Preface and Chapter 1 (overview and summary) of

Making the Grade:
The Economic Transformation of America’s School Districts

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To my Dad, who was on the school board, and to my Mom, who ran the PTA.

Preface

Sometimes you can see something new in a familiar object by looking at it from a different angle. Education reform is the object, and my different angle is the humble school district. Among education reformers, school districts are the Rodney Dangerfields of municipal corporations: They “can’t get no respect.” Almost all social scientists who analyze education issues disdain districts as “creatures of the state” that have no legal ability to obstruct or alter a directive that comes from on high. Education reform, on this view, has to come from the state and federal governments or, more recently, from the courts.

The theme of this book takes issue with this viewpoint. I submit that ordinary residents of American school districts created a national system of public education that is in many respects an efficient response to the diversity and mobility of the nation. This idea is heretical in at least two ways. The first is that local voters, not state authorities, are responsible for the creation of the system. Educational leaders such as Horace Mann headed parades that proceeded on routes selected by the marchers, not the grand marshal.

The other unconventional idea is that important aspects of the present system of public education that are derided as failures actually have efficiency advantages. The United States is physically large, and its population is diverse and spread out. Our population is also mobile, more so than that of any other country, and mobility is an important economic advantage. These conditions warrant a standardized, interchangeable system of education that is not overly demanding for students and teachers and that involves parents and local voters in its governance and finance. Local control and modest ambitions are, I argue, actually desirable aspects of this system.

The foundational ideas of the present work did not spring from a vacuum. My previous book, The Homevoter Hypothesis, was based on the idea that concern for the value of owner-occupied housing causes homeowners to become the dominant faction in American local government. I was so impressed by homeowners’ local political influence that a neologism, “homevoters,” seemed appropriate to characterize their role in municipal affairs. Homevoters, I concluded, were good news and bad news. The good news is that concern for the value of their oversize asset
causes them to favor the efficient provision of local services. Ownership of property makes voters far-sighted. Even if they do not ride bicycles or have children in schools or are planning to leave the community next year, they will favor cost-effective proposals to build local bicycle paths and improve local schools. They know that potential buyers of their property are interested in those services. The bad news is that the same concern for property values makes them hyperactive NIMBYs, making even desirable developments excessively difficult to build because of homeowners’ risk aversion.

The units of local government that The Homevoter Hypothesis focused on were municipalities, the 25,000 cities, towns, boroughs, and townships through which voters govern themselves. School districts were, in my mind, simply adjuncts of local governments. I knew, of course, that “dependent” school districts — those that are actually a department of city or county governments — are rare nowadays. I also knew that school district boundaries only sometimes coincide with municipal boundaries. But I did not regard these as important distinctions. My thesis was that homevoters were in charge and did not care much about the difference between school boards and city councils when buying their homes and then participating in local affairs. After a brief discussion of the differences between cities and school districts, I glossed over the distinction with a sweep of the hand: “A municipality that is touting its charms usually mentions that it has ‘good schools’” (Fischel 2001, 22).

The present book is a corrective for my overgeneralization about school districts. The correction was inspired by two musings. One was profound: Why do Americans govern public schools at the local level at all? Almost everyone agrees that an educated populace is a national, not a local public asset. Yet Americans insist on a large degree of local governance and funding for public schools. How did the local school district come about and why does it persist?

My second musing about schooling was puckish: Why do schools start their academic year in the waning days of summer and end their academic year at the dawn of a new summer? Like most people, I had thought that that the long summer vacation was a holdover from farming days. It is not. American farm children in the nineteenth century usually attended school in summer and winter. What caused the change, and why does it persist long after air-conditioning has made it as easy to hold school in summer as in winter?

In pursuing answers to these questions, I discovered an underappreciated aspect of American schools. Local school districts were the creations of thousands of separate communities. National and state laws that facilitated their creation were responses to residents’ demand for schools. Despite their bottom-up origins, public schools in the nineteenth century were remarkably interchangeable. Newcomers could attend one-room schools and advance their knowledge at the same rate as children who had been enrolled there for many years.

Twentieth-century public schools shared the same interchangeability — newcomers easily fit in — but the twentieth century’s method of teaching was radically different from that of the nineteenth-century’s one-room schools. Most schools in the earlier period were “ungraded.” There were no formal divisions by age-group. Students were divided by ability and prior knowledge and acquired more knowledge by studying textbooks and then reciting what they learned in small groups. When they ran out of textbook material or patience for schoolwork, they were done. But early in the twentieth century, most schools adopted the age-graded system we now are familiar with.

Both systems — one-room ungraded and multi-room graded schools — facilitated migration within the nation, but their method of instruction was much different. The two systems coexisted
for many decades, and the transition to modern, age-graded standards was gradual and largely consensual. This book offers a broadly-conceived economic explanation for why these systems arose and how the transition took place. It was, I submit, a process that can be described as “evolutionary.” Its participants — mainly local voters — responded to changing circumstances without having a centralized controller. Voters in one-room districts eventually concluded that their ungraded schools were no longer “making the grade” and had to consolidate with others in order to have multi-room, age-graded schools that would pave the way to high school education. Awareness of this evolution can help us understand the constraints on modern school reform and the reasons that people are so attached to their school districts.

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Chapter 1: Mundane Miracles: Mobility, Property, and School Districts

Most books about public education and plans to improve it take school districts as the clay to be molded by the state or federal government. Everyone knows that districts are “creatures of the state” and subject to its commands without recourse to constitutional provisions that protect other forms of public organization such as corporations and universities. Changes in the system have to come from the federal government or state legislatures and courts.

This book is different. I approach school districts as intentional communities created by and maintained by local voters. Their political protection in state legislatures — whose members are elected by geographically contiguous districts — obviates the need for constitutional guarantees. The economic forces that local voters responded to in creating school districts were mobility of the population and the ownership of property. Mobility and property remain the most important governing forces in public education, and reforms that neglect them are bound to fail.

§1.1 Family Mobility and Local Schools

In order to motivate the enterprise of this book, I would like the reader to contemplate a miracle of the mundane. You have school-age children, and you and your spouse obtain new jobs in a different part of the country. In August, you arrive at a new home and enroll your children in the local public schools. Your youngest just completed third grade, and the twins are entering high school. After you proffer proof of residence to your new school district, records will be transferred from your children’s former school. Your daughter will enter fourth grade and the boys will start ninth grade, and they will almost surely be taught skills and material whose foundation was established in the schools in their previous home, even if it was in a different state. In this sense, American schools are geographically interchangeable, in roughly the same sense that automobiles on a rental-car lot are interchangeable. They are not all the same, but they are standardized enough that a driver who can operate one can operate almost any other.

As parents, you will find that within a month or two you will have numerous new acquaintances and friends in the community. You meet them through some school event or a birthday party or other child-oriented social event. Within six months you will be full-fledged members of a community whose name you may not have known a year earlier, and your kids, once they have gotten over the trauma of change, will be doing as well in their new school as they would have in the old.

These are mundane miracles. The standardized K-12 curriculum that makes your kids’ new school interchangeable with their former school did not come about from any centralized direction. Indeed, there is still no central direction for curriculum at the national level, and even uniform statewide standards are a relatively recent phenomenon. The system of free and more-or-less interchangeable public education was developed state by state. Even the idea that school should end in June and start in late August or early September was not centrally directed. Unlike Switzerland, which had to adopt a constitutional amendment requiring all of its cantons to start school at the end of summer (some holdouts had April beginnings up to the 1980s), American public schools fell into the standard calendar around 1900 with no public discussion of the issue, let alone legislation. (I will in Chapter 4 disabuse the reader of the idea that end-of-summer-beginnings had anything to do with farming.)

The other mundane miracle is the public’s financial affection for their local school district. A house built on the favorable side of a school district line may have its value enhanced by ten or twenty percent, a boundary-line premium that is seldom matched by any municipal boundary unless the city and school district boundaries are the same. School district boundaries are the
most important local division on the map. Yet almost all social scientists who analyze education issues look upon school districts in the same way that the formal legal system does: Districts are creatures of the state and have no legal ability to obstruct or alter a directive that comes from on high. Education reform, on this view, has to come from the state and federal government or, more recently, from the courts.

If school districts are so irrelevant in a constitutional sense, though, why do homebuyers put so much stock in them? It cannot be just naiveté or inattention on the part of homebuyers; most of them are putting down a good fraction of their life savings to buy a house. Nor is it just low taxes that makes a district attractive. The local school’s test scores get the same sort of scrutiny from prospective home buyers that earnings reports get from stock market analysts. Yet the mystery of school districts is compounded by the fact that most homeowners do not have children in schools. True, they know that some of the prospective buyers will have children, but that fraction of the market is going down, not up. Yet school district quality remains probably the most important single indicator of housing prices. Something beyond just schools is involved here.

§1.2 Local School Districts as Sources of Adult Social Capital

Chapter 2 starts with a modern question: Why don’t voters like school vouchers? What seems like a great idea to economists — give tuition money to families with children and just let them find a school for their children — has been rejected in every statewide ballot that has considered it. The public seems to embrace other competition-enhancing ideas. Economists’ proposals to deregulate airlines, trade pollution standards, and auction radio and TV broadcasting rights have been political successes. Why are schools different?

Education itself is not a public good in the classic sense of the word. Schools can be provided on the private market. There are few persuasive reasons for them to be run by local public agencies, but voters do not want that to happen. My answer to this conundrum is that local public schools provide localized social capital — the list of people you know locally — for the parents of school children. This Rolodex-enhancement makes provision of other, nonschool public goods easier to accomplish. If you know more people in your neighborhood, it is easier to get them to help you to lobby city hall for a pocket park or better police patrols. Localized social capital improves the bottom-up provision of true local public goods.

Chapter 2 presents broad empirical evidence in support of the social-capital theory of public schools. Demographic data show that the long-term trends in social capital are closely tracked by the average number of school-age children per family. The parents of the baby boom generation acquired the twentieth century’s largest stock of social capital by having the largest number of children. Social capital measures hit their peak just after the peak of the baby boom, and they have glided downward as family size has shrunk since 1960. Surveys show that parents with more children seem to have more social capital. Another bit of evidence is that voters appear to be more attached to small school districts better than large districts. But they like some public school district better than no district, so even voters in very big districts are inclined to vote against vouchers.

§1.3 The Economic Geography of School Districts

The electorate’s greater affection for small districts raised another set of questions, which Chapter 3 addresses. If voters usually get what they want (my working hypothesis, which I defend in Chapter 7), and they like smaller rather than larger districts, why aren’t all school districts small? Why do we have the huge city districts of New York, Los Angeles, and Chicago,
and the countywide urban districts that carpet the South and parts of the West? And if local social capital is useful at the municipal level, as my theory argues, why don’t all school districts line up with municipal lines?

The maps in Chapter 3 and the analysis of metropolitan school-district structure give a surprisingly general answer to these questions, one that is region rather than state-specific. Rural districts in the early twentieth century consolidated in order to be able to send their children to more standardized grade schools, which gave them access to high school. However, rural voters did not want big districts, so they formed the minimum size that would allow them to have a graded system and high school. The minimum size necessary for a rural consolidated district varied regionally. In areas where there was dense rural settlement (chiefly in high-rainfall areas), the land-area of the minimum-size school district could be small. In areas that were arid, mountainous, or otherwise uncongenial to intensive agriculture and a multitude of towns, the resulting district would have to be large in area in order to get enough children to form consolidated schools.

As cities grew and spread out later in the twentieth century, suburbanites took over pre-existing rural school districts. School districts hardly ever break up once they have consolidated, so previous rural consolidation patterns were imprinted on modern suburban districts. In arid and mountainous areas of the country, rural districts were large. In areas with higher farm density, the rural districts adjacent to cities were small. In the South, rural districts became large because of the diseconomies of running separate schools for whites and blacks. Thus two variables, early population density (which I approximate by annual rainfall) and the history of racial relations, account for most of the national variation in school district size.

This regional variation affects the competitiveness of school districts in urban areas. A metropolitan area with greater numbers of school districts allows potential residents to select the school district they want and also induces school authorities to pay attention to effective education. The most competitive urban areas are in the North and the areas of the West where rainfall or irrigation promoted higher rural densities. The large-area, less-competitive school districts of the arid West and of the South are the product of oversize rural school districts that formed in the first half of the twentieth century. Because school districts seldom break up, the pattern of the rural past is the mother of the urban present.

The other original finding in Chapter 3 is the result of my discovery that the mapping program GoogleEarth can be used to compare municipal and school district boundaries. I found that most cities do substantially overlap with a single school district, even though the degree of congruence is imperfect. The social capital that is accumulated in the city’s school district is, as Chapter 2 argued, also useful in municipal affairs.

§1.4 “Will I See You in September?” Labor Mobility and the Standard School Calendar

Chapter 4 deals with the issue of coordination of school calendars, which I take as a marker for coordination of other aspects of school curriculums. In reading the history of American education, I found that most rural schools held classes in the winter and in the summer. I had always thought that modern-day summer vacation had emanated from the need for farm children to work during the summer. But just a little more thought about farming would have persuaded me that this wasn’t a good explanation, since summer was actually not the time during which the unskilled labor of children would be most useful. So summer was indeed a time during which farm children attended school regularly in the nineteenth century. A separate winter term was
also taught in most rural districts. Spring and autumn were usually school-less in order to have all hands available for the urgencies of planting and harvesting.

So what does explain the existence of the standard school calendar? In a paper published in the *Journal of Urban Economics*, I argued that it is best explained as a coordinating device. It allows children and teachers to finish school at one place and move to another school district far away and begin the new school year with everyone else. The now-standard calendar facilitates labor mobility. One bit of evidence in support of coordination is that the standard calendar emerged around 1900, just as the majority of the nation was becoming urban. One-room schools did not require a standard calendar because they had a teaching technology that did not require continuous attendance in schools. (I will refer to this general educational technology as a “pedagogy,” but the reader should not anticipate discussions of the philosophy or psychology of education along the lines of Pestalozzi, Montessori, or John Dewey.) But cities were adopting age-graded methods of instruction, and this pedagogy required more-or-less continuous attendance in school. When the urban, graded pedagogy became the national standard, a common beginning and ending period had to be adopted to coordinate the comings and goings of families and teachers from various districts.

There was almost no discussion in the historical record that directly supports the foregoing account. I instead offer international evidence based on the different seasons in the Northern and Southern Hemispheres. It turns out that the modern school year, which starts near the end of summer and ends at the beginning of the next summer, is in fact a worldwide standard. Australian, South American, and African children usually start school around February and end in November or December. But international schools in those areas that cater to families who must return to Northern Hemisphere countries adopt a Northern Hemisphere calendar, starting in August and ending in June, so that the return to London or New York in July allows their children to enroll in school at the regular time.

My offbeat inquiry into school calendar coordination led me to more serious questions about the role of schoolroom technology in facilitating mobility. There have been two broad pedagogies in education in America. The first was the one-room, multi-age, ungraded schools of the eighteenth and most of the nineteenth century. Teachers formed their pupils into recitation groups based on their knowledge, not their age. Children who missed a term were simply put in a recitation group based on what they retained from their last school attendance. Continuous attendance was not that important. The other educational technology is the one we know now, the multi-room, age-separated K-12 school system. It offers a sequential set of skills taught to children in a single age-group. It requires much standardization, continuous attendance, and coordination among distant schools.

§1.5 Early American Land Policies and the Marvelously Efficient One-Room School

The evolution of modern schools was something akin to a spontaneous order. School districts were so generic and numerous that they can be analyzed as markets rather than governments. I open Chapter 5 with an historical argument that concern about property values drove the establishment of schools and school districts in the nineteenth century. My focus is on the Land Act of 1785, which provided for the measurement and sale of land in most of the nation, and the Northwest Ordinance of 1787, which established a method of governance and progression to statehood.

The school-establishing features of these far-reaching Congressional acts can be best understood as attempting to maximize the value of the government’s vast land holdings. The
subsequent state constitutional provisions that encouraged education were responses to this same land-value concern. Schools were and continue to be a crucial attractant for land buyers. The demand for schools by settlers and subsequent purchasers is what induced the government to set up their education system. It was not something that wise, disinterested public officials tried to impose on an unwilling or indifferent population. The creation of public schools responded to the market for land.

Chapter 5 then goes on to explain the technology of education in nineteenth century one-room schools and contrasts it to modern, age-graded education. I argue that each system was appropriate to the geographic, economic, and technological circumstances of its times. Many of the features of the one-room rural school that are criticized as backward were actually efficient responses to their circumstances. One was that tuition was often charged to cover part of the term in one-room schools. I find that both critics and defenders of public tuition payments, called “rate bills,” misconstrue them because they contemplate them within the framework of age-graded schools. Most rate bills, however, were used to extend the term of ungraded schools for a few weeks. Students who were deterred from attending during this period were not “held back” in a grade. They simply had to wait until the tuition-free term began a few months later and continued to progress as before. The only advantage of the rate bill was that it enabled children to go through school faster.

The modern age-graded system would have been an educational disaster in the nineteenth century, where the population was rural, restless, and needful of children’s labor, and local transportation was slow. The continuous and sequential attendance demanded by an age-graded pedagogy was impractical. By the same token, the nineteenth-century’s one-room technology would not produce enough specialized education in a population that is mostly urban, where rural roads are traversable by motor vehicles, and adult incomes are high enough to forego the labor of children.

Both systems are well adapted to family mobility. One-room schools of the nineteenth century had a generic, standard pedagogy that allowed for each period of attendance, however brief, to advance a child’s education. Children could duck in and out of school without fear of failing to be promoted, since there were no age-specific grades. Twentieth-century schools have a standardized curriculum — the progression from Kindergarten to 12th grade — that allows for more specialization by teachers and more attention to children in each grade. This system, however, requires more standardization, which allows families to relocate to different parts of the country during the summer without disrupting their children’s education.

§1.6 Local Voters and the School District Consolidation Movement

Chapter 6 uses land-value concerns and economic and technical change to explain the dramatic decline in the number of school districts between 1910 and 1970. At the beginning of the twentieth century, there were probably more than 200,000 school districts. By 1970, the number fell below 20,000, and it has drifted down much more slowly since then. Almost all of the decline in district numbers to 1970 can be accounted for by the consolidation of rural one-room school districts into larger districts that had multi-room buildings in which children were put on an age-graded track to high school.

The process by which rural consolidation and age-grading became the norm is widely regarded as the triumph of centralized administrators. Some historians regard this triumph as unfortunate, and most others think of it as admirable. But the consensus is that it was accomplished by top-down pressure. In Chapter 6, I beg to disagree. I point out that many of the
standard features of age-graded education that are thought to have been created by national commissions can be seen as generic responses to the need to accommodate mobile families. We would have had something like “Carnegie units” for high school credits even if there had been no Carnegie Commission to establish them.

The political success of the age-graded model was due, I believe, to the recognition by rural voters that their property values would be lowered if they did not get with the program. So one-room, rural schools by 1900 attempted to adopt an age-graded system. This system did not work well in the one-room setting. Whereas students could be sorted broadly by ability and knowledge in the old tutorial-recitation method, they had to be sorted narrowly by age in the new age-graded method. This made for many more recitations for the one-room teacher, and most of them adopted a compromise that nominally conformed to age-stratifications but in practice continued to group children by ability and knowledge.

This compromise would have been tolerable — even admirable — if the only aspiration of public education was literacy and numeracy. The coup de grace for the rural method was the development of high schools and the enormous demand for their graduates in the labor market. Now one-room school teachers had to be able to teach not just a larger number of grades, but also a wider and deeper range of knowledge. The teachers in the age-graded schools of the city could deal with both of these more easily. One-room schools thus became obsolete. Attendance began to shrink because of declining rural population and because parents of ambitious students moved to age-graded districts. The decline in rural property values that this occasioned in the more backward districts was the prod to do what bureaucratic educators had been urging for decades, which was to consolidate one-room schools into rural graded schools. It was this consolidation that accounted for almost all of the decline in school districts from 1910 to 1970.

Chapter 6 further explores the reasons for variation in the pace and method of school district consolidation. The one-room school districts lasted longest in the North-Central states, extending from Ohio to the Dakotas. The reason for their success in maintaining one-room schools was their greater rural population density. Where rural population density was low, as it was in much of the West, a larger area was essential for creating a K-12 district. In these places, rural voters could not be granted the luxury of consent in all cases, so they authorized their state legislatures to impose upon them larger districts, often the entire county. The “undemocratic” form of school consolidation was, I submit, a form of self-imposed consent by local voters who knew that a few holdout districts would spoil the whole enterprise. In the dry West, the one-room school more quickly disappeared than in the well-watered north because of this necessity.

The North-Central farm states could afford to allow numerous tiny districts to persist well into the twentieth century, since there were enough other districts to make up a consolidated schools. I argue that this was educationally beneficial in remote, low-income rural areas within these states. Children’s labor was still important on many farms, and the one-room schools allowed children to get some education on a part-time basis. These schools were graded but flexible, so that a student with irregular attendance could complete, say, sixth grade in two years instead of one. If such a child were required to attend a fully graded school, he would often be held back in successive years and eventually drop out without completing much school. Local decisions to retain one-room schools in such “backward” areas was not short-sightedness, as educators usually charged, but a choice to retain a flexible system of education that served their children better than others.
The South’s history of school district consolidation is complicated by race. The insistence on racial segregation made the population density of whites and blacks taken separately too low to form as many one-room school districts. When age grading and high school became the norm, the South, as Chapter 7 explains further, herded its white children into consolidated schools and let blacks stay in the one-room schools. Whites in remote rural areas had to choose between full-time schooling with long bus rides and no school at all. Blacks were not presented with this choice, since the Southern strategy of 1900 was to disfranchise them to keep them from demanding graded schools. When it appeared that blacks would have to be provided with graded education and high school in the late 1930s, most Southern states reverted to the county as the unit of school administration, since separate school systems required twice the student catchment area to run parallel K-12 schools.

§1.7 An Economic Approach to Public School Governance

Chapter 7 revisits the wisdom of school district voters. The idea that voters choose school district characteristics based on efficiency-minded calculations surely seems peculiar to many. Chapter 7 opens with a defense of this assumption. I invoke Condorcet’s jury theorem as the basis for the principle that a group of people whose members each possess small amounts of knowledge will converge, without deliberation, on correct answers about group self-interest. Majority voting about objective issues is likely to get the right answer. I then develop a graphical elucidation of the median voter theory, which economists use to predict the outcome of majority-vote elections.

The previous Chapters emphasized how similar educational technology and standards are across the nation. The impetus to this standardization was local concern for property values. But local property values can be part of the problem, too. Since most districts rely on property taxation, differences in the value of taxable property can undermine the interchangeability of the system. For this reason, all states have adopted state-aid formulas to make it easier for poor districts to keep up with their richer neighbors.

The potential confusion arises when we attempt to define just what constitutes a rich and a poor district, and it is here that the graphical device for the median voter model is useful. A school district might be said to be “rich” if most of its residents have high personal incomes. But a district is also said to be rich if it has a high value of taxable property per enrolled pupil. Many who are aware of this distinction claim that it is unimportant, since rich people live in valuable houses, and housing is most of the property tax base. I agree that rich people do spend more on housing, but the rest of the story is wrong. As an empirical matter, tax-base per pupils is almost entirely unrelated to the average income of residents. Equalizing along that basis is as likely to give money to wealthy people as to poor people.

The median voter framework can help clear up this confusion. It turns out to be mainly a difference between income and price effects. The critical concept is the “tax-price,” which is the median voter’s share of the tax base and is graphically represented as the slope of the median voter’s budget line. The tax-price determines how much the average resident will pay for an increase in school spending financed by local taxes. It is not the same everywhere. The tax-price can be reduced by having a substantial amount of nonresidential (e.g., industrial) property and by having relatively few children in public schools. To encourage similar spending on schools, state programs can manipulate the tax-price or they can supplement low-income communities. These are not the same thing, and conflating them can be counterproductive of the goals sought.
Chapter 7 also visits other issues of local governance. The median voter theory usually points to local homeowners as the ultimate decision-makers. Homeowners have a powerful interest in what local schools do, since their success and failures can raise or lower the value of their major asset. But they have competitors for governance. Interest-group theory would predict, and reality confirms, that employees of the public school system also demand some role in governance. At the local level, homeowners usually prevail when their interests do not line up with those of teacher unions. But because local school districts actually want to be part of a coordinated system, local voters have ceded many governance functions to state governments. At this level, the teacher unions and allied producer interests have more influence.

Chapter 7 considers whether this the greater state role in education and the concomitantly larger influence of teacher unions undermines the median voter framework. It is difficult to draw strong conclusions because often the interests of both local voters and teacher unions are similar. Some degree of standardization of education regulations and spending are in fact desired by both. And local voters do form a powerful influence on state legislators because of the capitalization effect and because legislators in the United States are elected by geographically contiguous districts. I conclude that local voters still have the most say in public education, though I must concede that there are instances in which producer interest groups do influence what gets done. Localism still thrives, but one cannot ignore its political competitors at the state and national level.

§1.8 Education Reform with Mobility in Mind

The final chapter considers the effect of 15,000 school districts and their desire to conform to a migration-friendly standard on the prospects for educational reforms. The virtue of numerous school districts is that they have to compete for residents. Badly run schools repel would-be residents. But so do nonstandard schools, even if they are well managed. I demonstrate in Chapter 8 that a realistic reform — a longer school year — is actually undesirable for any small number of districts. Their schedules would get out-of-kilter with the national standard, and property-minded voters would become unhappy. An interchangeable system of schools rewards low-variance in pupil advancement — “no child left behind” — more than increases in average accomplishment. This does not mean that the national system is static, but that advances must necessarily proceed incrementally rather than through great leaps forward. Cuban and Tyack’s “Tinkering toward Utopia” is in this view a prescription for the future as well as a wry description of past efforts for school reform.

If schools are essentially chained to interchangeability, it might seem logical to equalize spending among schools. I examine the results of the natural experiment in this provided by California, whose supreme court ordered equalization of spending per pupil in 1976 and whose voters in Proposition 13 made statewide funding a necessity in 1978. The better-known result of this experiment is that California schools have become more poorly funded on average than those of other states. The lesser-known result is that high-income parents have abandoned the public schools. I use this abandonment as the basis for a general theory of why education spending has to keep pace with average income. The reason is not rising education returns or “conspicuous consumption,” but the need to motivate children to pay attention to the work of education when the opportunity cost of their time rises.

Children have to cooperate in their education, and this cooperation cannot be obtained solely by coercive measures, even if we were capable of it. Children must be enticed to learn, and the enticement must be that school is no worse than nonschool activities. This explains both why
education spending rises with the level of national income — without much measurable increase in education outcomes — and why richer school districts tend to spend more than those with average incomes. In a nation where rising standards of living make it ever more costly to get children’s attention, school spending is like Alice’s Red Queen, who required that Alice run hard just to stay in the same place. School reforms that do not take account of the fact that children need to cooperate in their education are not likely to succeed.

The reform that I offer is one that is contrary to most others. I would make it easier to break up school districts into smaller independent units. Smaller districts provide better education at a lower cost. They are also better assets for their communities, especially if they are aligned with the borders of a modest-sized municipal government. To further explore this idea, Chapter 8 examines in detail one city’s so-far-fooled attempt to create a district for itself. The city of Lakewood, California, is currently served by five separate school districts. Its travails before the California state authorities in charge of school district boundaries suggest that the restraints on district secession are not responses to voters’ preferences.

But there is another side to the story, which is the preferences of residents of the districts from which Lakewood would like to withdraw. They are to some extent bonded to Lakewood schools both by history and neighborhood attachments. It appears that their opposition is at least partly grounded in the social capital that school districts create.

I conclude that school district formation is like marriage and its dissolution. Geographic proximity and the attachments created by child-centered events create strong bonds among neighbors as well as parents. Even dysfunctional relationships are still relationships that ought not to be dissolved lightly. Some dissolutions and reformations, however, are probably mutually advantageous. Relaxing the statewide processes that make it next to impossible to reformulate school district boundaries might be among the more positive steps by which education reform can proceed. School district boundaries need to be taken as seriously by school reformers as they are by market for housing.

My final counsel about mobility and school reform is that a more rigorous national school system may retard labor mobility and thus reduce some of the labor productivity that school reform is intended to enhance. A more rigorous system of education would surely be more specialized, and specialization appears to make it more difficult for students to fit into a new school. American high schools are more specialized than elementary schools. Students take different courses of study — languages, sciences, commercial — and, for the same material, classes with varying levels of rigor, such as advanced placement and honors English or math. The one time a family typically does not want to move is when the children are in high school. It isn’t just that they will be leaving their friends — that’s true for fourth-graders, too. It is that the sequence of specialized courses that high school commits them to are more difficult to locate and fit into in a new school.

One might argue that making elementary schools more rigorous does not have to make them more specialized, since the same material is expected to be learned by all. If the material is more rigorous, though, it seems almost inevitable that there will be more specialization by tracking the quick learners separately from the late bloomers. This will make elementary schools more like high schools, and separating children from their original school will be more difficult.

If national school reform were to reduce family mobility, that would be a cost to the economy and potentially reduce labor productivity. Parents whose children are in school may be more reluctant to take a job in a different state or metropolitan area even if the job uses their accumulated skills better and pays more. The employer who is less able to hire workers from
outside the area will have to settle for the pool of labor already there, and they may not have the same skills, thus requiring a longer training period.

Of course, once the local workers are trained, it is a good thing for the employer that they are less mobile. If the economic world were static, mobility of labor would not matter much. But in a nation where new firms and new technologies require different workers and different skills, labor mobility is a major asset. This may explain why the United States, with its much-criticized school system, actually seems to have higher labor productivity in high-tech sectors. We may not on average have the best-trained workers, but our workers can relocate to jobs that fit the skills they do have. The loose-fitting interchangeability of American schools may not be so great for students, but for their parents, it may enhance their productivity and incomes by making it easier to relocate to better jobs.