

Economics of the 2024 Presidential Election

Education Policy

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Primer: The Market for Education - Spending

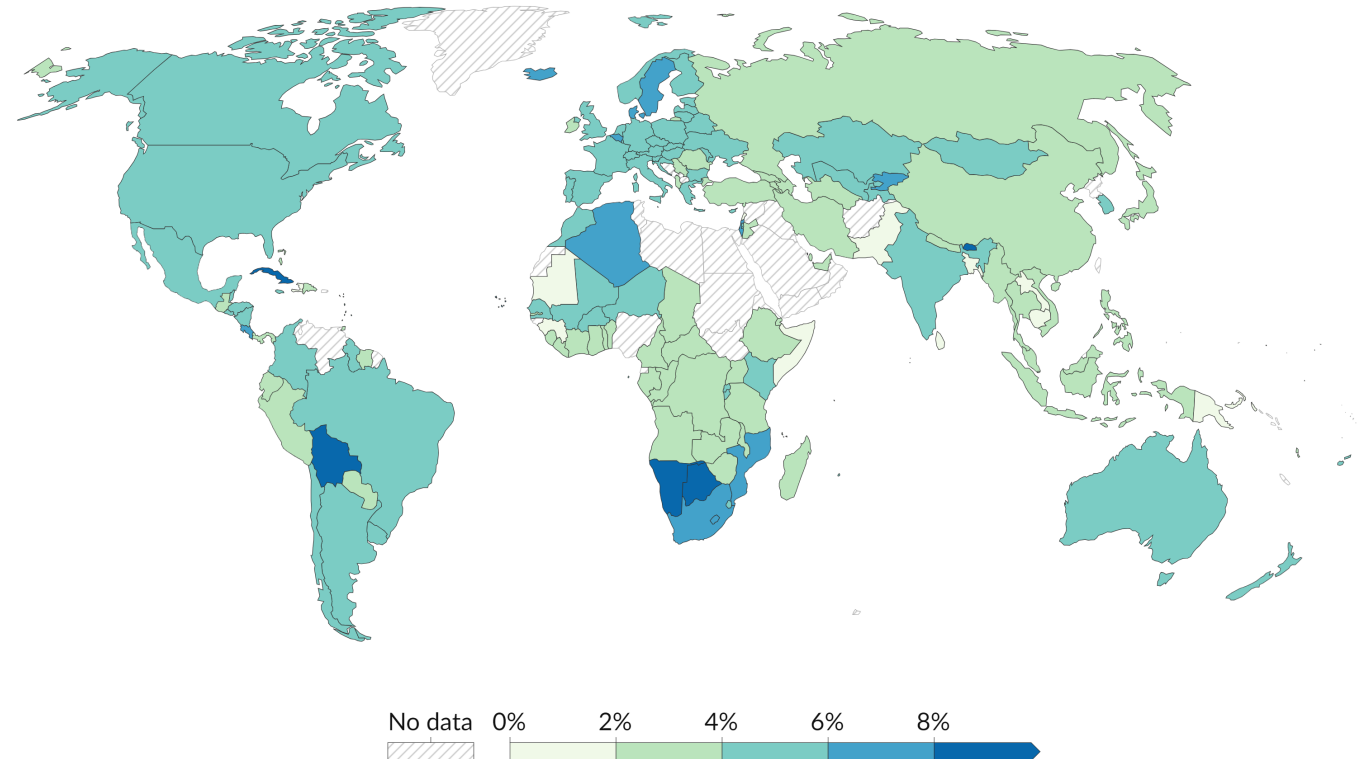
Market for education in the US is large

- 5.4% of GDP
- \$1.4 trillion/year

Public spending on education as a share of GDP, 2022

Total general government expenditure on education (all levels of government and all levels of education), given as a share of GDP.

Our World
in Data



Data source: Our World in Data based on Tanzi & Schuknecht (2000) and UNESCO via World Bank
OurWorldinData.org/financing-education | CC BY

Primer: The Market for Education - Outcomes



US performance compared to other OECD countries

Mathematics

- U.S. average score close to OECD average, but lower than 21 other OECD countries.

Reading

- US scored higher than OECD average.

Science

- US scored higher than OECD average.

Primer: The Market for Education - Theory

US government plays a large role in education markets. **Why?**

- Education generates positive externalities
- Education markets generally not competitive
 - Schools/school districts monopolies (natural monopolies?)
- Education is “embodied”
 - Cannot be traded like cars and houses, so harder to finance with borrowing
- Asymmetric information



Private markets would lead to underinvestment in education

Outline

- Trump Platform
- Harris Platform
- Some Areas of Contention
 - US Department of Education
 - Universal Preschool
 - School Choice
- Open discussion

Trump Platform (donaldjtrump.com)

Platform statement	Core issue(s)
Cut federal funding for any school pushing Critical Race Theory, gender ideology, or other inappropriate racial, sexual, or political content	Curriculum; Title IX regs
Open investigations into schools that have engaged in race-based discrimination, including against Asian Americans	Affirmative action
Pursue potential violations of First Amendment for schools that are hostile to Judeo-Christian teachings	Curriculum
Remove radicals from federal Department of Education (close Dept of Ed?)	Personnel
Veto efforts to weaponize civics education	Curriculum
...	



Trump Platform (donaldjtrump.com)

Platform statement	Core issue(s)
...	
Keep men out of women's sports	Title IX regs
Create credentialing body to certify teachers who embrace patriotic values	Teachers
Abolish teacher tenure for grades K-12 and adopt merit pay	Teachers
Cut number of school administrators, including "DEI bureaucracy"	Personnel
Adopt Parental Bill of Rights that includes curriculum transparency	Parents, Curriculum
Universal school choice	School choice
Implement direct election of principals by parents	Parents



Harris Platform (democrats.org)

Platform statement	Core issue(s)
Free, universal preschool for four-year olds	Preschool
Build social and emotional supports at schools	Mental health
Prioritize students with disabilities and special educator workforce	Special education
Oppose the use of private-school vouchers and other schemes that divert taxpayer-funded resources away from public education	School choice
Increase accountability at charter schools	School accountability
Prioritize education in STEAM fields, particularly for underrepresented communities	Curriculum
Invest in career and technical education	Trades
Expand job training partnerships, making trade school and community college free	Trades
...	



Harris Platform (democrats.org)

Platform statement	Core issue(s)
...	
Deliver student debt relief	Student debt
Increase Pell Grants (federal grants for low-income college students)	College accessibility, student debt
Recruit more new teachers	Teachers
Improve teacher working conditions to make teaching a sustainable and affordable profession	Teachers
Invest in partnerships with HBCUs and Tribal Colleges and Universities to diversify teacher pipeline	Teachers

Some Areas of Contention

Role of US Department of Education

Universal preschool

- Government-provided preschool for all

School choice

- Should it be possible to transfer funds out of public education into private schools?

Teachers

- Tenure
- Merit pay

Curriculum

- What should be taught in schools?
- “Parental Rights” legislation

US Department of Education: What It Does

- Established in 1979
- K-12 school funding
 - About 10% of K-12 funding is federal
 - Title 1: schools serving lower-income students
 - Individuals with Disabilities Education Act (IDEA): children with disabilities
 - Child Nutrition Act: students receiving free or reduced price lunch
- Higher education funding
 - Student loans (FAFSA)
 - Pell Grant financial aid: need-based
 - Scientific research
 - Veterans
- Regulations
 - Title IX: prohibits discrimination based on sex

Replace with no-strings attached direct transfers to states?

Universal Preschool: The Research

What are the effects of universal preschool on short-run and long-run student outcomes?

- State-funded, universal preschool: **substantial immediate test score gains**, particularly for low-income children
- Means-tested preschool: considerably smaller effects
- Universal preschool costly, but **passes benefit-cost tests**
- Long-term effects of universal preschool: **boosts high school graduation and college enrollment**, decreases juvenile incarceration

References: Cascio, 2023; Gray-Lobe et al., 2022; van Huizen and Plantenga, 2018; Dietrichson et al., 2020

Provide federally-funded universal preschool?

School Choice: Background

- Decouples link between where students live and schools they attend
- Policies come in many shapes and sizes:

School choice policies	
Charter schools (some support historically from both Republicans and Democrats)	<ul style="list-style-type: none">• Publicly-funded, privately-run schools• Typically cannot select students, so lottery if oversubscribed• Granted autonomy from local regulations
Private school vouchers	<ul style="list-style-type: none">• Parents are given vouchers they can spend on tuition at private schools• Acts as income transfer from government for families that would have sent children to private schools without vouchers• Funding may come from local school districts

School Choice: Theory

Potential channels for positive effects

- Individual students able to choose better schools
- Improves overall school quality through competition

Potential channels for negative effects

- Removes funding from public school system
- Changes composition of students in public school system

School Choice: The Research

Charter schools: mixed evidence (positive and negative) on individual students

- Methods: lotteries using randomized admission offers, within-student before-after comparisons

School vouchers: mixed evidence (positive and negative) on individual students

- Self-selection into voucher programs difficult to overcome
- Methods: randomized voucher awards; often small programs (external validity?)
- More recent state-wide programs: negative effects

References: Abdulkadiroglu et al., 2011; Dobbie and Fryer, 2011; Bifulco & Ladd, 2006; Sass, 2006; Rouse, 1998; Howell et al., 2002; Abdulkadiroglu et al., 2018; Mills & Wolf, 2017; Dynarski et al., 2017; Waddington & Berends, 2018

School Choice: The Research

What happens in traditional public schools when charter schools or voucher programs are introduced in district or state?

- Empirical challenge 1: Charter schools and vouchers programs are not introduced randomly
- Empirical challenge 2: Difficult to disentangle productivity effects from composition effects
- **Mixed evidence** (positive and neutral) on student achievement in traditional public schools
- Many older voucher programs small, so can we extrapolate research findings to large voucher programs?

References: Bifulco & Ladd, 2006; Sass, 2006; Imberman, 2011; Figlio & Hart, 2010; Chakrabarti, 2008

Provide universal school choice? Allow families to take funds out of public schools into private schools?

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Open Discussion