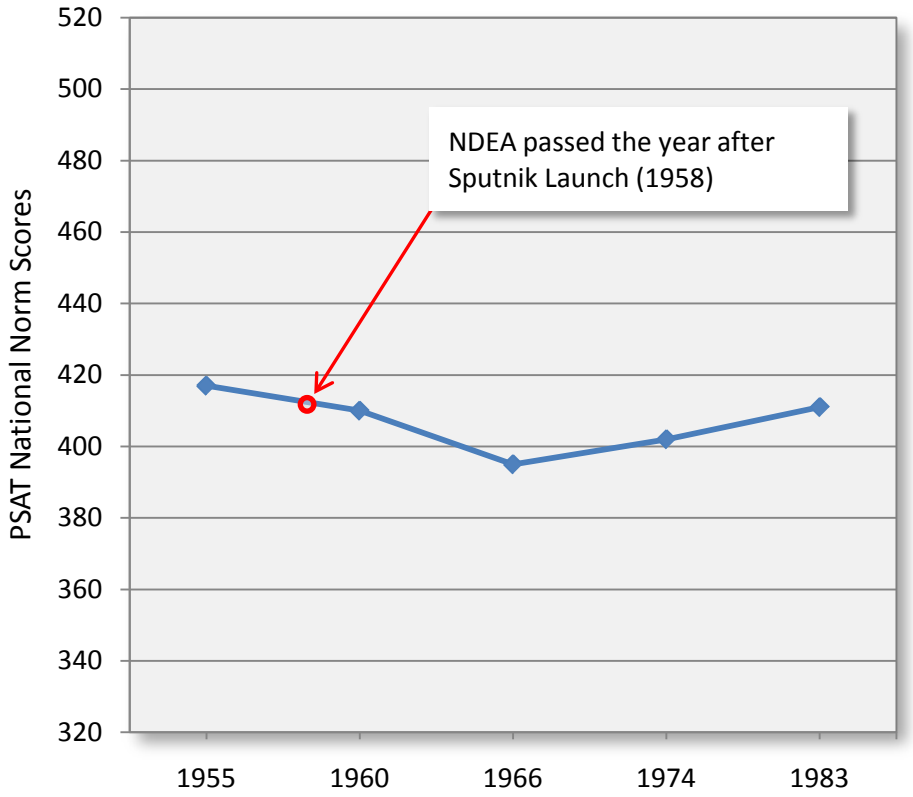
Chairman Kline, members of the Committee, thank you for inviting me to speak with you today. My name is Andrew Coulson and I direct the Center for Educational Freedom at the Cato Institute, a nonprofit, non-partisan public policy research organization. My comments are my own, and do not represent any position of the Institute.

For over half a century, a succession of Congresses and presidents has sought to do two things for American elementary and secondary education: raise overall achievement, and narrow the gaps between high- and low-income students as well as between minority and white students. The federal government has spent roughly $2 trillion on these efforts since 1965, adjusting for inflation.[1]

In the next few minutes I will summarize the results of these efforts and their implications for federal education policy.

Congress' first attempt to improve the quality of instruction in the nation's schools was the National Defense Education Act of 1958, a direct response to the Soviet launch of the satellite Sputnik. It was intended to raise mathematics and science achievement. There are no data on science achievement during this period to my knowledge, but we do have nationally representative trend data for mathematics performance at the end of high school, which I present in Figure 1.

Figure 1. Math Scores, National Norm PSAT Studies (11th graders), 1955–83



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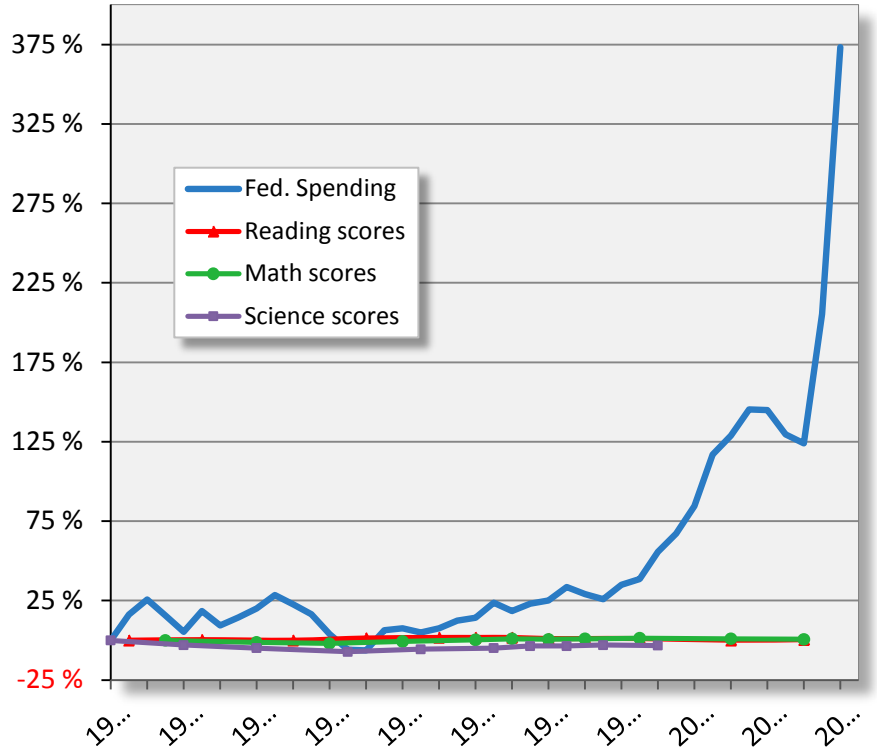
Data source
Charles Murray and Richard J. Herrnstein, ''What's Really behind the SAT-Score Decline,'' *Public Interest*, no. 106 (Winter 1992): 32–56

Prepared by
Andrew J. Coulson, Director, Center for Educational Freedom

As can be seen from the chart, math scores declined slightly during the latter half of the 1950s, and this decline accelerated from 1960 to 1966, after the NDEA was passed. Scores had still not recovered to their 1955 high point three decades later.

While the up-trend between 1966 and 1983 looks promising, it was not sustained. Figure 2 charts the percent change in Math, Science, and Reading scores from the 1970s to the present, along with the percent change in real federal education spending per pupil.

Figure 2. Inflation-Adjusted Federal K-12 Spending Per Pupil and Achievement of 17-Year-Olds, % Change since 1970



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Data sources
(spending): OMB Hist. Tables 2011, Table 3.2, series 501

(enrollment): Digest of Ed. Stats. 2009 (latest), Tables 33 & 34. Missing years linearly interpolated.

(scores): NAEP, Long Term Trends reports.

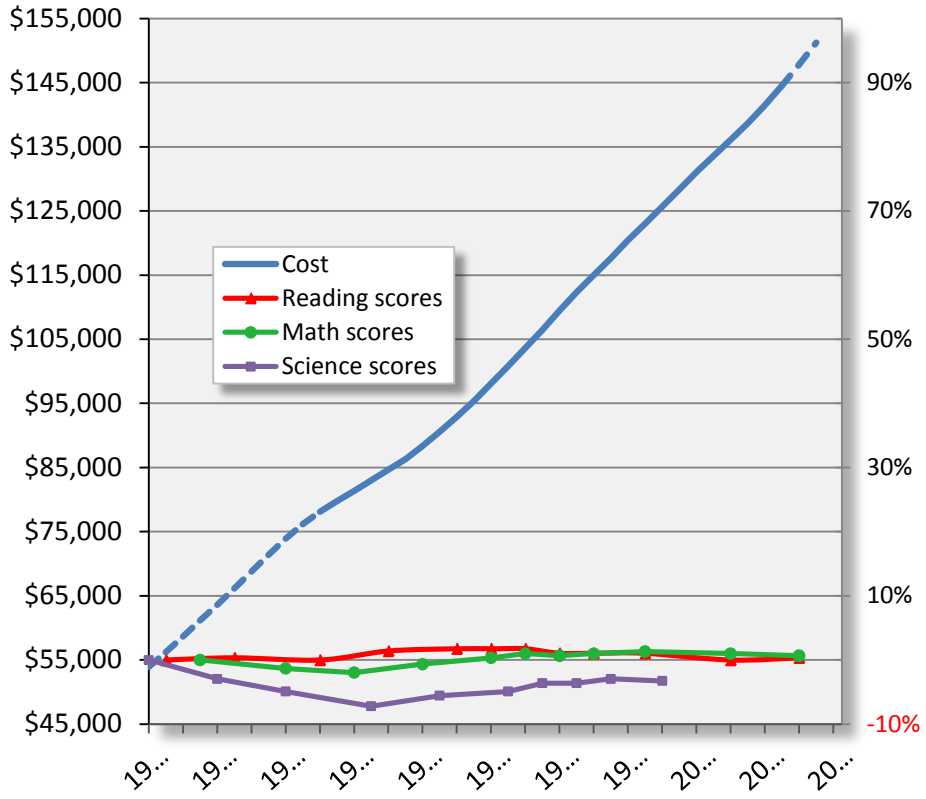
Prepared by
Andrew J. Coulson
Director, Center for Educational Freedom

Math and Reading scores at the end of high school are unchanged over the past forty years, while Science scores suffered a slight decline through the year 1999, the last time that test was administered. Data from another nationally representative test series show a continuing decline in 12th grade Science between 1996 and 2005, the last year for which we have trend data.[2]

Presented with stagnant or declining performance in the face of a meteoric rise in federal spending per pupil, it is reasonable to ask: what happened to *total* spending? If state and local expenditures fell to such an extent that they offset federal increases, that might explain the profound disconnect revealed in Figure 2.

To answer that question, I present Figure 3, showing how the total cost of an entire k-through-12 public school education has changed over time.

Figure 3. Inflation-Adjusted Cost of a complete K-12 Public Education, and Percent Change in Achievement of 17-Year-Olds, since 1970



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Data sources
(cost): *Digest of Education Statistics 2009* (latest), Table 182, CPI adjusted to constant 2010 $. Missing values linearly interpolated or extrapolated. Running 13yr total (i.e., K-12) spending per pupil.

(scores): NAEP, *Long Term Trends* reports.

Prepared by:
Andrew J. Coulson, Director, Center for Educational Freedom

We spent over $151,000 per student sending the graduating class of 2009 through public schools. That is nearly three times as much as we spent on the graduating class of 1970, adjusting for inflation. Despite that massive real spending increase, overall achievement has stagnated or declined, depending on the subject.

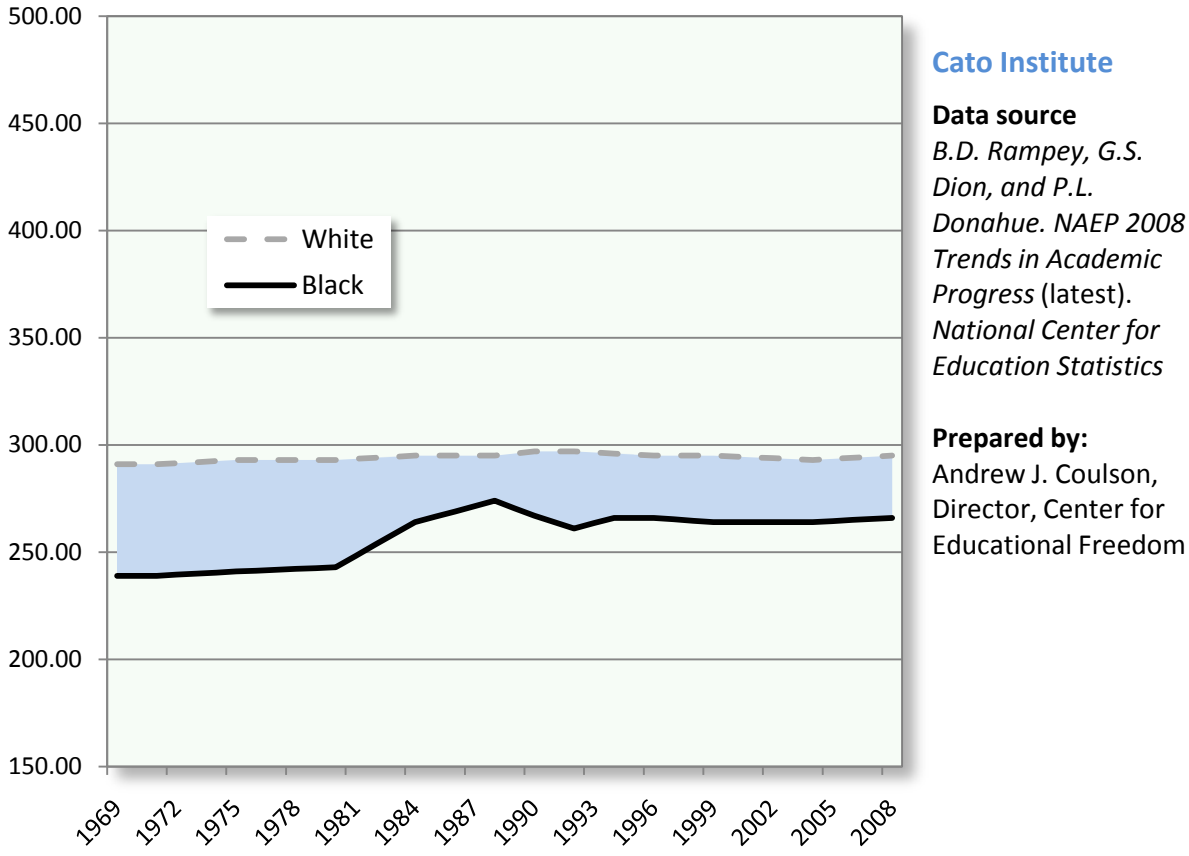
But what of the federal government's other educational goal: narrowing the achievement gaps by income and minority status?

Test score breakdowns by family income are not available, but we do have something close: a breakdown by parents' level of education. This allows us to compare the children of high school dropouts to those of college graduates. In Reading and Science, the gap between these students has not narrowed in 40 years. In Math it has narrowed by barely one percent of the test score scale (see Figure 4). So, here again, federal appropriations and the programs they have funded have failed to achieve their goals.

That leaves us with one last federal policy goal to examine: Shrinking the gaps between minority and white students. In science, these gaps, too, are unchanged,[3] while they have narrowed in Reading and Mathematics. But a key question remains: were federal programs responsible for this isolated gap narrowing?

If so, the gap narrowing that did occur should track federal legislation and spending: starting gradually and then accelerating rapidly during the past two decades. To see if that is indeed the pattern, Figure 4 charts changes in the black/white Reading gap (which is one of the larger majority/minority gap reductions, with a fairly typical time trend).

Figure 4. Black/White Reading Score Gap,
NAEP Long-Term Trends, 17-Year-Olds, 1971–2008



Comparing Figure 4 with the federal spending per pupil trend shown in Figure 2, there seems to be little support for the hypothesis that federal efforts have narrowed the black/white reading gap. The gap was essentially unchanged for the first 15 years after the passage of the ESEA and Head Start. Then, in the absence of any dramatic change in federal policy or spending, the gap suddenly narrowed between 1980 and 1988. Since 1988, the gap has actually *widened* slightly, despite a dramatic rise in federal spending over that period. The patterns for both math and reading for both black and Hispanic students tell similar stories.[4]

To sum up, we have little to show for the $2 trillion in federal education spending of the past half century. In the face of concerted and unflagging efforts by Congress and the states, public schooling has suffered a massive productivity collapse—it now costs three times as much to provide essentially the same education as we provided in 1970.

Grim as that picture may seem, it fails to capture the full measure of the problem. Because as productivity was *falling* relentlessly in education, it was *rising* everywhere else. A pound of grocery store coffee is not merely as affordable as it was in 1970 – it hasn't just held its ground – it is *cheaper* in real dollars. Indeed virtually every product and service has gotten better, or more affordable, or both over the past two generations.

Seen in that proper context, we would have to be disappointed with our nation's lack of educational improvement even if federal spending had not increased at all. The fact that outcomes have remained flat or declined while spending skyrocketed is a disaster unparalleled in any other field. The only thing it appears to have accomplished is to apply the brakes to the nation's economic growth, by taxing trillions of dollars out of the productive sector of the economy and spending it on ineffective programs.

But amidst this bleak overall record, there is one federal education program that has been proven to both improve educational outcomes and dramatically lower costs. That is the Washington, DC Opportunity Scholarships Program. Research conducted by the Department of Education finds that students attending private schools thanks to this program have equal or better academic performance than their peers in the local public schools, and have significantly higher graduation rates. This, and very high levels of parental satisfaction, come at an average per pupil cost of around $7,000. By contrast, per pupil spending on k-12 public education in the nation's capital was roughly $28,000 during the 2008-09 school year.[5]

The OSP program is thus producing better results at a quarter the cost.

DC, of course, is a special case. The federal government is not empowered by the Constitution to create such a program on a national level. Indeed the Constitution delegates to the federal government no national education policy powers, reserving them, under the 10th Amendment, to the states and the people. Clearly, this limit has not been observed for generations, but its wisdom is by now inescapable. We have decades of evidence of the inability of our national education programs to fulfill their worthy intentions.

Nevertheless, Congress could contribute greatly to the spread of educational excellence around the nation by preserving and growing the Opportunity Scholarships Program as an example of what is possible and by phasing out its vast array of ineffective programs. This would ultimately allow for a permanent annual tax cut on the order of seventy billion dollars, and would bolster interest in the many state level private school choice programs that have also been improving outcomes while lowering costs. Any move in this direction would be of lasting value to American families and the American economy.

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[1] Calculated by the author from Table no. 373 of the 2009 edition (latest available) of the *Digest of Education Statistics*, linearly interpolating data gaps prior to 1985 and linearly extrapolating the 2010 value from the preceding ten years of data. The resulting figure is: $2,070,963,000,000, in constant 2009 dollars.

[2] National Center for Education Statistics, *The Nation's Report Card: Science 2009*, (NCES 2011–451), Institute of Education Sciences, U.S. Department of Education, 2011. http://nationsreportcard.gov/science_2009/ [The "Nation's Report Card" is a separate set of nationally representative tests from the "Long Term Trends" set, but both are part of the "National Assessment of Educational Progress."]

[3] Jay R. Campbell, Catherine M. Hombo, and John Mazzeo, *NAEP 1999 Trends in Academic Progress:Three Decades of Student Performance* (Washington: U.S. Department of Education, 2000), p. 37.

[4] Andrew J. Coulson, "K-12 Education," chapter in David Boaz (ed.), *The Cato Handbook for Policymakers, 7th edition* (Washington, DC: Cato Institute, 2009). http://www.cato.org/pubs/handbook/hb111/hb111-20.pdf

[5] The figures in the range of $15,000 for DC per pupil spending that are commonly reported in the press are several years out of date, do not take into account falling DCPS enrollment in the face of rising total spending in the years since they were published, and usually exclude major expenditure categories such as capital spending. The $28,000 figure is the author's own calculation from the published FY2008-09 budget documents of the District of Columbia, and the spreadsheet in which those calculations were conducted, including source citations, is available here: http://www.cato-at-liberty.org/wp-content/uploads/Coulson-DC-Ed-Spending-FY2009-Budget.xls