

# The Free Enterprise Route to Innovation in Education

John Merrifield  
December 29, 2016

We need school choice expansion to change the school choices; to create and relentlessly improve a menu of schooling options as diverse as our schoolchildren. A March, 2003 Milton Friedman e-mail to serial entrepreneur Gary Hoover said achieving that would require unleashing “entrepreneurial initiative.” Only school choice informed and motivated by market-determined prices can do that.

Uniformity arises from the political process because of its appearance of fairness imperative. It’s a noble concept, but debilitating when you need different strokes for different folks. So, as institutions under political control, even the best traditional public schools will fail to engage a significant percentage of its assignees in useful learning; [a well-documented outcome](#) I will briefly explain. Because of inattention to the [roots of the problem](#), that sad fact continues to survive frenzied efforts to improve materials, teachers, and a variety of other factors. Children are very diverse in terms of which instructional approaches and which subject themes will achieve the needed engagement in the learning process for any single approach to achieve even acceptable rates of success with children mostly sorted into schools by attendance zone and into classrooms only by age. The public school system tries to address student diversity by creating options within large, [comprehensive, mall-like campuses](#), [often-impossible differentiated instruction](#), and sometimes with [ability grouping](#) within classrooms. That has created [unmanageable school goliaths](#) and [student alienation](#), and [stressed teachers](#), [but not improved performance](#). Efforts to make that approach to student diversity yield acceptable outcomes will continue, but the evidence is overwhelming in volume and urgency ([‘Nation at Risk’](#)) that policymaking needs to pursue engagement of diverse children in other ways.

My non-ideological premise is that an alternative to the present public policy strategy of different options within [huge mall-like schools](#) is ‘school choice’ from a menu of diverse schooling options, including choices developed through the [entrepreneurial initiative that drives most of our economy](#).

Consider this example of how that process could work for schooling, and why. Suppose that ‘Mom‘ and ‘Dad’ gradually notice their son’s excitement and riveted attention during the sports news, and utter disengagement with the rest of the news. Their son is just doing okay in his assigned public school that targets content and examples to generic children. Dad wonders how much better he would do if only his son was in a classroom (or online setting) that taught math through sports stats, taught science through sports examples, and taught reading and writing through sports stories. Mom says there are probably a lot of kids like their son.

They determine that with some entrepreneurial guile and spirit, the sports-stories-themed school idea that would probably wring much better learning outcomes from their son could be highly successful as a chartered public school, or as a private school if large, universal [tuition vouchers](#), [tuition tax credits](#), or [education savings accounts](#) are available to defray the tuition cost. Private schools struggle to exist, and are rare now and mostly church-run, because it is very tough to sell schooling when it is available from the government for no additional charge beyond taxes you must pay.

The sports-stories-themed school is financially feasible if the school can recruit enough children (be their best choice) so that the combination of public funding and private funding, either from charity or family tuition co-payment, is sufficient to finance the delivery of the promised curriculum. Vouchers, tax credits, and education savings account create genuine school choice by reducing the public finance monopoly of the public school system.

The charter route to specialized schools, such as sports-themed schools, depends on state law (seven states don't allow chartered public schools, and how tough it is to do so varies widely in the other 43 states). And because charter law does not allow tuition co-payments, the viability of an envisioned, innovative school largely depends on whether per pupil costs are below the state's per charter pupil payment. An innovative school may need philanthropic support to meet that requirement; if not permanently, then still temporarily, in many cases, to get through the developmental stages when costs can be especially high. Dependence upon donor support severely limits the potential spread of innovative instructional approaches.

Note that specialized schooling such as sports-stories-themed schools must be schools of choice. You cannot assign children to specialized instructional approaches. Many themes or pedagogies that could engage a lot of children would bore/disengage the vast majority.

Suppose, as a result of a [Nevada-style Education Savings Account](#) program (a \$5100 annual tuition discount), teachers talented and passionate about using sports stories to teach general things like the three r's, and a great location for the school, the school can fill all its seats with a tuition rate way above the cost of delivering the instruction. An owner-entrepreneur will charge 'what the market will bear'. The school's profit is a short-term reward for entrepreneurial risk and wisdom, and it is a magnet for increased investment and competition that will force the tuition price of sports-stories-themed schooling down to the cost achievable by the most efficient schools. That process will discover, reinvent, and fill the highest value instructional niches. That combination of idea-driven enterprise, profit-loss, and price change is what would determine the public-private mix of diverse schooling options on a 'playing field' leveled by tuition tax credits, tuition vouchers, or [education savings accounts](#). Only school choice expansion that unleashes entrepreneurial initiative will do. It's the only route to the relentless, well-targeted innovation every school system needs.