Education Reform and Accountability
Issues in an Intergovernmental Context

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Since the early 1980s, widespread expressions of concern about public education in the United States have been accompanied by various proposals for improving public school performance. This article develops a conceptual framework for analyzing education reform and accountability issues in an intergovernmental context. The writers then identify and discuss common themes in five prominent education reform efforts in the United States: (1) the promulgation of specific goals and requirements for public schools; (2) the introduction of open-enrollment plans; (3) the establishment of charter schools; (4) the encouragement of private contracting for the delivery of school services; and (5) the development of public and private voucher programs. While diverse, each of these efforts involves a deliberate attempt to change the accountability mechanisms in the delivery of education, and all have been affected by intergovernmental politics.

Since the early 1980s, many Americans have expressed concern about the apparently poor performance of public schools in the United States. Although public education is traditionally a local activity, state and national political leaders have increasingly made high-profile contributions to education policy discussions. These expressions of concern about school performance have been accompanied by myriad proposals for reform. Interestingly, while many initiatives have touted the merits of decentralization and market-like competition, proposals for national and state education standards have also received attention; these proposals generally emphasize traditional hierarchical structures of accountability.

EDUCATION ON THE PUBLIC AGENDA

Several factors have contributed to the appearance of education at the top of the public agenda. Well-publicized books on education and frequent mass-media coverage of education issues have helped to make education a salient public policy problem.¹ Public opinion polls conducted in 1996 by


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the Democratic and Republican parties and by other polling organizations indicated that education was a key issue of concern to voters. In turn, the issue became a prominent theme in many campaigns, including the Clinton and Dole presidential campaigns.³

Students of agenda-setting have noted the unique ability of chief executives to place issues on the public agenda.³ The case of education provides evidence of this role. Chief executives in the national, state, and local arenas have made frequent references to education in public addresses, media interviews, and proposed legislation and policies.

Concerns expressed by the business community have also been an impetus for increased public attention to education issues. Business interests have been vocal about a lack of even basic skills in the employee pool and the need for education reform in general. Indeed, a number of business groups, politicians, and pundits have contributed to the rise of education on the public agenda by placing much of the blame for the apparent decline in United States economic competitiveness on the public school system.⁴ Recent studies indicating average and inferior academic achievement among United States students compared to students elsewhere have added to concerns about the ability of the United States workers to compete effectively with their counterparts abroad.⁵ State and local political and business leaders often frame public education as an economic development issue. They argue that quality schools and student excellence are necessary for maintaining and attracting business investment.⁶

In addition to the economic aspects of education, the issue commands attention due to its compelling individual and societal consequences. For example, many parents question the extent to which their children are being properly trained to succeed in the technological age.⁷ Further, the large prison population in the United States is comprised of a disproportionate

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²Clinton emphasized national standards and federal support for charter schools. Dole advocated "opportunity scholarships" that would allow students to use public funds to attend the public or private school of their choice.


⁵The widely publicized Third International Mathematics and Science Study of students in forty-one nations, conducted in 1995, is the largest comparative academic achievement study to date. See also Harold Stevenson and James W. Stigler, The Learning Gap: Why Our Schools Are Failing and What We Can Learn from Japanese and Chinese Education (New York: Summit Books, 1999).


percentage of people who never graduated from high school. This is but one stark indicator of the broader societal implications of inadequate education.

THE EDUCATION PROCESS AND ACCOUNTABILITY DILEMMAS

Contributors to discussions of education have often implied that changing the formal institutional rules of public education will suffice to bring real change to local schools. Schools are implicitly cast as black boxes that, subjected to the right stimuli, will provide the anticipated responses. The broader institutional framework in which schools operate is indeed important for their functioning, and we should expect changes in formal rules to have some local impacts. However, to rely exclusively on this type of analysis seems misguided. A better understanding of the nature of schooling requires much closer analysis of local details.

When asked to discuss education, many people can promptly define the purposes they think it should fulfill, and they often have well-formed views about how the process of education should occur. Yet, while the general purposes of education are relatively easy to define, the process of education is much more difficult to specify. Unlike many production processes, the relationship between inputs and outputs in education is unclear. This ambiguity contributes to the accountability dilemmas faced by education policymakers.

The education process typically involves a teacher and a student, and the nature of the process depends upon the characteristics of both. Given a certain level of aptitude on the part of the teacher, the quality of the education will vary depending upon what the student brings to the learning process. At an evaluation period, we may be able to assess the student’s gain in knowledge, but it will be much more difficult to allocate responsibility for that gain between the teacher and the student.


There are many instances of instruction involving a one-to-one relationship between a teacher and a student (for example, music lessons and sports training). In these cases, if the student pays the teacher for the instruction, the lines of accountability are readily demarcated. The student holds the teacher accountable for his or her instruction. If dissatisfied with the quality of the instruction, the student can seek a different teacher.

There are also instances where instruction involving a one-to-one relationship between a teacher and a student is paid for by a third party (for example, an employer pays for an employee’s training in the use of computer software). Here, the paying party faces incentives to hold both the teacher and the student accountable for the student’s progress. However, an accountability dilemma arises because the payee can determine the appropriate allocation of responsibility for results only if it is possible to measure both the exchange between the teacher and the student and the qualities that each bring to the process. Even then, important information that the payee would need in order to assign responsibility fairly would be hidden. (Has the teacher chosen the right instructional pace? How much effort has the student put forth?)

Public education typically involves a one-to-many relationship between a teacher and a group of students, but reviewing these simple cases serves to underline several points. First, the education process is difficult to specify and measure because of the social interactions at its heart. In particular, many facets of the teacher-student relationship shape education outcomes. Second, the nature of education as a “good” is unclear. Although a teacher is paid for instruction, there is no simple exchange of some quantity of learning for some quantity of money. Learning depends on the qualities and input of both the teacher and the student. Third, much of the education process is hidden and thus difficult to monitor. These factors make it difficult for third parties to determine responsibility for results. In addition to individual-level factors, the quality of the process is influenced by institutional, economic, and social factors. Acknowledging the broader context within which education occurs greatly complicates any model of the process.¹⁴


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PUBLIC SCHOOL PERFORMANCE
AND ACCOUNTABILITY

Constructing indicators and convincing others of their worth are key activities for advocates of policy reform. Evaluations of public education vary due to the use of different performance indicators and different interpretations of them. As noted by John Kingdon: "Indicators are not simply a straightforward recognition of the facts. Precisely because indicators have such powerful implications, the methodology by which the facts are gathered and the interpretations that are placed on these facts become prominent items for heated debate." Accordingly, assessments of education range from largely negative to largely positive. These varying assessments have contributed to the controversies surrounding recent proposals to reform the accountability arrangements for public education.

As is typical for public policy evaluation in general, quantitative indicators of school performance generally receive more emphasis than qualitative indicators. In particular, student scores on standardized tests are the primary means of evaluating school performance. Although the value of test scores as performance indicators has been subject to debate, test scores tend to command the credibility often attributed to quantitative data. Standardized tests are fairly easy to administer; scoring is relatively swift and objective; and test scores are readily compared across cases. Nevertheless, a wide range of indicators could legitimately be used to measure the performance of students and schools. Of course, each performance measure is imperfect. Qualitative measures such as student portfolios and presentations are difficult to evaluate objectively, and standardized comparisons of such evaluations are equally problematic. In addition, student performance and school performance are interrelated yet separate phenomena.

It is not surprising that justifications for recent education reform efforts have been predicated on the view that the performance of United States public schools is unacceptable, and that stepped-up accountability efforts are thus in order. What is intriguing, however, is how the performance issue has been framed and discussed. As emphasized above, education is a complex process. Analysis of differences across time and space in student and school performance indicators are too often unaccompanied by careful analysis of the multiple causal factors responsible for the findings. Rather,

Kingdon, Agendas, Alternatives and Public Policies, p. 93.
Ibid., 94.
Recent negative views that make considerable use of test-score data include Stevenson and Stigler, The Learning Gap: Why Our Schools Are Failing and What We Can Learn from Japanese and Chinese Education; Hirsch, The Schools We Need and Why We Don’t Have Them. A contrasting view is found in David C. Berliner and Bruce J. Biddle, The Manufactured Crisis: Myths, Fraud and the Attack on America’s Public Schools (Reading, MA: Addison-Wesley, 1995).
In addition to test scores, possible indicators include student portfolios, student presentations, graduation rates, percentage of students required to take remedial courses in college, percentage of students who graduate from college, and percentage of students who are gainfully employed a specified number of years after graduation.

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student test scores have been routinely used in one way or another to claim that the public schools are in trouble and that radical policy change is in order.\footnote{On crisis rhetoric and crisis policymaking for education, see Jeffrey R. Henig, Rethinking School Choice: Limits of the Market Metaphor (Princeton, NJ: Princeton University Press, 1994); Berliner and Biddle, The Manufactured Crisis: Myths, Fraud, and the Attack on America's Public Schools; Sandra Vergari, “Policy Crises and Policy Change: Toward a Theory of Crisis Policymaking” (Ph.D. diss., Michigan State University, 1996).}

Kingdon’s model of policymaking provides a useful framework for understanding the selective use of performance indicators and the emphasis now being placed on models of market-like competition in many education reform debates. Kingdon asserts that the policymaking arena is characterized by reform advocates who develop detailed proposals or “solutions” and then search for problems on which to attach their proposals. In the case of education, there is no lack of proposed solutions. However, the problems in public education have yet to be carefully identified and acknowledged. The task of devising ready-made solutions is less tedious and more exciting than painstakingly identifying and confronting the multiple causal factors that are responsible for public school outcomes. For example, the enforcement of accountability in education requires that we ask not only how the school is performing, but also how the student is performing. In turn, there is a need to identify the factors that influence school performance and those that affect student performance.

These are difficult tasks. Importantly, what is discovered in such analyses (for example, that socioeconomic and familial factors affect student performance) may seem overwhelming for policymakers.\footnote{See William Julius Wilson, The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy (Chicago, University of Chicago Press, 1987); James S. Coleman, Parents, Their Children, and Schools (Boulder, CO: Westview Press, 1993).} In this scenario, policy solutions would be weighted down with the sort of details and financial implications that politicians find difficult to digest. Further, the handy metaphors now being used to sell reform ideas might not apply to a more complex definition of the problem.\footnote{See Deborah A. Stone, Policy Paradox and Political Reason (New York: Harper Collins, 1988); Henig, Rethinking School Choice: Limits of the Market Metaphor.} Yet, policymakers sense an imperative to improve accountability in public education. Many proposals receiving widespread attention are based on the claim that efforts to introduce market-like competition and private delivery of goods and services into other areas of government responsibility can be readily applied to education. This claim represents a strategic attempt on the part of reform advocates to engineer “boundary effects” or “spillovers” across policy areas.\footnote{Frank R. Baumgartner and Bryan D. Jones, “Attention, Boundary Effects, and Large-Scale Policy Change in Air Transportation Policy,” The Politics of Problem Definition, eds. David A. Rochefort and Roger W. Cobb (Lawrence: University of Kansas Press, 1994), pp. 30-66; Kingdon, Agendas, Alternatives and Public Policies.}
The prominence of proposals for market models of public education has been driven by sophisticated policy entrepreneurship. The rhetoric used to promote such proposals has emphasized politically popular terms such as "freedom," "choice," "rights," and "accountability." Various education reform-oriented networks have emerged across the United States, and political strategies and success stories are shared regularly among members. Proposals for market-like delivery of education have led to important policy reforms, but they have also prompted questions about the nature of education as a good, and how schools and students should be held accountable for their performance.

EDUCATION AS A PUBLIC GOOD

The education process allows for the possibility of private funding and private delivery. However, in the United States, as in other industrialized nations, education is overwhelmingly funded and delivered by government entities. In 1992 (the most recent year for which figures are available), about 90 percent of students in K-12 classes in the United States attended public schools. Yet, one out of ten students attended a private school; thus, alternatives to the public model are clearly viable.

The rationale for public funding of schooling is easily explained. The sum of social benefits derived from the education of one individual is higher than the benefit experienced by that individual alone. In economic parlance, education is a good that has positive externalities. Given that education has public as well as private benefits, a justification arises for making some level of education compulsory for all members of society. However, given that education is costly, an equity argument can be made for providing a publicly funded subsidy to those who would otherwise be unable to purchase instruction for themselves.

Even if public funding of education is deemed desirable, this need not require public delivery. However, given that all members of society have a stake in the quality of education, a certain level of quality may be ensured through uniform standards and a system of regulations governing education. Moreover, when education is funded publicly, the matter of accountability for what takes place in schools becomes of concern to anyone who contributes to the tax base.

The history of the emergence of the common school indicates that concerns about ensuring uniform standards and an appropriate expenditure of public funds were strong factors in the development of a system of schools.

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31A classic discussion of these matters is provided by Friedman, Capitalism and Freedom, chapter 6.
characterized by both public funding and public delivery. Some reform advocates argue that all the benefits of education could be realized through public funding and private delivery. However, given the complex nature of the education process, government delivery can be seen as a way to economize on the costs associated with two monitoring activities: (1) ensuring that the public benefits of education are realized; and (2) ensuring accountability for the expenditure of public funds.

THE INTERGOVERNMENTAL CONTEXT OF EDUCATION

In the United States, constitutional authority and responsibility for the provision of public education resides in the states. In most states (Hawaii is the exception), a good part of this responsibility has been devolved to local governments, where the delivery of education occurs and where school districts have the power to collect taxes. Although there is a cabinet-level department devoted to education, the federal government plays a limited role in school finance and in education policymaking. The federal role in education policy is constrained by budgetary and regulatory factors.

The intergovernmental distribution of responsibility for the provision of public education is revealed in an examination of school finance. In the 1945-46 school year, local school districts provided 63.9 percent of total revenues for public K-12 education, state governments provided 34.7 percent, and the federal government provided 1.4 percent. School funding patterns have changed since then. In the 1992-1993 school year (the most recent year for which figures are available), local school districts provided 47.4 percent of total revenues, state governments provided 45.6 percent, and the federal government provided 6.9 percent. Although these aggregate figures mask a large amount of variance across jurisdictions, they indicate a trend toward greater centralization of responsibility for public school finance. Indeed, K-12 education now comprises the largest share of state budgets. The increasing state role in school finance can be attributed largely to constituent demands and judicial mandates for greater equity across local districts.


See Chubb and Moe, Politics, Markets, and America’s Schools.


This pattern was typical during the first half of the century.


As the state and federal governments have come to assume greater responsibility for school finance, the lines of accountability surrounding public schools have become more complex. Both state and federal politicians have come to pay greater attention to what schools are doing, and many have questioned whether public schools are delivering an appropriate return on investments.

In recent years, governors and legislators have been active participants in education policy debates. These debates have placed questions of accountability at center stage. However, given the complexity of the education process and the tradition of local delivery, state policymakers have apparently had difficulty determining appropriate models to guide their thinking about reform. During the first half of the 1980s, state policymakers relied on a traditional bureaucratic or hierarchical model when formulating policy. Thus, in response to concerns about poor school performance, state officials adopted more rigorous graduation requirements, increased student testing, and extended teacher certification requirements. These reforms reflect the view that public schools should be accountable to state officials.

Although state lawmakers continue to show interest in setting school standards, since the mid-1980s, they have been increasingly receptive to the use of market-like competition to improve performance and accountability. In many cases, it appears that, while reluctant to forfeit their own powers over schools, state politicians have wanted to make schools more directly accountable to parents and students. As a result, recent state education reform efforts reflect policymakers ambivalence toward accountability issues. This ambivalence arises in part from the need for lawmakers to strike policy compromises in order to satisfy diverse constituencies. It also reflects a degree of uncertainty on the part of all concerned regarding how to conceptualize public education and establish appropriate accountability mechanisms.

The federal government has also come to play a larger role in education policy. Here, the federal government can provide national leadership, but this raises additional accountability dilemmas for public education. Currently, the federal government serves as the primary funder of education programs for students in poverty. Beyond this specific function, a key

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12Goertz, "State Education Policy in the 1990s," p. 185.
federal activity is to provide grants aimed at helping state and local governments to achieve their education goals. These grants might also be used to encourage broader national goals; however, the Goals 2000 experience discussed below suggests that there are numerous political barriers to the success of such an effort. A significant new federal activity concerning education reform has been the establishment and subsequent increase in grants to support charter schools. This activity has increased the visibility and credibility of the state and local charter-school movement.

Although the president has few formal powers to influence education policy directly, he can at least have an indirect impact through his leadership. The president is the only elected official with a national constituency, and he has unique access to the "bully pulpit" to convey his policy priorities and proposals. In early 1997, President Bill Clinton indicated that education reform would be a central policy concern during his second term of office. In addition to his encouragement of charter schools, literacy among children, and Internet access for public schools, Clinton's education agenda includes the promotion of national academic standards. However, he has been careful to clarify that the adoption of such standards should be encouraged rather than mandated by the federal government. This highlights a key distinction between the national interest and the federal role in education policy. While the federal government is constrained in its ability to coerce education policy from states and localities, it can work to facilitate the adoption of national policies.

The increased activities of the state and federal governments in education policy need not signal the end of local control or even a diminished local role. Some analysts have cautioned against such a zero-sum conception of state-local relations. Indeed, local education interests are well-organized and politically astute. Associations of school boards and of superintendents as well as teachers' unions are active participants in state education policy deliberations. Across the states, these interests have demonstrated effective mobilization and lobbying skills. Recent evidence of their influence is found in the case of open-enrollment and charter school legislation. In several states, these interests have successfully lobbied against the adoption of such legislation. In other states, they have influenced the shape of enacted legislation.

Footnotes:

35 See Paul Light, The President's Agenda: Domestic Policy Choice from Kennedy to Reagan.
Recent debates over the condition of public education have focused on how best to improve school performance and accountability. Some reformers have emphasized a need for broadly applicable education standards. Many others have advocated market-like models of education delivery. Below, we consider several recent attempts to improve public education and identify common themes. Each of the five reforms incorporates new accountability arrangements for public education, and all have been affected by intergovernmental politics. With the exception of the proposals for goals and standards, the reforms share two additional themes: (1) a departure from hierarchical models of governmental oversight in favor of market-like models; and (2) a preference for flexibility and diversity in the delivery of public education. Beyond this, three of the reform initiatives—charter schools, private contracting, and voucher plans—serve to blur public-private boundaries in the delivery of education.

**SPECIFIC GOALS AND STANDARDS FOR SCHOOLS**

Despite a tradition of “local control,” states have used a variety of measures to influence what occurs in schools, from regulations on the length of the school year to teacher certification rules to high-school graduation requirements. Following the 1983 recommendations of the National Commission on Excellence in Education in *A Nation at Risk*, among other things, many states raised their graduation requirements. More recently, a new trend has developed among the states. With encouragement from the federal government, state and local policymakers have been establishing student performance standards and new curriculum frameworks.

The recent interest in specific goals and standards arises from two considerations pertaining to student performance and school accountability. First, a political consensus has developed that, without “world-class standards,” United States students will not develop the skills necessary for successful participation in an increasingly competitive global economy. The second consideration spurring interest in goals and standards is the desire for better information on the comparative performance of individual schools. In states and localities with school-choice programs, the objectives of equity and efficiency provide justification for unambiguous information on the comparative quality of schools. Establishing uniform goals and requirements for schools can help generate this type of information.

The crystallization of national interest in developing specific education goals and requirements occurred at the 1989 education summit arranged by President George Bush and attended by forty-nine of the nation’s

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*This line of thinking is clearly evident in National Commission on Excellence in Education, *A Nation at Risk: The Imperative for Educational Reform* (1983). It has also been the basis for much of the discussion of standards that has emerged from the federal government and from national education summits. See Peter W. Cookson, “Goals 2000: Framework for the New Educational Federalism,” *Teachers College Record* 96 (Spring 1995): 405-417.*
governors. At that summit, a consensus emerged that a national strategy should be developed to achieve six education goals by the year 2000.\textsuperscript{41} Subsequently, the Bush administration launched America 2000, which called for voluntary national standards in core subjects and the promotion of increased school quality through market-based competition. Bush left it up to local communities to determine appropriate ways to respond to this initiative. Subsequently, a considerable number of states and local districts developed their initiatives to meet the national education goals.\textsuperscript{42} However, without funding and with limited coordination, the America 2000 initiative did little to ensure achievement of the goals.

Bill Clinton, who headed the National Governors' Association at the time of the 1989 education summit, pledged in his 1992 election campaign that, if elected, he would establish tough education standards and a national examination system. By 1994, these proposals had been abandoned. What remained of the campaign rhetoric was transformed into the Goals 2000: Educate America Act. Under this legislation, which augmented and formalized the goals embodied in America 2000, emphasis was placed on voluntary development of standards by states and local school districts.\textsuperscript{43} A federal block grant was established to support efforts to achieve those standards.

Educators from a variety of perspectives have supported Goals 2000; yet the program came under criticism from those who saw it as increasing the reach of the federal government into policy areas more appropriately dealt with by states and localities. In an era when improving school quality through market-like competition has been emphasized, Goals 2000 seemed oddly hierarchical. In several instances, governors resisted attempts to secure federal funds associated with Goals 2000, arguing that any such funds would be accompanied by undesirable regulations. In 1996, amendments to the Goals 2000 legislation removed provisions that were causing the greatest concern to state and local opponents.\textsuperscript{44} Consequently, some observers now note that Goals 2000 has been oriented away from the promotion of standards and toward funding a loose series of projects and computers in classrooms.\textsuperscript{45}

\textsuperscript{41}The goals are: (1) All children in America will start school ready to learn; (2) The high school graduation rate will increase to at least 90 percent; (3) American students will leave Grades 4, 8, and 12 having demonstrated competency in challenging subject matter including English, mathematics, science, history, and geography; and every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy; (4) United States students will be first in the world in science and mathematics achievement; (5) Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship; and (6) Every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.


\textsuperscript{43}Two additional goals were added to the six goals of America 2000: (7) Teachers will have access to training programs to improve their skills; and (8) Schools will promote parental participation in education.

\textsuperscript{44}In particular, Clinton's plan to establish a board to oversee all proposed standards was abandoned.

To date, twelve states and numerous local school districts have established comprehensive, standards-based plans with the assistance of Goals 2000 funding, and many more sets of standards are being developed at both state and local governments. Initial resistance to federal funding has all but subsided.

It is now clear that the goals contained in Goals 2000 will not be achieved on time. Nevertheless, and despite criticisms of the federal role, policymakers continue to display interest in setting specific goals and requirements for schools. Evidence of such interest is found in the policy statement of the 1996 National Education Summit (NES), attended by the nation's governors, high-profile corporate chief executives, and a range of education scholars and commentators. The NES is indicative of a general trend in favor of national, as opposed to federal, leadership in education policymaking. The NES statement indicates that federally prescribed standards are inappropriate, yet supports state and local development of academic standards. According to the statement, such standards will encourage greater learning on the part of students, stimulate local debate about what skills and knowledge are needed by students, reinforce the best teaching and education practices, and "provide real accountability by focusing squarely on results and helping the public and local and state educators evaluate which programs work best."

The establishment of specific goals and requirements for schools will continue to be controversial due to the clash between the desire of state and national actors to cajole improved performance from schools on the one hand and the tradition of local control on the other. The case of education goals and requirements demonstrates the interplay between intergovernmental politics and accountability dilemmas in public education. While variance in school quality across the nation justifies President Clinton's interest in national standards, centrifugal political forces have ensured that, for now, states and localities will remain responsible for standard setting. The question of whether accountability is markedly increased when performance standards are set in local areas by the very people who will have to meet them has been neglected. Further, it is local officials who must decide what to do about students and schools that fall below standards. Meanwhile, given broader economic trends and ongoing concerns about school quality, the establishment of goals and standards will likely remain a top issue on state and federal education policy agendas.

**OPEN ENROLLMENT**

Open-enrollment programs are intended to break the one-to-one relationship between where families live and the public schools their children can attend. The possibility of being able to leave a school they dislike would give considerable power to students and their parents. Breaking the
geographical assignment of students to schools could also produce greater
diversity in school populations. Introducing some degree of school choice
through open enrollment is also seen as a way to prompt public school
administrators to place greater emphasis on meeting the needs of students.
Thus, like other variations on the school choice idea (for example, charter
schools and vouchers), open enrollment is seen as a means to improve school
performance and accountability.

Early examples of open enrollment within districts have been in place in
East Harlem's Community School District 4 since 1973, in Montclair, New
Jersey since 1975, and in Cambridge, Massachusetts since 1981. During
the past decade, state legislators across the nation have attempted to intro-
duce variants of open enrollment on a broader scale. Among state legisla-
tors, school choice started receiving serious attention in the late 1980s. In
1987, Minnesota introduced a statewide open-enrollment plan, allowing
students to attend any age-appropriate public school, subject to space
limitations and desegregation rules. In the decade since, variations of the
Minnesota approach have been adopted by seventeen other states.

Although much more research on the effects of open enrollment on
students, parents, and schools is in order, some early studies of the Minne-
sota experience have produced useful findings. Considering the actions of
parents, several analysts have reported that the decision to move a child
from one school to another has been based on the expectation that the
child's needs will be better met and that the child will receive more per-
sonal attention from the teacher in the transfer school. With respect to
the actions of schools and districts, analysts have found that open enroll-
ment has stimulated changes in curricula and support services in schools,
and has promoted more parental and teacher involvement in school plan-
ning and decision-making. From interviews with school administrators in
districts that have lost the most students through open enrollment and
administrators in a control group of schools, other analysts have concluded
that the districts losing students have been more likely to take steps specifi-
cally designed to attract students into the district and to discourage others
from leaving.

"See The Carnegie Foundation for the Advancement of Teaching, School Choice (Princeton, NJ: The

"See Thomas J. Delaney, "Participation of Rural Students with Disabilities and Rural Gifted Students
in Open Enrollment," Rural Special Education Quarterly 14 (Summer 1995): 51-55; Matthew Y. Lau, "The
Participation of Students Who Are Identified as Gifted and Talented in Minnesota's Open Enrollment
Behavior Under Minnesota's Open Enrollment Program," (paper presented at the Annual Meeting of
the American Educational Research Association, Atlanta, GA, April 12-16, 1993); James E. Ysseldyke
"Parents of Students with Disabilities and Open Enrollment Characteristics and Reasons for Transfer,"
Exceptional Children 60 (February 1994): 359-372.

"James P. Tenbusch and Michael S. Garet, "Organizational Change at the Local School Level under
Minnesota's Open Enrollment Program," (paper presented at the Annual Meeting of the American

"Janie E. Funkhouser and Kelly W. Colopy, "Minnesota's Open Enrollment Option: Impacts on School
Minnesota's open-enrollment plan and others established across the nation represent only the most limited step toward introducing market-like competition into the delivery of public education. To that extent, they appear as pale shadows of the plans proposed by various school choice advocates. Nonetheless, it is important to recognize that these limited steps seem to be making a difference in public education. In combination with the other reform efforts discussed in this article, the element of competition in open-enrollment plans has the potential to spur dynamic change in the accountability mechanisms for public education.

**CHARTER SCHOOLS**

The charter school concept began to receive attention during the late 1980s. In 1991, Minnesota was the first state to pass a law providing for the establishment of charter schools. Since then, the charter school innovation has been diffusing rapidly across the states. By the spring of 1997, a total of twenty-six states had adopted charter school laws, and several additional states were expected to follow suit. Charter schools are intended to be publicly funded entities operating free of many of the regulations under which traditional public schools operate. Thus, charter schools represent a significant step beyond the open-enrollment programs discussed above.

Although advocates of charter schools bring different ideological persuasions to the issue, they tend to agree on the meaning of the concept itself. In their pure form, charter schools are legally and fiscally autonomous entities operating within the public school system under contracts, or charters. The charter is negotiated between organizers who manage the school and sponsors who monitor compliance with the charter. The organizers may be teachers, parents, or others from the public or private sectors. The sponsors may be local school boards, state school boards, or other public authorities, such as universities. The charter contains provisions pertaining to issues such as curriculum, performance measures, and management and financial plans. An existing school may convert to a charter school. Alternatively, a charter school may be developed as part of an existing school, comprising a "school within a school." Finally, a charter school may emerge as a new entity.

In broad terms, charter schools are intended to: (1) introduce greater choice in public education; (2) increase public school competition and accountability; and (3) provide greater opportunities for innovation in school management and pedagogy. Charter school advocates posit that market-like competition can improve school performance. In choosing to

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"In 1996, Congress adopted a charter school law for Washington, D.C."
send their children to charter schools rather than traditional public schools, parents issue important market signals. The opportunities created by attracting new students, and the threats associated with losing students due to competition are supposed to encourage accountability on the part of charter schools. Charter schools that do not attract sufficient numbers of students and teachers or fail to fulfill the provisions of their charters are to be closed. As a by-product, the possibility of losing students to charter schools is supposed to spur greater accountability to students and parents on the part of traditional public schools. In addition, the publicity enjoyed by successful charter schools is expected to place increased pressure on traditional public schools to perform better.

According to charter school advocates, traditional public schools are unduly burdened by bureaucratic obstacles that stifle diversity and flexibility in education. Such obstacles include intrusive school boards, stringent teacher-certification requirements, collective bargaining rules, and regulations pertaining to curriculum and other facets of school operations. As autonomous public entities, charter school operators enjoy the freedom to make their own decisions on matters such as personnel, curricula, and contracting for services. 52 In return for this freedom, charter schools are supposed to be held to a higher level of accountability than traditional schools.

It is important to note that the charter school laws now in place in over half of the states differ significantly in the details. As indicated in Table 1, the charter school laws in twelve states are commonly referred to as "dead," "restrictive," or "weak," while the remaining fourteen laws are characterized as "live," "permissive," or "strong." 53 These categories reflect the fact that the details of charter school laws determine the likelihood of the emergence and proliferation of charter schools in each state. For example, a key provision of most of the permissive laws is that a public entity other than the local school board is authorized to sponsor charter schools. In many states, local school boards are the only entities permitted to sponsor charter schools. However, school district officials tend to be wary of charter schools. Much of their concern arises from the financial threats posed by charter schools. Each traditional public school pupil who attends a charter school brings to that school all or most of the per-pupil public funding that would otherwise be allocated to the traditional school. 54 Hence, intergovernmental tensions can arise when charter school laws adopted by state lawmakers must be implemented by local government. 

52 Across the states, charter schools must abide by state and local regulations pertaining to civil rights and health and safety.
54 Further, each former private school student who now attends a charter school represents a new allocation from the limited pool of money in the public education treasury.
Table 1
State Charter School Laws and Year of Adoption

<table>
<thead>
<tr>
<th>States with permissive laws</th>
<th>States with restrictive laws</th>
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<tbody>
<tr>
<td>North Carolina (1996)</td>
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<td>South Carolina (1996)</td>
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It is interesting to consider whether a reform intended to promote greater accountability may, in some ways, result in diminished accountability for the public dollars spent. In contrast to local school district boards, charter school boards are not elected. Thus, some analysts wonder whether charter school decisionmakers may prove even less accountable to the taxpaying public than traditional school boards. Further, as charter schools engage in varying amounts of contracting with private entities, questions may arise over whether given service providers were chosen properly. Finally, in cases where public entities with appointed governing boards may sponsor charter schools, issues of adequate charter school oversight and public accountability again arise. Charter school advocates address such issues by noting that parents of charter school students will ultimately ensure accountability. However, others maintain that the accountability issue extends beyond the students who attend charter schools to the general citizenry whose tax dollars fund such schools.

Across the nation, more than 450 charter schools were in place during the 1996-1997 academic year. Of the three school choice reforms discussed here, charter schools are currently the subject of the greatest interest and debate, both in education policy circles and at all three levels of government. Such interest arises from a variety of factors including frequent mass-media attention, the interest of state lawmakers in the latest “hot” reform.

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36For example, in Michigan and Minnesota public colleges or universities governed by appointed boards may sponsor charter schools.
in education, the potential threat charter schools pose to traditional public schools, high levels of political activism on the part of charter school proponents and opponents, and an increasing federal interest in charter schools. In addition to the establishment of a federal grant program for charter schools, the federal government has commissioned a five-year study of these new entities. State governments are also providing research grants for state studies. Locally, school boards in many states continue to exercise their power to approve or reject charter school applications, while emerging charter schools enjoy high levels of parental and student enthusiasm.

PRIVATE CONTRACTING

The delivery of education involves a range of inputs, some produced in the school or classroom, and others purchased from external suppliers. Typically, schools use their own employees to perform most aspects of instruction and administration while they purchase such things as capital equipment. However, public school districts have recently shown increasing interest in contracting out activities, including classroom instruction. In general, where contracting occurs, an agreement is made to give the contractor managerial flexibility. In return, the contractor is held accountable for achieving specified performance goals.

Recent private contracting initiatives fall into two categories. First, many school districts contract for noninstructional services. In Ohio, for example, private contracting has been used most frequently by public school districts seeking to maintain service delivery without exceeding their annual budgets. A 1996 study found that among United States school districts, transportation is contracted out by 30 percent, food services by 7 percent, janitorial work by 10 percent, and building operations and maintenance by 8 percent. Because the quality of the service provided in noninstructional areas is relatively easy to assess, and this type of contracting leaves the core technology of schooling untouched, such initiatives have provoked little controversy.

The second type of private contracting involves the management of all school activities, including instruction, by private companies. These contracting arrangements have often been controversial due to the difficulty of writing well-specified contracts that are easily monitored and because, by definition, contracting introduces additional lines of accountability.

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Where school choice is unavailable, private contracting for instructional services may make it difficult for parents to resolve problems they perceive in specific schools.

The two most prominent recent cases of private contracting for the operation of entire schools have involved the Baltimore and Hartford school districts, both of which contracted with Education Alternatives Incorporated (EAI). In both cities, school district budgets are largely controlled by the municipal government. These governments initially championed private contracting as a way to achieve better financial management and higher student achievement.

In Baltimore, EAI operated nine schools from 1992 until 1996. Under the arrangement, the school board retained the right to terminate the contract with three months notice at any time. In addition, EAI was required to retain existing teachers and principals under the terms of the district labor agreement. This reduced EAI’s financial flexibility and ability to reallocate school resources. What eventually led to early termination of the contract was the fact that, inadvertently, EAI had been allocated more funding per student than similar schools in the district.60 Hence, when student performance in EAI’s schools was apparently no better than in equivalent schools in Baltimore, the contract was terminated on the grounds that it was too expensive to maintain.

In Hartford, the intergovernmental acrimony that led to private contracting in the first place also served to bring on its demise. In October 1994, the Hartford school district and EAI signed a five-year contract under which the operation of all thirty-two Hartford schools was handed over to EAI. Under the contract, EAI was to introduce more efficient management and keep a portion of the savings as profit. This contract put most of the financial risk on EAI; an arrangement the company came to regret. As in Baltimore, union pressure made it difficult for EAI to reallocate school resources. The contract was later altered so that the company would control the district’s budget but run only six schools. In January 1996, in the midst of a dispute over financial arrangements, the newly elected Hartford school board terminated the contract with EAI. Hartford city officials had pressured the school board to take this step. The Connecticut Education Department has now started to play a more active role in the management of the Hartford schools. Meanwhile, EAI officials have vowed to shareholders that the company will no longer operate in urban areas. The company now plans to focus on “less political and less volatile” suburban districts.

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60EAI received an amount equal to the number of students in the schools multiplied by the average per student cost of running the Baltimore public schools. However, the nine schools had less than the average number of children with special needs. Consequently, estimates suggest that EAI received about 11 percent more funding than it should have. For details, see Douglas J. Lamdin, “The Economics of Education Provision by For-Profit Contractors” (Baltimore, MD: Department of Economics, University of Maryland, October 1996), p. 27.
Not all instances of contracting for the management of entire schools have been as controversial. For example, in Massachusetts, Boston University has been managing all aspects of the Chelsea public schools under contract since the late 1980s.61

The rapid spread of charter school laws raises the probability of more frequent private contracting. Because charter schools are typically new schools, charter school operators are able to enter contracts without having to negotiate with employees already providing school services. Thus, in terms of writing workable contracts, such schools enjoy a considerable advantage over traditional public schools. The Edison Project, another private management company, is now opening its own charter schools in several states. Of the 74 charter schools in Michigan, fourteen have contracted with private management companies, and many newly approved, not yet opened charter schools are working with such companies.62 In Arizona, in early 1997, EAI gained approval to establish up to twelve charter schools in metropolitan Phoenix. The emergence of these new schools operated entirely by private management companies supports Douglas Lamdin’s claim that “[c]harter schools can be viewed as a disguised form of contracting.”63

Charter school boards are not elected and, in Michigan for example, charter schools are not required to get bids for professional services such as managerial and legal assistance. Hence, some Michigan lawmakers have expressed concerns about charter school accountability for the use of public funds to hire private service providers. Fair evaluations of the effects of private contracting in charter schools will be possible only with the passage of time. For now, we note that private contracting in public education is blurring public and private boundaries and raising new questions about accountability for the use of public dollars.

PUBLIC AND PRIVATE VOUCHER PROGRAMS

Like open enrollment and charter school initiatives, voucher programs have frequently been proposed as a way to improve performance and accountability in education. If students or their parents are experiencing frustration with their local public schools, vouchers offer the option to leave to attend a private school. The choices such programs provide raise the possibility that public schools will respond positively to their new competitive environment and attempt to improve school performance. In theory, then, the exit (or even just the threat of exit) of a small proportion of students from any given public school can serve to benefit other students who do not actively exercise their choice option.

Since 1990, many voucher programs have been established in cities across the country. Two of these programs involve the use of public funds to enable children from low-income families to attend private schools. The other programs involve the use of funds from private foundations to subsidize attendance at private schools.

As is the case for proponents of charter schools, advocates of voucher programs occupy a variety of positions on the ideological spectrum. While Milton Friedman, the earliest proponent of the use of vouchers, is a free-market conservative, voucher supporters such as Christopher Jencks, John Coons, and Stephen Sugarman have shown more liberal leanings. The politics of the voucher movement has been notable for the diversity of its supporters. Advocates for children from poor, inner city, minority families have proposed voucher programs as a desperate measure aimed at increasing the education options for such students. Meanwhile, Republican legislators, business leaders, conservative foundations, and church groups have advocated vouchers for a range of reasons. These run the gamut from the big-hearted desire to help poor children receive high-quality education to the strategic goal of introducing greater competition in publicly funded education.

Of the three key initiatives that fall under the rubric of school choice—open enrollment, charter schools, and vouchers—the voucher program represents the greatest divergence from the traditional education system. Hence, the voucher concept is highly controversial. Efforts to introduce vouchers have been vigorously resisted by the education establishment. Further, civil liberties groups have engaged in court battles to prevent the use of public dollars for education at religious and other private schools.

The introduction of a public voucher program in Milwaukee in 1990 and another in Cleveland in 1996 occurred only after pitched battles in the state legislatures in which the respective state governors became actively involved. While potentially able to instigate sweeping changes in the delivery of public education within their jurisdictions, state policymakers have had to fight hard to secure what, in the final analysis, represent small changes in the overall delivery of education in Wisconsin and Ohio.

The Milwaukee voucher program is designed for use by children from low-income families. No more than 1 percent of the students enrolled in the Milwaukee Public School (MPS) System can enter the program (approximately 1,000 students). Vouchers, equivalent to the state per student

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64Coons and Sugarman, Education by Choice; Evertzman, Capitalism and Freedom. Chapter. 6: Christopher Jencks, "Is the Public School Obsolete?"


66In an interesting twist to the voucher story, policymakers in school districts in New York and Texas have considered or implemented variations on the voucher idea with the aim of relieving public school overcrowding.

aid to MPS (currently $4,373) can be used only at secular private schools, a restriction that has meant most students in the program attend one of just three schools. An attempt to expand the program to include religious private schools was struck down by a state court ruling in 1997 and is now being appealed.

In Cleveland, up to 1,500 students from low-income families can use vouchers of up to $2,250 for tuition at any participating private or religious school in Cleveland or at suburban public schools. Thus, the Cleveland voucher program is especially significant for its inclusion of religious schools. The program has been making its way through the Ohio court system. In July 1996, an Ohio judge upheld the program; but in May 1997, an Ohio appeals court ruled against the program and state officials vowed to appeal the decision to the Ohio Supreme Court.

The Milwaukee and Cleveland cases highlight the potential for contrasting rulings on similar policies by different courts in the United States system of federalism, and also the policy ramifications of such a system. Despite the fact that both Milwaukee and Cleveland lawmakers approved the use of vouchers for religious schools, different judicial interpretations of state and federal constitutional provisions have resulted in different voucher programs in the two cities. It remains to be seen whether either case will be appealed to the U.S. Supreme Court.

While only two examples of public voucher programs presently exist, during the 1990s private voucher programs have swept across the nation. In 1991, insurance executive J. Patrick Rooney of Indianapolis established the Educational Choice Charitable Trust private voucher program to offer grants to 500 low-income families in that city to cover half of the tuition costs of sending a child to the private school of their choice, whether sectarian or not. Applications were received on a first-come, first-served basis. In discussing the program, Rooney has said: "This is a matter of social equity... the wealthy... can send their children to private schools or move to an area with schools to their liking." Rooney has also noted that "if this new competition encourages the public-school system to improve, then the Choice program would be a good investment for everyone." Following the development of this program in Indianapolis, programs using the same basic rules have been established in twenty-eight cities within twenty-one states across the United States. The popularity and rapid spread of these private voucher programs (all have waiting lists) demonstrate the lengths to which both program sponsors and low-income parents are prepared to

"Over 1,700 eligible students were able to participate in 1996 due to lower-than-anticipated tuition costs. Most of the participating schools in the program are Roman Catholic. See Mark Walsh, "For First Time, Students Use Vouchers for Religious Schools," Education Week, 4 September 1996.


"For discussions of the private voucher programs in Milwaukee, San Antonio, and Indianapolis, see Terry M. Moe, ed. Private Vouchers (Stanford, CA: Hoover Press, 1993).
go in order to expand education options. They also indicate that citizens are not prepared simply to wait for state and local governments to heed their calls for improved public schools.

**EDUCATION REFORM AND INTERGOVERNMENTAL RELATIONS**

These five initiatives represent significant attempts to alter the traditional accountability arrangements for public education. The reforms share several common themes and hold important implications for intergovernmental politics and education policymaking. First, the Goals 2000 experience demonstrates that state and local education interests have the political capacity to shape federal programs to their liking. States and localities secured several significant revisions in the program while nevertheless preserving the flow of federal Goals 2000 funds to their jurisdictions. Second, open-enrollment, charter school, and voucher programs represent a significant devolution of power from the states and localities to parents and students. Direct accountability to parents and students stands in stark contrast to the traditional hierarchical lines of accountability to the school district and the state. The evolution of these policy reforms during legislative enactment and implementation also demonstrates the political capacity of local education interests to limit threats to their power. This is evident, for example, in the fact that many charter school laws contain a cap on the number of charter schools permitted in the state. Finally, the tendencies toward privatization witnessed in charter schools, school contracting, and voucher programs have the potential to redefine state and local roles and relations surrounding public education. Most important, these tendencies are starting to blur traditional distinctions between public and private education providers. In turn, this suggests a need for fresh thinking about the role of government in education and how these tendencies will play out within an intergovernmental context.

**CONCLUSION**

Public education has become a key item on state and national policy agendas. Performance indicators suggesting declining standards and the increasing role of knowledge in maintaining a competitive United States workforce have made it clear that high-quality education for all is a social priority. The fear has also emerged that large numbers of poorly educated, underemployed citizens place a burden on society and undermine social cohesion. Throughout our discussion of recent education reform efforts, we have highlighted several themes, which we will now summarize.

As education has received growing attention from state and national leaders, the nature of the intergovernmental relations in this area have started to change. As we have noted, the technology of schooling requires
local delivery. Historically, this led state governments to delegate much of their power and policymaking ability to local school districts. Thus, the politics of public education has always had an intergovernmental component. However, current efforts to improve accountability in public education have the potential to recast intergovernmental relations in important ways.

Efforts to create national standards have been constrained by some as an inappropriate forfeiture of power to the federal government. For now, state and local actors have fought off this move toward greater centralization. Nonetheless, as long as education is perceived as a key to economic success, presidents will continue to show interest in this policy area, and seek to have influence on policy choices. Meanwhile, efforts by state governments to introduce a degree of market-based competition to the delivery of public education have received criticism and have often been the subject of strong opposition from teacher groups and local school officials. Nevertheless, the status quo is changing and, whether through open enrollment, charter schools, or voucher programs, many local school districts are now being placed in a producer-consumer relationship with students and their parents.

Increasingly, public schools are being held accountable both by higher governmental officials and by the people they serve. In addition, the dynamics of charter schools, private contracting, and vouchers suggest the potential for greater diversity and flexibility in the delivery of education. Given the public good dimension of education and the complexity of the production process, it appears that accountability issues and intergovernmental politics will continue to shape reform efforts in significant ways.

For scholars of intergovernmental relations, these developments in education policy herald new possibilities for future research. The political aspects of education policy emanate not so much from the technology of schooling as from perceptions of the nature of education as a public good and debates over who constitute the legitimate stakeholders in the education of a child. Powerful historical, ideological, institutional, and organizational forces tend to influence how people frame these matters. Hence, much could be learned from applying insights from the new institutionalism literature to thinking about the intergovernmental aspects of education policymaking and politics.71

71For a review of the relevant theoretical literature, see Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," Political Studies 44 (December 1996): 936-957.