



SCHOOL CHOICE, KIWI-STYLE

When New Zealand Abolished School Boards

By Matthew Ladner and Maurice McTigue

FOREWORD

The structure of Manitoba's system of public school governance, in place for most of the last century, continues to lose favour with the public and with key decision-makers. The Mayor of Winnipeg and the provincial Minister of Education have opened a public discussion about fundamental changes to that structure.

They both recommend more centralization, in particular the amalgamation of existing school divisions into larger units. The Mayor, in fact, calls for the consolidation of all Winnipeg divisions and their governing boards into a single entity responsible for the whole metropolitan area. The following discussion presented here points out that another choice is available.

*In New Zealand, the public school system suffered from the same ills that beset ours, weak lines of accountability, high costs, low productivity and declining academic standards. Instead of centralizing and arguably concentrating these problems, authorities decided to move in the other direction. They perceived that school boards were essentially functioning as expensive middlemen, adding little of value and providing a cover for those who really controlled the budgets and standards in public schools. They moved instead to a system of school-based management which allows principals, teachers and parents to make crucial decisions about allocating resources and holds them accountable for results. – **Dennis Owens, Senior Policy Analyst***

THE NEW ZEALAND EDUCATION REFORMS

As in most jurisdictions in North America, including Manitoba, New Zealand was grappling with major policy questions about education, from improving student performance to funding formulas, from charter schools to classroom size. More than a decade ago, New Zealand, a country with a population about the size of the average American state, faced problems similar to those in Canadian public schools, rapidly expanding costs and declining performance. The Kiwis made bold, across-the-board reforms, with positive results.

New Zealand's government had created a massive, unresponsive educational system where parents had little or no influence. The system was failing to meet acceptable achievement levels. There was outright bureaucratic capture, and little or no performance accountability. The system consumed 70 cents of every education dollar, with only 30 cents spent in the classroom. As in Canada, budget figures underestimated these overheads; what were officially described as "administration costs" represented a convenient fiction.

The New Zealand government administered education through a highly bureaucratic structure. The Ministry of Education, the central body that answered to the federal government, made all of the rules and controlled expenditures with prescriptive regulations. It determined the curriculum, how it would be taught, and how performance would be measured. In every region, the ministry established Boards of Education to whom it delegated limited power.

Since reforms were implemented, about 67 cents of each education dollar is now spent in the classroom, more than double the previous amount. Parents play the dominant role in the educational choices for their children. Learning has improved, and classroom size is down.

Education continues to be fully funded by the central government from general income and consumption tax revenues. Every child is still entitled by law to a tax-supported education until completing secondary school. Little else remains the same.

THE MIDDLEMAN STEPS OUT

Comprehensive reform in New Zealand reversed the top-down style of governance. All Boards of Education have been eliminated. Boards of Trustees have been established for each school. Parents of the children at that school run for election to boards, which are unpaid positions. The Trustees deliver accountability directly into the hands of the parents. The Board of Trustees makes all spending decisions, and has full responsibility for what happens at their school.

The Board of Trustees writes the Charter for their school, and is bound by and accountable for achieving its goals. The Charter can only be changed after a consultative process with the parents.

The role of the Ministry has been changed to that of the body that passes to the Board of Trustees a block of money determined by a formula based on the number of students at the school. It is also responsible for auditing school performance against its Charter requirements. Reflecting its new role, the Ministry was reduced to about half its former size.

Because education is the most important influence on a child's future, next to parenting, New Zealanders participated in a significant debate over parental rights regarding education. They decided that parents have an absolute right to choose the school at which their children will be educated. The consequence: good schools with good teachers get more students, less capable schools with less capable teachers get fewer students, which means that less money and fewer teachers are employed at that school.

Private schools may get state funding equivalent to public schools. To do so they must make an application to the Minister of Education to integrate. This process requires them to prove their buildings, grounds and facilities meet code standards. About 15 percent of all schools are private, and to date about 90 percent of these schools have integrated.

Once integrated, private schools have the right to maintain their special character (normally religious education and ethics), though they must teach the core curriculum and be open and actively teaching the students for a prescribed number of days each school year. For this they get identical funding to public schools, including capital funding. They may compete to educate any children. This process started in the 1970's, and is now non-controversial.

The elimination of bureaucracy freed up large quantities of money, and the national government decided that all of it would remain a part of education spending. This decision allowed major investments in classroom technology, a significant investment in teaching aides and bringing all maintenance projects up to date.

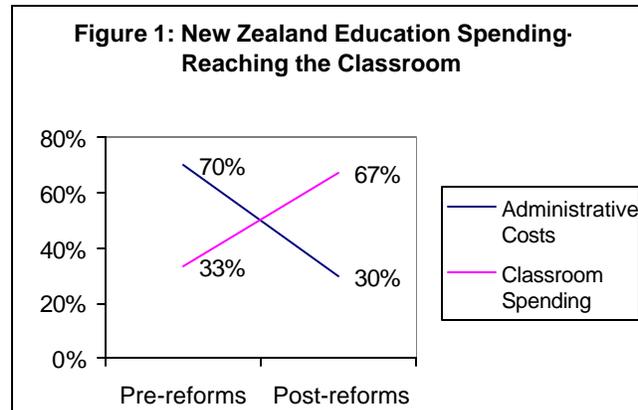
IMPROVED TEST SCORES VALIDATE THE REFORMS

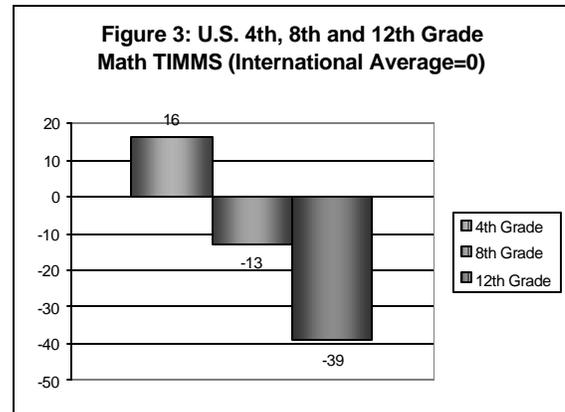
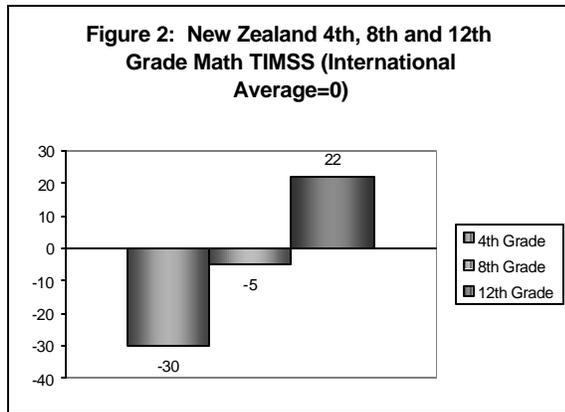
The Third International Mathematics and Science Examination gave international achievement tests to samples of students in multiple countries. Students were tested in the 4th, 8th and 12th grades. The figures below present 1995 mathematics achievement scores for the United States and New Zealand compared to the international average.

Achievement scores are influenced by a variety of factors other than the quality of schools. For instance, New Zealand introduces mathematics and science into the curriculum at later grades than is commonly the case. Although this curriculum severely handicaps the performance of New Zealand's 4th grade students on international exams, it is ultimately of no real consequence.

The influence of school quality, however, increases as a student spends more time in the school system. Idiosyncratic factors have largely played themselves out by the graduating year. The 12th Grade tests are ultimately more important than earlier ones, reflecting the quality of skills held by students entering college and the workforce.

The 1995 Mathematics TIMSS exams reveal that New Zealand 4th graders start 30 points below the international average, but they quickly catch up, with 8th graders being only 5 points below the international average, and 12th graders scoring 22 points above the international average. Obviously, once mathematics has been introduced, the lessons are learned well in New Zealand.





Unfortunately, North American scores show the opposite pattern. While American 4th graders score 16 points above the international average, American 8th graders score 13 points below the international average. Finally, American 12th graders scored 39 points below the international average. Evidently, the longer American students spend in our schools, the further they fall behind students from our competitor nations. Canadian test results are only marginally better.

WHAT ABOUT THE CRITICS?

Defenders of the status-quo in North America sometimes venture overseas to misrepresent how school choice works abroad. A recent book on New Zealand is a classic of the genre. Can school reformers here learn lessons from the history of school reform in New Zealand? Undoubtedly yes, but they should take care to get their facts straight first. *When Schools Compete: A Cautionary Tale*, by American authors Edward Fiske and Helen Ladd, provides an overview of education reform in New Zealand which seems selective at best and deceptive at worst. Worse still, the authors have attempted to apply “lessons” from New Zealand to reform proposals here while misinterpreting what lessons we should actually draw.

As an exercise in comparative politics, the book is interesting. Fiske and Ladd begin by rightly noting that New Zealand roughly compares to a median American state, say, Kentucky, and that New Zealand has minority populations, primarily Maori and Pacific Islanders, who are less prosperous on average than the majority Caucasian population. The authors also note that New Zealand has been experimenting with neo-liberal education policy reform longer and more thoroughly than any of our states, suggesting that we may have things to learn from the Kiwi experience.

The authors spent five months in New Zealand examining the new competitive culture of the New Zealand education system and note repeatedly that the reforms enjoy a great deal of public support in New Zealand that make it very unlikely that they will be repealed, a fact that seems to have been under-appreciated. Nevertheless, the authors raise concerns that they ultimately find troubling for competition-based models of education reform in general.

First, the authors empirically establish a tendency among Kiwi parents to favor schools with higher income students than those with lower income students. From this, they raise concerns about an increase in economic segregation in New Zealand schools. This problem was initially exacerbated by enrollment regulations allowing schools operating at capacity to draw up their own criteria for enrollment. This enrollment regime may have allowed highly sought after schools to “skim the cream” among applicant families by allowing schools to accept only desirable students. The result of this, the authors argue, is that the parental choice plan in New Zealand degenerated into a school choice plan in which the schools did the choosing rather than the parents.

This claim of skimming serves as the crux of the book’s argument. In a radio interview promoting the book, the interviewer asked Fiske and Ladd whether Americans hadn’t anticipated the potential “skimming” problem. The interviewer noted that charter schools, for instance, typically require random admission procedures for charter schools. The answers provided by the authors seem telling. First Fiske responded: “You would probably not be able to sustain that under a voucher system where you were allowing students to go to private or religious schools because they would certainly not surrender the right to determine who their students would be.”

Then Ladd followed: "Nor could you maintain that [random admission policies] if charter schools became the norm in contrast to representing schools on the fringe of the traditional education system."

These statements may reflect the political agendas of the authors, but they do not reflect the reality of North America's experience with choice. The degree of "skimming" in New Zealand is open to differing interpretations. For instance, many schools sought to specialize after the advent of competition, not unlike themed charter schools in the United States and Alberta, the only Canadian province that allows charter schools. Some specialized in music or the visual arts, others in science; some targeted children with above average intelligence, others focussed on the handicapped. A number of schools in New Zealand chose to specialize in Maori culture. Maori families who send their children to Maori-themed schools might create the appearance of "skimming" and segregation, but it would be quite a stretch to describe such choices as undesirable.

Leaving such considerations aside, the ultimate importance to North American readers involves the applicability of the New Zealand experience to Canada and the United States. There is no need to speculate on how voucher programs would operate with regard to "skimming" because there is plenty of empirical evidence. Private schools have accepted random lotteries for admission of students. Publicly funded voucher programs in the United States, for example, have been for the exclusive benefit of very low-income children. The oldest voucher program, the Milwaukee Parental Choice Program (MPCP), for example, serves a student population in which 54 percent of families receive welfare, and with an average income is \$11,600. Single parents head 76 percent of MPCP by a single parent, and more than 96 percent of MPCP students are minorities. The vast majority of publicly and privately funded voucher proposals have been aimed explicitly at low-income children in low-quality public schools.

DOES SCHOOL CHOICE ACCELERATE RACIAL SEGREGATION?

Fiske and Ladd express concerns about racial segregation in their book. Recent studies in the United States, however, have found private schools are actually better racially integrated than public schools, as public schools rely on segregated housing patterns. Whites are typically concentrated in suburbs and minority populations concentrated in urban school systems. Public schools tend to be very segregated because they rely on these segregated housing patterns. Private schools have been found to be less racially segregated than public schools simply because they draw upon students from larger geographic areas. A major inhibitor of greater diversity in private schools is the difficulty of many parents to pay for both public school taxes and private school tuition.

Ultimately, New Zealand has the means to prevent skimming in choice programs, and has already employed them. New Zealand initially chose not to make use of such tools, but promptly changed course. Choice reformers in the United States have already anticipated the possibility of "skimming" and have taken precautions against it.

WINNERS AND LOSERS

Fiske and Ladd ultimately express the most concern regarding choice-based reforms based on the fact that there have been schools that have "lost" in the competitive environment. Fiske and Ladd argue that competition inherently involves winners and losers, and they then proceed to fret about the "losing" schools. The authors either misunderstand the nature of competition, or else they have employed a logical slide. Commentators often describe international trade as "competition" between nations, and economists demonstrated long ago that such competition benefits all participants. Sport leagues involve athletic competition, but no one proposes eliminating baseball or soccer games because individual games produce a victor. The idea behind athletic competition, and indeed the reason such competition is included as a part of schools, is that the process of competition will improve and benefit all participants.

Fiske and Ladd argue that competition has not improved schools losing enrollments as a result of the reforms. Many of these "defeated schools" serve primarily low-income and disproportionately minority populations. The main failing of the book, however, is that the authors fail to muster any evidence whatsoever that the children in these schools have in fact suffered the least bit of harm. The authors express concern about the plight of schools unsuccessful in keeping their enrollment up, when in fact it is entirely possible that the children in those schools are learning more than they otherwise would have. This is a key empirical question, and a difficult one to address in the absence of a national testing program. The authors, however, fail to examine testing data that is available, such as international proficiency tests. Had the authors examined such information, they would have found an academic record that any jurisdiction in North America would be thrilled to have (see Figures 2 and 3 above). Likewise, a politician in North America who managed to more than double the amount of school spending that reaches the classroom, while reducing bureaucracy, would be hailed as a hero (see Figure 1 above). New Zealanders can take pride in such a record. While the authors

imply that some students have been harmed by the reforms, they fail to present even the smallest bit of evidence to that effect.

THE LESSON: MAKE SCHOOL CHOICE UNIVERSAL

Ironically, the cautionary lesson to be drawn from the New Zealand experience is to avoid school choice programs that include only public schools. The key problem with the New Zealand program lies in the fact that the government retained ownership over school facilities, and has been reluctant both to spend money expanding popular schools and to close unpopular schools. This is a problem for those who argue for keeping choice within the realm of public schools, not for those advocating full school choice. Such political considerations interfere with the functioning of the education market in New Zealand, but would be less of a problem under a full choice program. Private and charter schools in the North America can and do open, expand and close their doors, free of considerations about government capital support.

The “cautionary tale” the authors see for competition models is the fact that some schools will gain students while others will lose them under competition. The authors, however, acknowledge that many of the schools having difficulty under the reforms are the same schools that had trouble under the previous centralized regime. The authors have therefore mistaken a real gain of the reforms for a problem. New Zealand schools esteemed by parents have grown, while unpopular schools have shrunk. What this means is that fewer Kiwi children today attend schools which parents regard as being of relatively low quality than was the case before the reforms. This is a victory to be celebrated rather than a failure of the reforms.

CONCLUSION

Although not without its imperfections, school reform in New Zealand has, as stated earlier, been quite successful, and is supported by a substantial majority of the population. Individual schools have much more control over the style and content of their offerings, and budget decisions reflect the values of educators and parents instead of the needs of politicians, bureaucrats and teachers' unions.

Post-reform, the proportion of resources dedicated to front-line educating in New Zealand has doubled, while administrative layers have been peeled away. This change in priorities is reflected in New Zealand's improved ranking in international test scores. If Canadians want to match this record, they ought to consider abolishing school boards, not making them larger and more powerful.

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