**Introduction**

In the United States there has been increasing public discourse on the extent to which the federal government should have control over the educational system. The debate is regarding school choice with coinciding issues of school funding and the types of schools available at the primary and secondary level.

The system of funding in the United States can be generally categorized as decentralized, with education mostly being concentrated at a state and local level (Winkler, 2022). In such a system, there remains broad federal standards for education, but specific curriculum is left to bodies like local educational councils to decide with funding being provided by local property taxes (Roser & Ortiz-Ospina, 2016). States also vary in the types of schools provided, with some choosing to provide more private educational opportunities.

School choice remains an important policy discussion that is widely debated by economists through mediums such as school vouchers. Most of these efforts focus on the effects of further decentralizing the U.S education system, but there remains a gap in economic literature regarding a centralization of education. Centralization in this case would refer to shifting funding for schools completely to a federal level and eliminating private schools as an option. This proposal seeks to answer the question: What are the economic and policy ramifications of a fully centralized education system in the United States?

Due to a lack of research into this area specifically as it relates to centralization in the United States, this analysis will rely on cross national comparisons of countries with different levels of centralization. Given the current education infrastructure in the United States, my hypothesis is a centralized system would take away from the efficiency provided by local councils because of a better understanding of preferences in a decentralized system.

**Literature Review**

In trying to examine the effects of fully centralizing the U.S education system, it is important to address the policy implications of the current decentralized system. A decentralized system is based on the principle that local structures can have a more efficient allocation of education spending because they are more aware of community preferences.

The system itself remains efficient through the lens of the Tiebout hypothesis as households could choose their preferred allocation of taxes to fund education (Glover & Levačić, 2020). If households were unsatisfied with the level of education spending or taxation, then they could move to another district that fits their preferences.

However, this fully decentralized system comes with several economic inequality implications. If households move to areas where their preferences for education spending and taxation are met, then poorer areas with less funding due to property taxes would be left with underperforming education systems.

To alleviate this problem, the federal government redistributes funds using grants to better equalize educational opportunities (Glover & Levačić, 2020). However, this itself can come with problems, as federal redistribution can still not fulfill the efficiency created by local selection of community preferences for education spending and taxation (Glover & Levačić, 2020).

The issue of funding is only one aspect of a decentralized system, the other has to do with the types of schools chosen by local communities. Currently in the United States, 90 percent of primary and secondary students are enrolled in public schools (Gruber 2019). As previously mentioned, outcomes provided by the type of school is a topic that is greatly discussed. The reason being that if private schools were to produce better educational results for students, then there would be an interest among families to send their children to private schools.

If private schools provided better educational outcomes, then there could be a dual effect of providing an incentive to public schools to improve in order to compete (Hseih & Urquiola, 2006). However, the economic consensus on private schools having better educational outcomes is mixed. The educational outcomes from private schools tend to be higher on aspects like test scores, but when factoring income disparity between the two, the difference seems marginal (Lubienski & Lubienski, 2014).

In trying to construct an idea of a centralized American education system, one must account for the advantages the decentralized system provides. One advantage was the idea that private schools could potentially provide better educational outcomes. If the difference in educational outcomes, which can be classified under data points like test scores in math or English, is marginal then there exists no educational advantage of the current system.

The next advantage of a decentralized system is the competition provided by private schools that better the quality of education through competition. This advantage has several underlying flaws under closer inspection.

If there is an assumption that households choose education based on furthering future skills for the labor market, then the idea that households would change schools based on a higher likelihood of developing such skills fails to account for transaction costs (MacLeod & Urquiola, 2019).

With transaction costs, firms can only choose from a select set of schools and will tend to prefer those with applicable skills to a firm (MacLeod & Urquiola, 2019). With that in mind, more competition among schools brought on by a private schooling option will not serve to equalize educational outcomes. Instead, it will further relegate education to schools with the highest educational outcomes.

If there remains an assumption that the benefits of a decentralized system might not be as impactful as once thought, then the question over the viability of a centralized system must be considered. Given that there is little economic literature on a hypothetical centralized system, this proposal considers other countries as a framework.

In Turkey, education is nearly fully centralized by the federal government. Curriculum and funding decisions are decided through educational councils called Suras. (Toprak, 2019). There are multiple Suras that serve to represent various areas across the county with representatives being selected by the federal government to serve a given area (Toprak, 2019). The selection criteria for being appointed to be a representative to a Sura is mostly through research the federal government performs at a local level to decide the best people to represent the interests of an area (Toprak, 2019). The Suras then consider the needs presented by the local representatives and try to create a curriculum and funding plan for the entire county.

It can be argued that such a centralized system could serve to alleviate the inequalities caused by the current decentralized system in the United States. With a centralized system, there would be a decreased chance of different educational outcomes due to having a federally mandated curriculum and teachers selected by the federal government.

However, such a system as implemented in the United States would come with an array of different problems. One of the most pressing problems is the influence of the political economy on the selection of local representatives. If the United States decided to mirror the system as constructed in Turkey, there would various issues raised over the authority to select local representatives.

With the federal government selecting representatives, there might be great disparities between the interests of local people and the interests of the federal government. If a party power decided it did not want to further educational spending, then they might select representatives who are inclined to vote with their interests instead of ones that better reflect the interests of constituents.

While there is not literature that overviews a centralized education system in the United States at the federal level, there is some research concerning centralized education at the state level regarding centralization of spending.

In 1993, the State of Michigan shifted to a more centralized education system under the name Proposal A (Zimmer & Jones, 2005). Under Proposal A, property tax was cut dramatically, sales taxes increased as a replacement option, and all school districts had a limited spending level of $3 million per year (Zimmer & Jones, 2005). The proposal was meant to equalize educational opportunities across the state by providing lower income areas with a greater chance for funding.

Although that was the original intention of the policy, there were several indirect effects. Due to the new limit on expenditure, higher income school districts still wanted to maintain the same level of spending and issued bonds to recuperate lost spending (Zimmer & Jones, 2005).

With this indirect effect, the whole rationale behind the policy of trying to equal educational opportunities by equalizing spending was not fulfilled. This of course being because higher income schools maintained their same level of spending through the issuing of bonds and could have higher educational outcomes as a result.

With the consideration of indirect effects caused by examples analogous to a centralized education system in the United States; namely the influence of the political economy and work arounds in spending arrangements, a centralization effort would cause more harm than good.

**Ideal data set**

An ideal data set to test the ramifications of a centralized educational system would be test score data from two states with a similar level of education spending. One state would follow the current decentralized system and the other would have a centralized system in terms of both fully centralized types of schools and spending.

By having two states with similar levels of educational spending one state could serve as a test case for the effects of centralization. Measuring test score outcomes in areas such as reading and math over a time period of three to five years could serve to examine which system provides better educational outcomes.

If the centralized state had better educational opportunities, then it could be inferred that equalizing spending levels could lead to better educational outcomes. If that was not the case, then a possible explanation could be taking away the choice of a private schooling option results in an inefficient representation of household preferences.

**Conclusion**

With a continued focus on the extent of government involvement in types of schools and school funding, it remains important to consider the implications of different systems. This proposal itself saw to overview a hypothetical scenario to examine an extreme end of government involvement in education. This extreme scenario according to the literature surveyed would bring about more harmful educational outcomes regarding both representing preferences and equalizing educational opportunities. By examining an extreme end of the spectrum, this proposal highlights potential reform opportunities by overviewing what can be taken from such a system and altered to better meet objectives.

In considering a possible extension to the research in this proposal, an overview into a system in between a decentralized and centralized system could further better understanding of the effects of government involvement. A possible test case for such an extension could be the voucher system done in countries like Chile or the Netherlands. It remains possible that either end of the extreme is detrimental to furthering educational outcomes, but a system that takes aspects from both ends of the extreme could further education.

Given that education remains such an important interest among households, it is important to consider what system reflects the preferences of households and provides better educational outcomes for students. Parents want their children to have the best education possible and by examining different systems of education, economists can try to provide a framework for better understanding that want.

**References:**

Winkler, D. R. (2022). *Decentralization and education - definition, measurement, rationale, implementation, school finance, effects of decentralization*. StateUniversity.com. Retrieved December 1, 2022, from https://education.stateuniversity.com/pages/1903/Decentralization-Education.html

Roser, M., & Ortiz-Ospina, E. (2016, June 22). *Financing education*. Our World in Data. Retrieved December 1, 2022, from https://ourworldindata.org/financing-education

Glover, D., & Levačić, R. (2020). The allocation of public finance to education. In *Educational Resource Management: An international perspective* (2nd ed., pp. 37–52). UCL Press. http://www.jstor.org/stable/j.ctv17ppc2t.7

Gruber, J. (2019). *Public finance and public policy*. Worth Publishers.

Hsieh, C.-T., & Urquiola, M. (2006). The effects of generalized school choice on achievement and stratification: Evidence from Chile’s voucher program. *Journal of Public Economics*, *90*(8–9), 1477–1503. <https://doi.org/10.1016/j.jpubeco.2005.11.002>

Lubienski, C. A., & Lubienski, S. T. (2014). *The Public School Advantage Why Public Schools Outperform Private Schools*. The Univ. of Chicago Press.

MacLeod, W. B., & Urquiola, M. (2019). Is education consumption or investment? implications for school competition. *Annual Review of Economics*, *11*(1), 563–589. https://doi.org/10.1146/annurev-economics-080218-030402

Toprak, M. (2019). An investigation into educational decision-making in a centralized education system: Governance principles and the case of National Education Councils (şûras). *International Journal of Education Policy and Leadership*, *15*(11). https://doi.org/10.22230/ijepl.2019v15n11a871

Zimmer, R., & Jones, J. T. (2005). Unintended consequence of centralized public-school funding in Michigan education. *Southern Economic Journal*, *71*(3), 534. https://doi.org/10.2307/20062058