NATIONAL CENTER FOR POLICY ANALYSIS

# Executive Alert®

VOL. 15, NO. 1 ALL THAT'S NEW IN THE WORLD OF IDEAS JANUARY/FEBRUARY 2001

## IN THIS ISSUE



*Texas's Senators Phil Gramm and Kay Bailey Hutchison pause at the NCPA Chairman's Club Conference at Rough Creek Lodge in Glen Rose, Texas.* **See E2 - E3.**

## Gains from Small Classes Are Small

Teachers' unions and various political leaders are pushing for smaller class sizes, but research in Wisconsin finds that reducing class sizes does not always provide identifiable achievement benefits. Moreover, when smaller classes do help raise student achievement, the greatest gains tend to occur only in certain grades and for particular populations of students. In addition, achieving these results necessitates an immense and continual cost to taxpayers.

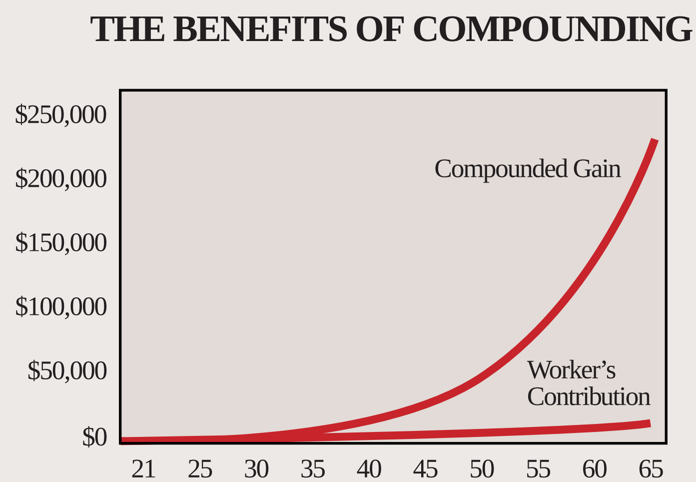
Wisconsin began SAGE (Student Achievement Guarantee in Education) in the 1996-97 school year as a pilot program in 30 schools serving predominantly low-income students. The program has expanded rapidly, and all schools now can participate, regardless of their poverty rate. The program primarily focuses on reducing class sizes to 15 students per teacher in kindergarten through third grade.

Thus far, only the positive effects of the program have been disseminated to the public. However, the effects of class size reductions have not been as significant as is commonly argued and assumed.

- Smaller classes produced consistent gains in student achievement in the first grade — and that almost entirely among African-American students.
- Smaller classes had minimal or no impact on student achievement in the second and third grades.
- Although African-American students showed gains from being in smaller classes in the first grade, there was virtually no gain in smaller second and third grade classes.
- Smaller class size in any grade appeared to have no effect on non-African-American students, who constitute the majority of students in SAGE.

These results suggest that implementing smaller classes only in the first grade and only in high-poverty schools would produce nearly the same results now experienced, but at far less cost. In the 2000-01 school year, the state will spend approximately $58 million on SAGE, while also receiving $22 million in aid from the federal government's class-size reduction program.

*Source: Thomas Hruz, "The Costs and Benefits of Smaller Class Sizes in Wisconsin," September 2000, Wisconsin Policy Research Institute, P.O. Box 487, Thiensville, Wis. 53092, (262) 241-0514.*




*Assumes $500 per year invested beginning at age 21, earning 8%.*
*Source: Author's calculations.*

## Facts about Social Security

A number of myths and half-truths cloud the ongoing dialogue about Social Security. Here are some facts.

**Fact #1: The System Is in Trouble.** Social Security is structured as a pay-as-you-go system. That means today's workers pay the benefits for today's retirees. In 1940, there were 42 workers per retiree. Today there are three. By 2040 there will be only two. This means higher taxes for future workers.

**Fact #2: The Social Security Trust Fund Cannot Pay Benefits.** The trust fund only exists to perform a record-keeping function. Technically, it holds interest-bearing bonds that represent the accounting surplus of payroll taxes collected minus benefits paid. But the only way the Treasury can redeem them is if it first collects taxes or borrows money.

**Fact #3: Benefits Are Not Guaranteed.** In two major cases, Helvering v. Davis (1937) and Flemming v. Nestor (1960), the Supreme Court ruled that individuals have no legal claim to Social Security. As a result, Congress can reduce Social Security benefits at any time. Indeed, it already has by raising the retirement age (leading to fewer benefit checks) and imposing a special tax on benefits. Workers have no projected right in Social Security benefits simply because they have paid Social Security taxes.

**Fact #4: Social Security Is a Poor Investment.** In general, workers born before World War II paid significantly less in taxes than they will receive in benefits — and can expect a higher rate of return than subsequent generations. By contrast, baby boomers can expect a rate of return of less than 2 percent, and Generation Xers can expect less than 1 percent. Children born today can expect a rate of return from Social Security of almost zero, assuming that the program can pay full promised benefits.

**Fact #5: Reform Works.** A system that divorces us from the pay-as-you-go system, such as one with personal retirement accounts, could provide future retirees with a benefit that could provide them choice, control and security in their retirement, while protecting the government's long-term solvency.

*Source: Matt Moore, "Facts about Social Security," Brief Analysis 341, September 26, 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.*

## The Power of Compounding

Albert Einstein is reputed to have called compounding of interest the greatest mathematical discovery of all time. Compounding is a powerful force that can work for savers or against consumers who carry a credit card balance.

If younger workers were allowed to designate a prudent investment fund in which to deposit a percentage of their Social Security payroll taxes, through the magic of compounding they would have a much larger monthly income during retirement — or an account balance that could be passed on to their heirs.

Savings set aside for retirement in a 401(k) account, for instance, earn interest both on the amounts contributed and on the interest or earnings that are reinvested. In the same way, consumer credit card debt can take years to pay off because consumers who don't pay off their cards must pay interest on both the amounts they charge and on the unpaid interest owed.

Compounding can result in huge growth in a long-term investment such as retirement savings. For example:

- A young worker who invests $800 each year in a retirement account, beginning at age 24, and earns 8 percent a year will have contributed a total of $34,400 by the time he retires at age 67; but the whole investment will have grown to $284,760.

- If the employer matches the worker's contribution, the account will have $569,520 at retirement.

Allowing workers to invest part of their payroll taxes in personal retirement accounts could avert the need for the government to substantially raise taxes or cut benefits in the future to meet Social Security commitments.

*Source: Matt Moore, "The Power of Compounding and Social Security," Brief Analysis No. 343, October 12, 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.*

## Social Security and Race

Social Security is a system in which people pay taxes during their working years and get back benefits in return. However, there are significant differences in how the system affects racial groups.

The Private Enterprise Research Center at Texas A&M University has calculated these differences for individuals born in different years based on their sex, race and marital status. The calculations consider all possible life spans and associated streams of tax payments and Social Security benefits. The expected outcome from participating in Social Security is the sum of all potential outcomes, each weighted by its probability of occurring.

In general, people who are currently working can expect to receive less in Social Security benefits than they have paid in payroll taxes. Whites will have a greater net lifetime loss than blacks from participating in Social Security. For example:

- A 20-year-old black male entering the workforce today can expect to pay $40,979 more in Social Security taxes over his lifetime than he receives in benefits (where both taxes and benefits are expressed in current dollars, measured at a 4 percent discount rate).
- By contrast, a 20-year-old white male can expect to pay more than one-third more in taxes ($84,891), receive almost twice as much in benefits ($40,060) and experience a slightly larger net lifetime loss ($44,831).

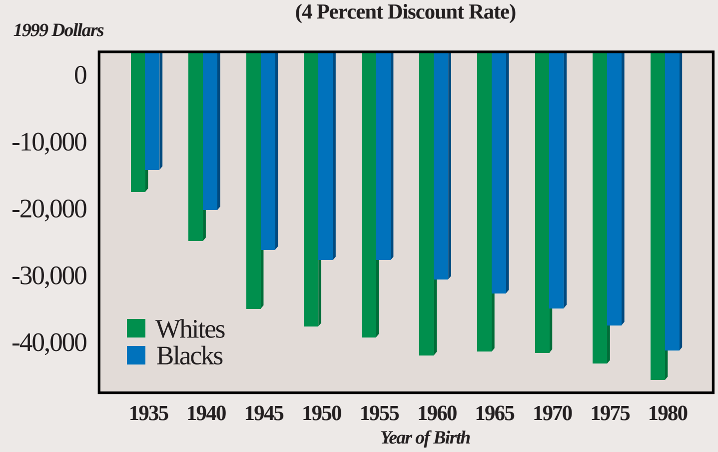
The expected losses for women entering the labor market today are smaller than for men, although they are larger for white women than for black women.

- A black female entering the labor market at age 20 can expect to pay $31,913 more in taxes than she will get back in benefits.
- A 20-year-old white female can expect to pay $34,920 more in taxes than she will get back in benefits.

These racial disparities are the outcome of two counteracting factors: one that favors blacks and one that favors whites. On the one hand, black workers are disadvantaged by the fact that they have a higher mortality rate at every age. On the other hand, the lifetime earnings of a young black worker are only 78 percent of those of his white counterpart, on the average. And since Social Security's benefit formula favors lower-income workers, it rewards the average black retiree's contributions more than the average white retiree's contributions, other things equal.

**NET PRESENT VALUE OF SOCIAL SECURITY FOR SINGLE MEN BY RACE**

**(4 Percent Discount Rate)**




*Source: National Center for Policy Analysis.*

Although whites typically do worse than blacks when measured in terms of present values, whites do better than blacks when measured in terms of rates of return (the benefits received for Social Security taxes paid). On average:

- The rate of return on Social Security for a white male is 1.8 percent and for a black male 0.7 percent.
- The rate of return for a white female is 2.2 percent and for a black female 1.7 percent.

Why do whites do better from a rate of return perspective but worse when measured by present value? Both white and black workers receive a return well below what could be earned on alternative investments, so both sets of workers lose money. However, the present value loss for the average white worker is greater because he is forced to "invest" more dollars in the system.

Social Security's survivors benefits and spousal benefits make all of these numbers look better — particularly if the workers are married to spouses who never work. For example, a nonworking wife is entitled to a spousal benefit equal to 50 percent of her husband's benefit and, if she survives him, 100 percent of his benefit for the remainder of her life. In this case, Social Security is a better deal, but still not a good one. For 20-year-olds in this case, the net lifetime loss is about $14,000 for both races.

Of course, in today's labor market it is increasingly rare to find women who never work. At the time of retirement, these women can claim a benefit based on their own taxes, or a spousal benefit based on their husbands' taxes, whichever is higher — but not both. Since they are entitled to the spousal benefit anyway, women who choose this option get nothing in return for the payroll taxes they have paid.

In general, older generations are receiving reasonable rates of return from Social Security, especially among couples with dependent spouses. For example, married men with nonworking wives retiring at age 65 today can expect a rate of return of 4.43 percent for blacks and 4.35 percent for whites. But almost all future retirees will, on the average, have worse rates of return than they would have received if their tax payments had been privately invested.

*Source: Liqun Liu and Andrew J. Rettenmaier, "Social Security and Race," NCPA Policy Report No. 236, December 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.*

## Changing Family Structure

In 1998, for the first time since the Census Bureau began recording fertility information, families with children in which both the husband and wife work became the majority of all married-couple families. Fifty-one percent were in this category, compared with only 33 percent in 1976. Moreover, 55 percent of these dual-income couples had annual incomes of $50,000 and over, compared to 40 percent of the single-income couples.

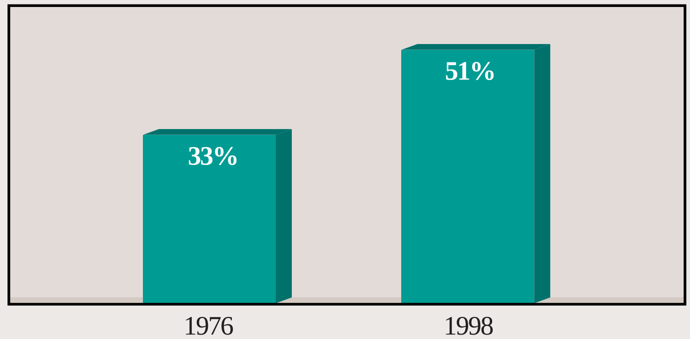
The tax code has not kept step with the changing composition of families, many of whom have moved into tax brackets once reserved only for the "rich." For example:

- The threshold for entering the top 25 percent of all taxpayers — who pay about 83 percent of all income taxes — is $50,607.
- Based on Bureau of Labor Statistics earnings surveys, a married couple consisting of an average-paid kindergarten teacher and an entry-level firefighter would easily find themselves within the top 25 percent of taxpayers.
- Should the teacher become an assistant principal and the firefighter become an assistant fire chief, their combined income of $97,106 would easily put them in the top 10 percent of all taxpayers (those earning $83,200 or more).
- They would not be far from the $114,729 threshold that would put them into the top 5 percent.

Most of these families would consider themselves solidly middle class, and are thus surprised to learn that they earn too much to be eligible for many proposed "targeted" tax cuts.

*Source: Scott A. Hodge, "Tax Law Meets Moore's Law," **Tax Features**, October 2000, Tax Foundation, 1250 H Street, N.W., Washington, D.C. 20005, (202) 783-2760.*

**PERCENT OF FAMILIES WITH CHILDREN IN WHICH HUSBAND AND WIFE WORK**




*Source: Census Bureau.*

## Top Earners Earn More, Pay More Taxes

The top 1 percent of American income earners (those with adjusted gross incomes over $269,496) earned 18.5 percent of the nation's adjusted gross income and paid 34.8 percent of all federal individual income taxes in 1998, according to preliminary data released by the Internal Revenue Service. A year earlier, the top 1 percent earned 17.4 percent of income and paid 33.3 percent of income taxes.

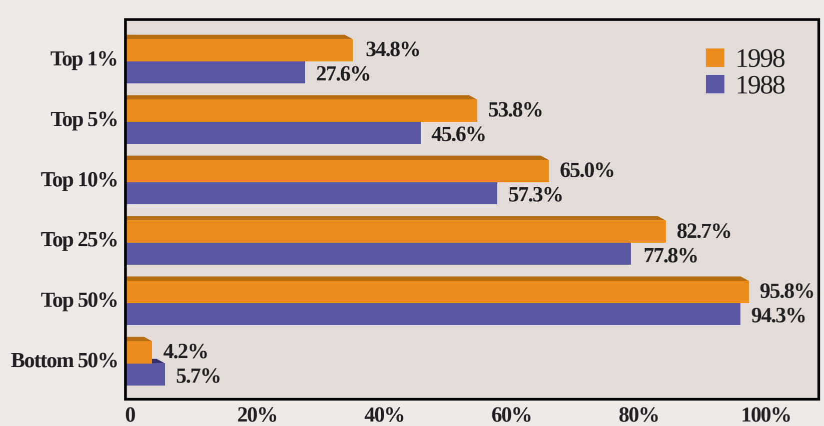
The bottom 50 percent of earners (those with adjusted gross incomes below $25,491) earned 13.7 percent of all income and paid 4.4 percent of all income taxes in 1998.

- The top 5 percent of earners (those with adjusted gross incomes over $114,729) earned 32.9 percent of income and paid 53.8 percent of income taxes..
- The top 10 percent (those with adjusted gross incomes over $83,220) earned 43.8 percent of income and paid 65 percent of income taxes.
- The top 25 percent (those with adjusted gross incomes over $50,607) earned 65.6 percent of income and paid 82.7 percent of income taxes.

The top income earners pay a significantly greater portion of federal individual income taxes than they did a decade earlier. Further, the top 5 percent paid a larger fraction of the tax burden in 1998 than the top 10 percent paid in 1985. Two factors have caused this shift: the tax code's progressivity and rapid income gains at the upper end of the spectrum.

*Source: Patrick Fleenor, "Distribution of the Federal Individual Income Tax," Special Report No. 101, November 2000, Tax Foundation, 1250 H Street, N.W., Washington, D.C. 20005, (202) 783-2760.*

**WHO PAID INCOME TAXES, 1998 AND 1988**




*Source: Tax Foundation.*

## Benefits of Alien Species

Professional ecologists are appalled at the spread of nonnative forms of life to new areas. They want international controls to prevent the spread of all "invader species." David Pimentel, an ecologist from Cornell University, estimates that the 50,000 nonnative species in North America cost the economy $137 billion annually. But other scientists say the benefits of alien species should be weighed against the costs.

- For instance, 99 percent of crop plants in the U.S. are nonnative — and so are all of our livestock except turkeys.
- On the other hand, 60 percent of insect pests are native species.

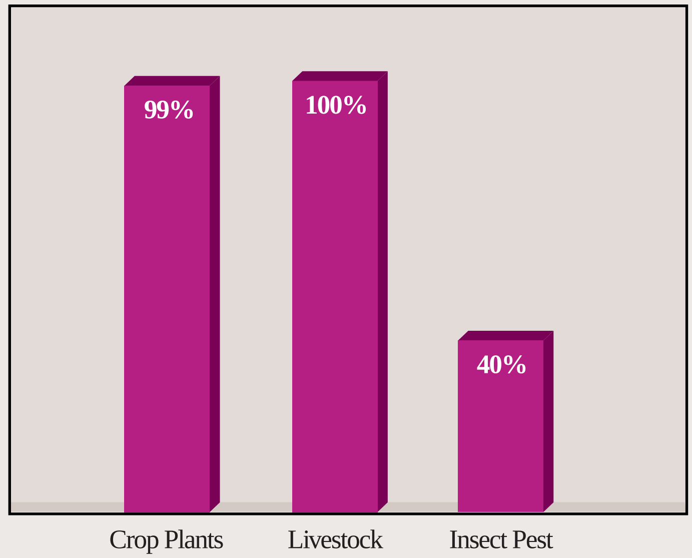
The introduction of new species into an ecosystem tends to raise the total number of species living there — increasing rather than decreasing biodiversity. A case in point is the zebra mussel, introduced into the Great Lakes via discharged ballast water from European freighters. The University of Maryland's Mark Sagoff, who has worked with the state's Sea Grant program, points out the benefits from the mussels.

- In the Great Lakes, the zebra mussels were found to strain algae and nutrients like fertilizer runoff, and play a significant role in improving water quality by clearing the lakes of polluting organic matter.
- The U.S. Geological Survey reported that water quality in Lake Erie improved dramatically after the introduction of the zebra mussels, and was four to six times better than it was before by some measures.
- The increased water clarity allows more light to penetrate deeper and support more aquatic plants that provide food and habitat for native fish and ducks.

Opponents of allowing any alien species into the United States counter that it costs $200 million a year to clear zebra mussels from municipal and city water-intake pipes, boat hulls and docks.

*Source: Ronald Bailey, "Bio-Invaders," **Reason**, August-September 2000.*

**PERCENT OF SPECIES NOT NATIVE TO U.S.**




** The turkey is the only exception.*
*Source: **Reason** Magazine.*

## Plastic and Health Care

In their ongoing campaign against chlorine-based chemical compounds, Greenpeace and a coalition of environmental activists called Health Care Without Harm are seeking to limit or prohibit the use of plastics called polyvinylchlorides (PVCs) in medical products.

There is no evidence of adverse effects from medical use of PVCs, confirmed by five to seven billion patient days of acute exposure over more than 40 years. It is also confirmed by one to two billion patient days of chronic exposure (such as patients receiving dialysis). In fact, PVC is the only flexible material approved by the European Pharmacopoeia for lifesaving medical devices, and it is also approved by the U.S. Food and Drug Administration.

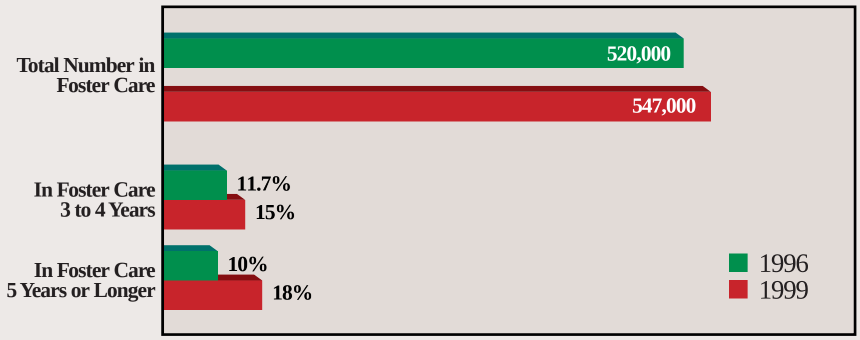
Since there is no evidence of harm, the only reason to ban PVCs is "just to be on the safe side." But what are the trade-offs? What beneficial products will we lose? What new risks will emerge from substitutes?

- In the United States, 25 percent of all medical devices made with plastic use PVC — including flexible tubing, intravenous bags, catheters and protective gloves.
- Vinyl medical products are particularly important for blood storage, with 12 million units of blood collected in PVC blood bags each year in the U.S.
- The shelf life of red blood cells is doubled when stored in vinyl bags.

Alternative products are more expensive, less effective or untested. But the activists essentially call for a standard that requires proving there is "no risk" from a product before it can be used and for withdrawing existing products whenever anyone expresses a concern, regardless of the impact on health care.

*Source: Bill Durodie, "Poisonous Propaganda: Global Echoes of an Anti-Vinyl Agenda," July 2000, Competitive Enterprise Institute, 1001 Connecticut Avenue, N.W., Suite 1250, Washington, D.C. 20036, (202) 331-1010.*

## MORE CHILDREN IN FOSTER CARE




*Source: Reason Public Policy Institute.*

## A COMPARISON OF COSTS BETWEEN WELFARE AND CHILD WELFARE

| *Program* | *Federal Government* | *Federal and State Combined* |
|---|---|---|
| Welfare | $1,102 | $2,499 |
| Child Welfare | $11,698 | $21,092 |

*Source: Mark E. Courtney, "The Costs of Child Protection in the Context of Welfare Reform," in* ***The Future of Children****, Vol. 8, No. 1, Spring 1998.*

## Costly Foster Care

While enrollment in the cash-assistance program formerly known as Aid to Families with Dependent Children (AFDC) has fallen 50 percent over the past six years — to fewer than 2.5 million families — little attention has been paid to a much more costly program: child welfare.

■ In 1995, the federal government spent about $11,698 per child in foster care, compared to only $1,012 for each person receiving welfare benefits.

■ Factoring in what the state pays puts the average total cost at $21,092 per child in foster care versus $2,499 for each person receiving welfare benefits.

Much of the money goes to group care, to administrative costs and to child protection workers. But anyone who cares for a foster child is paid a monthly stipend, which varies from state to state. Generally, the stipend is more generous than a monthly welfare check. Once a child is placed in foster care, social workers must decide the best plan for that child.

■ For 41 percent of the children, the recommendation is for them eventually to return home.

■ The average length of stay in foster care is just under three years and 18 percent are in foster care for five or more years.

■ Currently 27 percent of all foster children are placed with a relative, and such placements are not subject to time limits for return home or adoption.

■ But one study suggests that more than 30 percent of children sent back home to their families eventually reenter foster care because of further abuse or neglect.

*Source: Susan Orr, "Children under Government's Wing: Not Much Protection," Insight No. 223, July 21, 2000, Family Research Council, 801 G Street, N.W., Washington, D.C. 20001, (202) 393-2100.*

## Child-Welfare Reform

The federal Adoption and Safe Families Act of 1997 was designed to give states incentives to expedite adoptions, plus more flexibility to conduct child-welfare demonstration projects and to ensure safety for children. However, the child-welfare statistical picture now looks worse than it did before 1997.

■ The number of children in foster care grew from about 520,000 in 1996 to 547,000 by March 1999.

■ Whereas in 1996, 11 percent had been in foster care for three to four years and 10 percent for five years or longer, by March 1999, 15 percent had been in foster care for three to four years and 18 percent for five years or longer.

■ The number of children legally available for adoption grew from approximately 54,000 in 1996 to 117,000 by March 1999.

Several states have been exploring privatization of services like foster care, adoption and family preservation programs to improve performance among people administering child welfare, reduce caseloads and set clear and measurable goals. Although none of the privatization models has been without difficulties, they have provided lessons to communities that want to repair their child-welfare systems.

Adoption has been the most successful and least controversial component of child-welfare privatization. Child-welfare agencies are often so busy investigating child-abuse, placing children in foster care and providing services to families that they have few resources left to find adoptive families. By contrast, private and nonprofit agencies can focus all of their attention on finding adoptive families, especially when contracts are structured to reward the swift placement of children available for adoption.

*Source: Lisa Snell, "Child-Welfare Reform and the Role of Privatization," Policy Study No. 271, October 2000, Reason Public Policy Institute, 3415 S. Sepulveda Boulevard, Suite 400, Los Angeles, Calif. 90034, (310) 391-2245.*

## Defined Contribution Insurance

For more than 50 years, employers have been the main providers of health insurance coverage for Americans. Despite the growth in employer-sponsored coverage, most health care spending continued to be paid out of pocket prior to 1965. But this changed dramatically with the creation of Medicare and Medicaid.

- In 1960, most health care spending was paid out of pocket - $13.1 billion (55.5 percent) out of a total of $23.6 billion.
- By 1980, after the creation of Medicare and Medicaid, only 27.8 percent of total health care spending was out of pocket.
- By 1998, out-of-pocket spending had diminished to 19.6 percent of the total.

The system of third- and fourth-party payment has distorted the economics of health care. Consumers are so far removed from the financial consequences of their decisions that costs have risen dramatically. Working people whose employers do not provide coverage are doubly disadvantaged, paying prices inflated by employer and government subsidies but getting no subsidy themselves. The uninsured and those who purchase individual coverage receive the least support of all in our system.

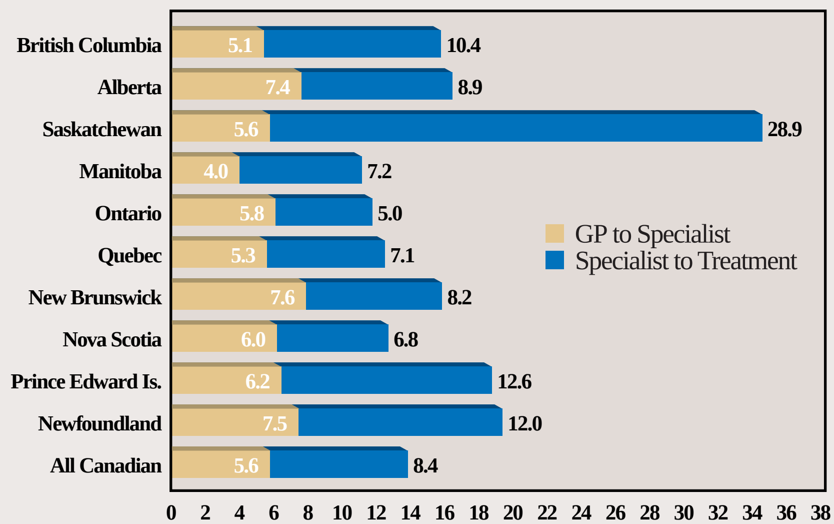
For the past 25 years, employers have wrestled with the consequences of this inflationary system, trying all kinds of changes. The changes have had some success in holding down costs, but the effects usually are short-lived. And they have created resentment on the part of employees who feel that needed services are being withheld. At the same time, employees have little sense of what health care benefits cost.

Now employers are concluding that it is far easier simply to pay out cash than it is to divert the funds into benefits. If they can find a way to do so while retaining the productivity advantages of health benefits, they will have a win/win situation. This is what Defined Contribution health insurance is all about. Ultimately, employers will be able to simply write the checks for coverage — much as they write the checks for payroll. But the money will be available solely for the purchase of health insurance, so the productivity issues are addressed.

Moving to defined contribution plans would empower health care consumers, making health insurance "personal and portable." As with pension programs, defined contribution would let workers "own" their own policies. They would no longer "borrow" the coverage from their employer or lose it once the employment stops. A number of changes in federal tax laws would need to be made, and the exact details of such proposed plans are being developed.

*Source: Greg Scandlen, "Defined Contribution Health Insurance," Policy Backgrounder No. 154, October 26, 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.*

**WEEKS PATIENT WAITED FROM GP REFERRAL TO TREATMENT**
**(1998)**




*Source: Fraser Institute, annual waiting list survey, 2000.*

## Canadians Waiting Longer For Treatment

Patients in Canada waited longer for surgical and other therapeutic treatments in 1999 than in previous years, according to the Fraser Institute's 10th annual survey, "Waiting Your Turn: Hospital Waiting Lists in Canada. "

Under Canada's government health care system, there are no user fees, and crucial medical resources are priced and allocated by provincial governments. Thus Canada rations medical care by limiting access, in the form of queuing for treatment. Patients must first visit a general practitioner for a referral to a specialist, wait to see the specialist, then wait again for treatment.

Fraser Institute researchers surveyed 2,315 physicians in 12 different specialties to determine average waiting time by province and type of treatment.

- Total waiting time between referral from a GP and treatment rose on average from 13.3 weeks in 1998 to 14 weeks in 1999, a 5.3 percent increase.
- Total waiting time increased in eight provinces and decreased in Manitoba and Ontario.
- The shortest average total waiting time was 11.2 weeks in Manitoba, and the longest was 34.5 weeks in Saskatchewan.
- Waiting times have increased 51 percent since 1993, when the median total wait for Canadian patients to receive treatment was 9.3 weeks.

*Source: Martin Zelder and Greg Wilson, "Waiting Your Turn: Hospital Waiting Lists in Canada (10th Edition)," **Critical Issues Bulletin**, October 2000, Fraser Institute, 4th Floor, 1770 Burrard Street, Vancouver, B.C., Canada, V6J 3G7, (604) 688-0221.*

## Education Entrepreneurs

Despite obstacles to entering the education marketplace, for-profit education companies are expanding and now hold about 10 percent of the $740 billion market. The most difficult sector for companies to enter is elementary and secondary education, where they receive only 5 percent of total dollars spent and government-run schools teach about 88 percent of students.

Still, in pursuit of consumers, for-profit education companies have devised innovative, creative and cost-efficient approaches to meeting the needs of individual students. Entrepreneurs are both working within and competing against the state-run schools with a variety of products and services. For example, they are awarded roughly 10 percent of all charter schools. Among the approaches of for-profit companies that run schools:

- Edison Schools, the largest private operator of public schools, provides students in the second grade or above with computers, has longer and more school days and offers a reading program developed at Johns Hopkins University and a mathematics program from the University of Chicago.

- National Heritage Academies focuses on educating students to be good citizens as well as good students, encourages parental involvement in education and measures results by student performance and parent satisfaction.

- The SABIS School Network, which has schools in other countries, emphasizes the school's global perspective and diversity of its student body; students begin studying another language in preschool.

- Two other education companies, Bright Horizons Family Solutions and Nobel Learning, both started out as for-profit child care providers and expanded their services to school-age children because of parents' enthusiasm for the day-care programs.

Other for-profit companies have developed technologies that have the potential to revolutionize some education practices.

- Scientific Learning Corp. has developed educational software, based on findings from 25 years of brain research, that has been shown to dramatically improve the language and reading skills of children aged 4 through 13, particularly children who have difficulties reading and processing speech.

- Advantage Learning Systems, Inc., provides learning information systems that drill students on their lessons and provide teachers with assessments of student progress.

- TRO Learning, Inc., has designed computer-based educational and training programs to provide adolescents and adults with problem-solving skills that are transferable to the workplace.

The monopoly that government now holds on elementary and secondary education appears to be the fundamental cause of many of its shortcomings. A private, customer-driven system would offer a wider range of services and products so the needs of diverse students could be better met.

*Source: Carrie Lips, "'Edupreneurs:' A Survey of For-Profit Education," Policy Analysis No. 386, November 20, 2000, Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001, (202) 842-0200.*

## Parental Involvement

Research shows that parental involvement in a child's education is a strong predictor of student achievement. Typically, the more involved the parents, the better off the child. Yet the current structure of elementary and secondary schools tend to marginalize parents. In most areas, government assigns children to particular schools, and school boards and bureaucrats control textbooks, curriculum and other central aspects of a child's education.

Studies from school choice experiments suggest that the opportunity to choose can be a powerful engine for parental involvement. Although a universal, customer-driven system has not been tried, sufficient research exists to prove that modified forms of choice such as charter schools, vouchers and private scholarship programs increase parental involvement. For example, compared with Milwaukee's low-income parents and parents from the city's general population, parents with children in the Milwaukee Parental Choice Program:

- Read with or to their children 10 to 15 percent more often;

- Worked with their children on math homework 5 to 10 percent more often;

- Worked with their children on writing or penmanship 10 to 20 percent more often;

- Watched an educational television program with their children 5 to 10 percent more often; and

- Participated with their children in a sports activity up to 10 percent more often.

Other research has shown that parents of children in school choice programs participate more in school activities; believe that their chosen school offers greater safety, discipline and instructional quality than did their previous school; are more satisfied with their children's education; and are likely to reenroll their children in the choice program.

*Source: Philip Vassallo, "More than Grades: How Choice Boosts Parental Involvement and Benefits Children," Policy Analysis No. 383, October 26, 2000, Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001, (202) 842-0200.*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