



Political-economic determinants of education reform: Evidence on interest groups and student outcomes

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ABSTRACT

Education reforms come in two general types: access and quality reforms. Access reforms provide more educational opportunities, while quality reforms improve educational effectiveness. This paper investigates empirically the factors affecting the enactment of these two kinds of reforms in public primary and secondary education. By using a novel dataset of U.S. state legislation from 2008 to 2013, we find that both access and quality reforms are more likely in times of bad educational outcomes. Moreover, this is the first study documenting that teachers' union strength correlates positively with access reforms and negatively with quality reforms. Our results also shed light on the way teachers' unions promote their political interests: both lobbying and contributions are effective at opposing *undesired* reforms, but contributions have an extra effect of influencing the enactment of *desired* reforms.

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1. Introduction

Public education is an important part of the public sector. In the United States for example, a third of state public expenditures are spent on education, making it the biggest expenditure category surpassing health and public welfare (U.S. Census Bureau, 2013). Improving the efficiency of public spending on education contributes to a country's competitiveness, and such improvements require reforming the education system. Public schools, however, have undergone very few episodes of reform since the Progressive Era (Tyack and Tobin, 1994; Moe, 2012). This fact renders Thomas Edison sorely mistaken when, at the dawn of the motion picture, he predicted that “*books will soon be obsolete in public schools. Scholars will be instructed through the eye. It is possible to teach every branch of human knowledge with the motion picture. Our school system will be completely changed inside of ten years*” (Smith, 1913). A century later, books are still present in the classroom and the “chalk and talk” structure still prevails as the core of public education. This is because the pace and depth of education reforms belong to a political process where meaningful reforms can be stalled or thwarted. In light of this, the question then becomes: what political and economic environment engenders public education reforms?

In this paper we pursue this question by exploring the political and economic determinants of reforms in public primary and secondary education. We compile a novel dataset of U.S. state education legislation for the period of 2008–2013 and divide reforms into two main types: access and quality. Access reforms push the extensive margins of education by

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expanding educational opportunities, while quality reforms push the intensive margins by improving the effectiveness of education production (Bonesrønning, 2013). These two types of reforms differ primarily in their effect on stakeholders, which has implications on the dynamics of the political process (Corrales, 1999; Grindle, 2004). Quality reforms, e.g. teacher evaluations and curriculum changes, provide benefits to students whose education experience is improved but impose economic costs on well-organized interest groups such as the teachers' unions. On the other hand, access reforms, e.g. more schools, books, and teachers, have costs that are shouldered primarily by the government and benefits that accrue to teachers who obtain more jobs and better working facilities. Access reforms have historically faced less resistance and are therefore easier to enact than quality reforms. Empirical studies investigating education reforms have mainly involved reforms in quality, and have left reforms in access relatively unexplored (Mintrom and Vergari, 1998; Mintrom, 2000; Merzyn and Ursprung, 2005; Holyoke et al., 2009; Bonesrønning, 2013). Including access reforms in our analysis allows us to elucidate the behavior of interest groups towards reforms that they support and oppose.

The U.S. states are an interesting case for studying education reforms because the federal *Race to the Top* program encouraged reforms in almost all states from 2009 to 2011, pitting states against each other based on certain quality-related criteria. Grants were awarded to states that demonstrated a high level of improvement and innovation in their education policies. By focusing on state legislation, our study does not suffer from a lack of variation that typically arises when dealing with infrequent reform proposals. Another benefit of using information on legislative education bills is that a number of reforms are proposed each year, allowing us to use as dependent variables the number of bills containing access and quality reforms instead of using the dichotomous reform variables usually employed in the literature (Dreher et al., 2009; Bernecker, 2014; Kang, 2016; Wiese, 2014).

We find evidence that the political strength of teachers' unions have a positive influence on access reforms and a negative influence on quality reforms. This is the first study that provides empirical evidence for the differentiated stance of teachers' unions vis-a-vis quality and access reforms. Furthermore, we group the reforms into school, teacher, and student reforms, to highlight which elements of the school system are being targeted. Our results show that during times of unfavorable education outcomes, such as falling performance in standardized tests, politicians respond by enacting more school reforms, both access and quality in nature. Finally, we find that unions use different means of advancing their political interests. Both lobbying and contributions are effective at opposing *undesired* quality reforms such as school choice. Meanwhile, contributions have an extra effect of enacting *desired* reforms, but only those from which teachers reap *direct* benefits.

This paper proceeds as follows. [Section 2](#) provides a review of the existing literature. [Section 3](#) introduces the institutional background and [Section 4](#) elaborates on the two education reforms. [Section 5](#) discusses the testable hypotheses while the data and estimation strategy are presented in [Sections 6](#) and [7](#). In [Section 8](#), the results are presented and some robustness checks are made in [Section 9](#). Finally, [Section 10](#) concludes.

2. Related literature

Since access reforms have largely been uncontroversial, the bulk of empirical literature on education reforms is concentrated on the more contentious quality reforms. This strand of literature explores education reforms from three points of view: the reform advocates (Mintrom, 2000; Mintrom and Vergari, 1998), the voters (Merzyn and Ursprung, 2005), and the interest groups (Hoyt and Toma, 1993; Bonesrønning, 2013; Holyoke et al., 2009).

To the best of our knowledge, no previous study has considered both access and quality reforms together in a single empirical framework. The three papers that make some headway in this direction are Hoxby (1996), Wong and Shen (2002) and Braga et al. (2013). Hoxby (1996) shows that teacher unionization succeeds in raising school budgets but worsens the productivity of these inputs towards student performance. Her results however relate only to quality and access elements of education production, and not to reforms. Wong and Shen (2002) investigate the impact of political electoral dynamics on two reforms that differ in opposition and accountability arrangements. They look at charter school approval and school district takeovers, but do not find any notable effects. More recently, Braga et al. (2013) show that left wing ideologies support inclusive education reforms while right wing ideologies support selective education reforms. However, they did not analyze other determinants of reform. We take these studies as our point of departure, and extend the literature by considering the role played by an important, but thus far scarcely explored factor to public education reforms: the teachers. Elucidating the mechanisms by which teachers affect reforms produces a more complete picture of the process of reforming the public education system.

This paper also contributes to the literature on special interest politics and rent seeking. In this strand of literature, interest groups impose their influence on political outcomes in the form of lobbying and campaign contributions. A bulk of the empirical work deals with campaign contributions as a proxy for lobbying.¹ The motives in giving campaign contributions are twofold: (1) to get favored candidates into office (*electoral motive*), and (2) to influence policy (*influence motive*). Numerous papers have been written to test one motive over the other, with some finding support for the electoral motive (Abler, 1991), and many for the influence motive (Stratmann, 1991; Snyder, 1990, 1992, 1993). Particularly interesting for this study is Grossman and Helpman (1996) who argue that campaign contributions are effective in influencing only the policies that clearly have a *direct* impact on the welfare of the contributing interest group, because no explicit *quid pro quo* agreement is made when the contribution is given.

¹ See Potters and Sloof (1996) and Stratmann (2005) for an extensive review of the literature.

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