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Public Education as Welfare

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[Michael B. Katz](#) [Summer 2010](#)

Welfare is the most despised public institution in America. Public education is the most iconic. To associate them with each other will strike most Americans as bizarre, even offensive. The link would be less surprising to nineteenth-century reformers for whom crime, poverty, and ignorance formed an unholy trinity against which they struggled. Nor would it raise British eyebrows. Ignorance was one of the “five giants” to be slain by the new welfare state proposed in the famous Beveridge Report. National health insurance, the cornerstone of the British welfare state, and the 1944 Education Act, which introduced the first national system of secondary education to Britain, were passed by Parliament only two years apart. Yet, in the United States, only a few students of welfare and education have even suggested that the two might stand together.

Why this mutual neglect? And how does public education fit into the architecture of the U.S. welfare state? It is important to answer these questions. Both the welfare state and the public school system are enormous and in one way or another touch every single American. Insight into the links between the two will illuminate the mechanisms through which American governments try to accomplish their goals; and it will show how institutions whose public purpose is egalitarian in fact reproduce inequality.

The definition and boundaries of the welfare state remain contentious topics. I believe that the “term “welfare state” refers to a collection of programs designed to assure economic security to all citizens by guaranteeing the fundamental necessities of life: food, shelter, medical care, protection in childhood, and support in old age. In the United States, the term generally excludes private efforts to provide these goods. But the best way to understand a nation’s welfare state is not to apply a theoretically driven definition but, rather, to examine the mechanisms through which legislators, service providers, and employers, whether public, private,

or a mix of the two, try to prevent or respond to poverty, illness, dependency, economic security, and old age.

Where does public education fit within this account? First, most concretely, for more than a century schools have been used as agents of the welfare state to deliver social services, such as nutrition and health. Today, in poor neighborhoods, they often provide hot breakfasts among other services. More to the point, public school systems administer one of the nation's largest programs of economic redistribution. Most accounts of the financing of public education stress the opposite point by highlighting inequities, "savage inequalities," to borrow Jonathan Kozol's phrase, that shortchange city youngsters and racial minorities. These result mostly from the much higher per-pupil spending in affluent suburbs than in poor inner cities, where yields from property taxes are much lower. All this is undeniable as well as unacceptable.

But tilt the angle and look at the question from another perspective. Consider how much the average family with children pays in property taxes, the principal support for schools. Then focus on per-pupil expenditure, even in poor districts. You will find that families, including poor city families, receive benefits worth much more than they have contributed. Wealthier families, childless and empty-nest couples, and businesses subsidize families with children in school.

There is nothing new about this. The mid-nineteenth-century founders of public school systems, like Horace Mann, and their opponents understood the redistributive character of public education. To build school systems, early school promoters needed to persuade the wealthy and childless that universal, free education would serve their interests by reducing the incidence of crime, lowering the cost of poor relief, improving the skills and attitudes of workers, assimilating immigrants—and therefore saving them money in the long run. So successful were early school promoters that taxation for public education lost its controversial quality. With just a few exceptions, debates focused on the amount of taxes, not on their legitimacy. The exceptions occurred primarily around the founding of high schools that working-class and other voters correctly observed would serve only a small fraction of families at a time when most youngsters in their early teens were sent out to work or kept at home to help their families. For the most part, however, the redistributive quality of public education sank further from public consciousness. This is what early school promoters wanted and had worked to make happen. When they began their work in the early nineteenth century, "public" usually referred to schools widely available and either free or cheap—in short, schools for the poor. School promoters worked tirelessly to break this link between public and pauper that inhibited the development of universal public education systems. So successful were they that today the linkage seems outrageous—though in cities where most of the remaining affluent families send their children to private schools, the association of public with pauper has reemerged with renewed ferocity.

As a concrete example, here is a back-of-the-envelope illustration. In 2003–2004, public elementary and secondary education in the United States cost \$403 billion or, on average, \$8,310 per student (or, taking the median, \$7,860). Most families paid nothing like the full cost of this education in taxes. Property taxes, which account for a huge share of spending on public schools, average \$935 per person or, for a family of four, something under \$4,000, less than half the average per-pupil cost. As rough as these figures are, they do suggest that most families with school-age children receive much more from spending on public education than they contribute in taxes. (A similar point could be made about public higher education.)

Taxpayers provide this subsidy because they view public education as a crucial public good. It prevents poverty, lowers the crime rate, prepares young people for the work force, and fosters social mobility—or so the story goes. The reality, as historians of education have shown, is a good deal more complex. Public education is the mechanism through which the United States solves problems and attempts to reach goals achieved more directly or through different mechanisms in other countries. International comparisons usually brand the United States a welfare laggard because it spends less of its national income on welfare-related benefits than do other advanced industrial democracies. But the comparisons leave out spending on public education, private social services, employer-provided health care and pensions, and benefits delivered through the tax code, a definitional weakness whose importance will become clearer when I describe the architecture of the welfare state.

ALMOST THIRTY-FIVE years ago, in *Social Control of the Welfare State*, Morris Janowitz pointed out that “the most significant difference between the institutional bases of the welfare state in Great Britain and the United States was the emphasis placed on public education—especially for lower income groups—in the United States. Massive support for the expansion of public education . . . in the United States must be seen as a central component of the American notion of welfare . . .” In the late nineteenth and early twentieth centuries, while other nations were introducing unemployment, old age, and health insurance, the United States was building high schools for a huge surge in enrollment. “One would have to return to the 1910s to find levels of secondary school enrollment in the United States that match those in 1950s Western Europe,” point out economists Claudia Golden and Lawrence F. Katz in *The Race Between Education and Technology*. European nations were about a generation behind the United States in expanding secondary education; the United States was about a generation behind Europe in instituting its welfare state.

If we think of education as a component, we can see that the U.S. welfare state focuses on enhancing equality of opportunity in contrast to European welfare states, which have been more sympathetic to equality of condition. In the United States, equality always has been primarily about a level playing field where individuals can

compete unhindered by obstacles that crimp the full expression of their native talents; education has served as the main mechanism for leveling the field. European concepts of equality more often focus on group inequality and the collective mitigation of handicaps and risks that, in the United States, have been left for individuals to deal with on their own.

PUBLIC EDUCATION is part of the American welfare state. But which one? Each part is rooted in a different place in American history. Think of the welfare state as a loosely constructed, largely unplanned structure erected by many different people over centuries. This rickety structure, which no sane person would have designed, consists of two main divisions, the public and private welfare states, with subdivisions within each. The divisions of the public welfare state are public assistance, social insurance, and taxation. Public assistance (called outdoor relief through most of its history) originated with the Elizabethan poor laws brought over by the colonists. It consists of means-tested benefits. Before 1996, the primary example was Aid to Families with Dependent Children (AFDC), and since 1996, it has been Temporary Assistance to Needy Families (TANF)—the programs current-day Americans usually have in mind when they speak of “welfare.”

Social insurance originated in Europe in the late nineteenth century and made its way slowly to the United States. The first form of U.S. social insurance was workers’ compensation, instituted by several state governments in the early twentieth century. Social insurance benefits accrue to individuals on account of fixed criteria such as age. They are called insurance because they are allegedly based on prior contributions. The major programs—Social Security for the elderly and unemployment insurance—emerged in 1935 when Congress passed the Social Security Act. Social insurance benefits are much higher than benefits provided through public assistance, and they carry no stigma.

The third track in the public welfare state is taxation. U.S. governments, both federal and state, administer important benefits through the tax code rather than through direct grants. This is the most modern feature of the welfare state. The major example of a benefit aimed at poor people is the Earned Income Tax Credit, which expanded greatly during the Clinton presidency.

Within the private welfare state are two divisions: charities and social services and employee benefits. Charities and social services have a long and diverse history. In the 1960s, governments started to fund an increasing number of services through private agencies. (In America, governments primarily write checks; they do not usually operate programs.) More and more dependent on public funding, private agencies increasingly became, in effect, government providers, a transformation with profound implications for their work. Employee benefits constitute the other division in the private welfare state. These date primarily from the period after the Second World War. They expanded as a result of the growth of unions, legitimated

by the 1935 Wagner Act and 1949 decisions of the National Labor Relations Board, which held that employers were required to bargain over, though not required to provide, employee benefits.

Some economists object to including these benefits within the welfare state, but they are mistaken. Employee benefits represent the mechanism through which the United States has chosen to meet the health care needs of a majority of its population. About 60 percent of Americans receive their health insurance through their employer, and many receive pensions as well. If unions had bargained hard for a public rather than a private welfare state, the larger American welfare state would look very different. Moreover, the federal government encourages the delivery of health care and pensions through private employers by allowing them to deduct the cost from taxes, and it supervises them with massive regulations, notably the Employee Retirement Security Act of 1974.

The first thing to stress about this welfare state is that its divisions are not distinct. They overlap and blend in complicated ways, giving the American welfare state a mixed economy not usefully described as either public or private. At the same time, federalism constrains its options, with some benefits provided by the federal government and others offered through state and local governments. Throughout the twentieth century, one great problem facing would-be welfare state builders was designing benefits to pass constitutional muster.

How does public education fit into this odd, bifurcated structure? It shares characteristics with social insurance, public assistance, and social services. At first, it appears closest to social insurance. Its benefits are universal and not means tested, which makes them similar to Social Security (although Social Security benefits received by high income individuals are taxed). But education benefits are largely in-kind, as are food stamps, housing, and Medicare. (In-kind benefits are “government provision of goods and services to those in need of them” rather than of “income sufficient to meet their needs via the market.”) Nor are the benefits earned by recipients through prior payroll contributions or employment. This separates them from Social Security, unemployment insurance, and workers’ compensation. Public education is also an enormous source of employment, second only to health care in the public welfare state.

Even more important, public education is primarily local. Great variation exists among states and, within states, among municipalities. In this regard, it differs completely from Social Security and Medicare, whose nationally-set benefits are uniform across the nation. It is more like unemployment insurance, workers’ compensation, and TANF (and earlier AFDC), which vary by state, but not by municipality within states. The adequacy of educational benefits, by contrast, varies with municipal wealth. Education, in fact, is the only public benefit financed largely

by property taxes. This confusing mix of administrative and financial patterns provides another example of how history shapes institutions and policy.

Because of its differences from both social insurance and public assistance, public education composes a separate division within the public welfare state. But it moves in the same directions as the rest. The forces redefining the American welfare state have buffeted public schools as well as public assistance, social insurance, and private welfare.

SINCE THE 1980s, the pursuit of three objectives has driven change in the giant welfare state edifice. These objectives are, first, a war on dependence in all its forms—not only the dependence of young unmarried mothers on welfare but all forms of dependence on public and private support, including the dependence of workers on paternalistic employers for secure, long-term jobs and benefits. Second is the devolution of authority—the transfer of power from the federal government to the states, from states to localities, and from the public to the private sector. Last is the application of free market models to social policy. Everywhere the market triumphed as a template for a reengineered welfare state. This is not a partisan story. Broad consensus on these objectives crossed party lines. Within the reconfigured welfare state, work in the regular labor market emerged as the gold standard, the mark of first-class citizenship, carrying with it entitlement to the most generous benefits. The corollary, of course, was that failure or inability to join the regular labor force meant relegation to second-class citizenship, where benefits were mean, punitive, or just unavailable.

The war on dependence, the devolution of authority, and the application of market models also run through the history of public education in these decades. The attack on “social promotion,” emphasis on high-stakes tests, implementation of tougher high school graduation requirements, and transmutation of “accountability” into the engine of school reform: all these developments are of a piece with the war on dependence. They call for students to stand on their own with rewards distributed strictly according to personal (testable) merit. Other developments point to the practice of devolution in public education. A prime example is the turn toward site-based management—that is, the decentralization of significant administrative authority from central offices to individual schools. The most extreme example is Chicago’s 1989 school reform, which put local school councils in charge of each school, even giving them authority to hire and fire principals.

At the same time, a countervailing trend, represented by the 2002 federal No Child Left Behind legislation and the imposition of standards, limited the autonomy of individual teachers and schools and imposed new forms of centralization. At least, that was the intent. In fact, left to develop their own standards, many states avoided penalties mandated in No Child Left Behind by lowering the bar and making it easier for students to pass the required tests. In 2010, the nation’s governors and state

school superintendents convened a panel of experts to reverse this race to the bottom. The panel recommended combining a set of national standards—initially for English and math—with local autonomy in curriculum design and teaching methods. The Obama administration endorsed the recommendations and included them in its educational reform proposals.

In this slightly schizoid blend of local autonomy and central control, trends in public education paralleled developments in the administration of public assistance: the 1996 federal “welfare reform” legislation mandated a set of outcomes but left states autonomy in reaching them. In both education and public assistance, the mechanism of reform became the centralization of acceptable outcomes and the decentralization of the means for achieving them.

AS FOR THE MARKET as a template for reform, it was everywhere in education as well as the rest of the welfare state. Markets invaded schools with compulsory viewing of the advertising on Chris Whittle’s Channel One “free” television news for schools, and with the kickbacks to schools from Coke, Pepsi, and other products sold in vending machines—money schools desperately needed as their budgets for sports, arts, and culture were cut. Some school districts turned over individual schools to for-profit corporations such as Edison Schools, while advocacy of vouchers and private charter schools reflected the belief that blending competition among providers with parental choice would expose poorly performing schools and teachers and motivate others to improve.

Unlike the situation in the rest of the welfare state, educational benefits cannot be tied to employment. But they are stratified nonetheless by location, wealth, and race. The forces eroding the fiscal capacities of cities and old suburbs—withdrawal of federal aid and a shrinking tax base—have had a devastating impact on public education and on children and adolescents, relegating a great many youngsters living in poor or near-poor families to second-class citizenship. In the educational division of the public welfare state test results play the role taken on elsewhere by employment. They are gatekeepers to the benefits of first-class citizenship. The danger is that high-stakes tests and stiffer graduation requirements will further stratify citizenship among the young, with kids failing tests joining stay-at-home mothers and out-of-work black men as the “undeserving poor.” In this way, public education complements the rest of the welfare state as a mechanism for reproducing, as well as mitigating, inequality in America.

Michael B. Katz is Walter H. Annenberg Professor of History at the University of Pennsylvania. His conception of the architecture of the American welfare state and the forces driving change within it are elaborated in his book *The Price of Citizenship: Redefining the American Welfare State*, updated edition (University of Pennsylvania Press). The author wishes to thank Daniel Amsterdam and Viviana Zelizer for exceptionally helpful comments on earlier drafts of this article.

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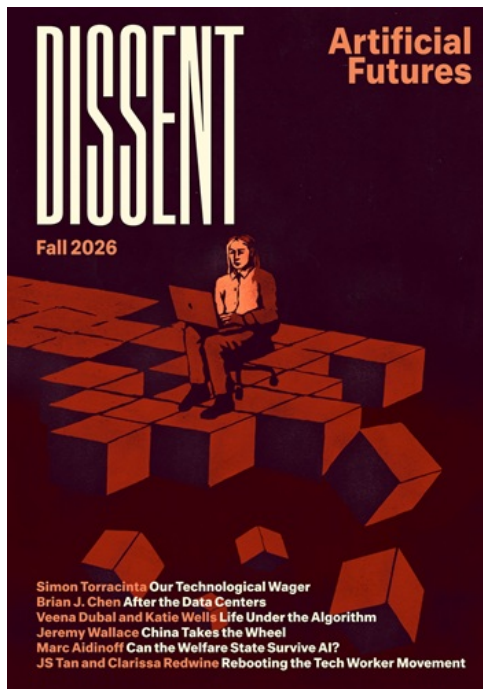
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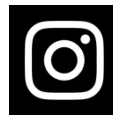
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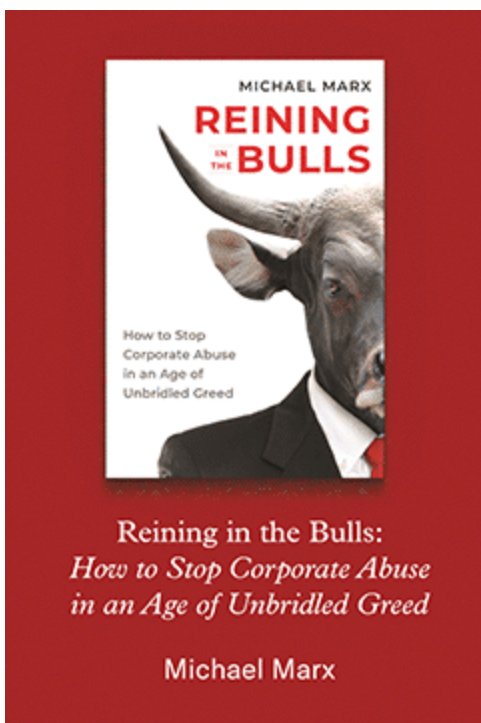
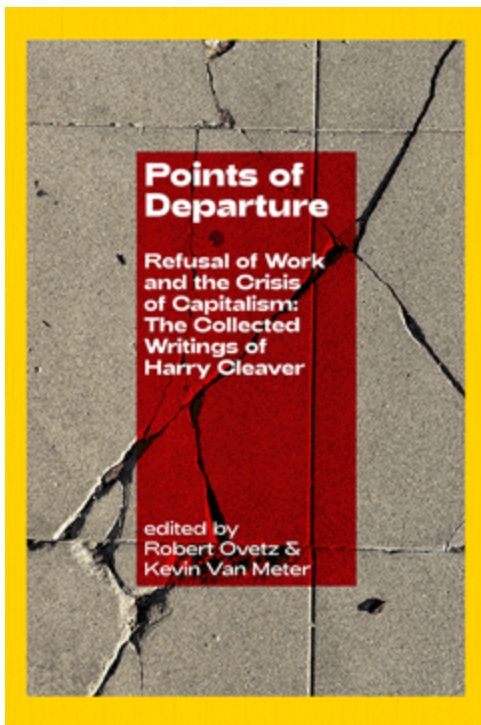
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