Publicly Funded School Voucher Programs

by

Nathan A. Benefield
To those whom I love:

My parents, family and friends, and to God,

I write
Abstract

This study provides a policy analysis of publicly funded school voucher programs. This research provides an analysis of voucher programs in Cleveland and Milwaukee and of political, legal, and programmatic constraints facing voucher programs. A synopsis of student test score analyses and parental surveys provides a basis for analyzing the effect of programs on participants. A survey of 30 individuals working with the Cleveland and Milwaukee public schools or voucher programs clarifies the effect of the programs on the overall educational environment. A review of financial data from the programs, pending legislation, national poll data, and court rulings provides an understanding of the policy constraints facing voucher programs. The research indicates that school vouchers have positively affected student participants’ academic achievement and finds that public schools have adapted to the competitive impact of vouchers by initiating reforms aimed at improving schools. While the analysis indicates that legal constraints still loom over voucher policy, school vouchers have become politically and programmatically viable as a policy alternative. The study concludes that vouchers programs are a beneficial and, pending legal outcomes, practical policy alternative.
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Executive Summary

Public education in the United States has failed to adequately educate many of America’s youth. Public schools at the primary and secondary level, particularly urban schools, have been woefully inadequate and plagued with violence, inefficiency, and students who cannot achieve at basic standards. While many public schools fail, others have been highly successful, among these private sector schools.

In recent public policy circles, the notion of school voucher programs has come to the forefront as a policy alternative to improve the quality of American education by providing poor families with the opportunity to send their children to private schools with publicly funded vouchers. In theory, vouchers would provide students the opportunity to escape ineffective public schools and attend successful private schools and would have a competitive effect on public schools, forcing them to compete for students. Voucher critics believe such programs could diminish the already weakened public schools by taking students and financial resources from them.

This study has examined voucher programs, both in its effectiveness as public policy, and in its political viability. A synopsis of student test score analyses and parental surveys provides a basis for analyzing the effect of programs on participants. Additionally, a survey of individuals working closely with the Cleveland and Milwaukee public schools and voucher programs provides an understanding of the competitive influence on public schools. A review of financial data from the programs, pending legislation, national poll data, and court rulings provides an understanding of the policy constraints facing voucher programs.

The study finds that voucher programs are an effective tool in educational policy and has become increasingly politically viable.

- School voucher programs have benefited student recipients in Cleveland and Milwaukee, as demonstrated by test score results and parental satisfaction.
- Public schools in areas served by voucher programs have begun several new initiatives to improve the educational services they provide.
- Public support of vouchers has increased tremendously since the creation of the inaugural programs, as evidenced by public opinion, outstanding voucher legislation and proposals, and support among political and community leaders.
- Voucher programs have proven to be cost effective and administratively feasible.
- Constitutional constraints over the Separation of Church and State remain, leaving some doubt as to the legal viability of voucher programs.

Vouchers programs have only recently begun to take effect, and much remains to be learned about their impact and implementations. Current voucher programs have been somewhat limited in size and scope to date, and long-term results have yet to be observed. Public and political support remains somewhat divided over school vouchers. While voucher programs have been reasonably successful and have become politically viable, much remains to be determined regarding the future of school choice.
“Hey Teacher, Leave them Kids Alone” quips Pink Floyd, bemoaning the beleaguered educational system facing nearly every child in the industrial world. Contemporary society, including the media, researchers, and parents echo this low opinion of public school systems, particularly in the United States. These opinions reflect the deterioration of the quality of public elementary and secondary education. In political circles, few issues are as “hot” or as passionately debated as school voucher. Voucher proponents believe that school choice initiatives will save the beleaguered schools. Others oppose vouchers in any form, believing they will destroy our already crippled schools. As a policy analysis, this study looks at the problems of our schools, the theory behind policy alternative of school vouchers, the effect of current programs in Milwaukee and Cleveland, and voucher programs in the political landscape.

America has a troubled public school system. Students who attend many US public schools struggle to learn basic skills, fail to earn sufficient grades, frequently drop out before graduation, and with increasing frequency are exposed to violent crime within the schools themselves. These problems occur with greater frequency and severity in inner city school systems. American students’ standardized test scores have plummeted, relative to other developed nations, since the middle of the 20th century, as have SAT scores. Contrary to popular opinion, this period also saw a tremendous rise in educational expenditures, taking into account inflationary pressures. Public schools are generally failing to adequately educate America’s youth, and spending increases have not
slowed the decline in education. These problems, and lack of a simple solution, perturb parents, lawmakers, and citizens alike.

Public schools originated in the United States early in the 18th century in the New England area (where there was greater urbanization) as public leaders felt the need for a literate and assimilated public. Most of these schools were organized and run by parents in their communities. The middle of the 19th century saw the formalization of public schools as smaller “one room schoolhouses” combined to form larger school systems. At this point schooling became mandatory for all children, as political leaders and education experts believed that an education was necessary for employment, and primarily, to be a better American citizen\(^1\). Later, compulsory education expanded to the high school level nationally, as greater knowledge and skills were deemed necessary for all.

The need for education has increased over time. Today in the US, following the transition from a manufacturing to a service economy and with a greater reliance on technology and science, a quality education has become ever more essential for gainful employment and functionality in everyday life. A faltering education system poses a serious economic problem for the United States as global competition increases. Perhaps more importantly though, is the lost opportunity of students remaining in schools which fail to adequately educate them. While most students may receive a satisfactory education, either in private schools or in well-maintained public schools, those that do not will suffer in tomorrow’s economy and society.

\(^1\) In addition, because of the high level of immigration at that time, public schools were needed to ensure assimilation and understanding of the English language.
For decades, legislators have searched for a remedy to the ills of the public schools, and contrived various reform measures to improve public schools and give students better opportunities. However, these adopted reforms have seemingly done little to reverse the decline of public schools and possibly, according to some, have accelerated their decline. The problems with public schools have deeply seeded roots, and thus far, no reforms have been able to address these issues.

While these reforms have had little apparent success, and public schools have continued to struggle, increasing numbers of parents have withdrawn their children from public and enrolled them in private, often Catholic, schools. These private schools have seemingly been far more successful at educating and disciplining students than the public school system. Private school students typically score higher on standardized tests, are more disciplined, and attend college at a higher rate and thus are more likely to receive better paying jobs and more opportunities for advancement.

However, as most poor families cannot afford to send their children to a private school, policy experts and political leaders have advocated for voucher programs to subsidize families' expenditures at private schools. The ideology behind voucher programs is that they would provide recipients with the opportunity for a superior education at a private school. In addition, school choice programs would create a competitive marketplace for

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2 Again, this seems to occur most often in urban areas, where public schools struggle most and there is a large private school sector.
3 This claim of private school superiority is an essential component of the voucher argument and will be examined in detail later in the study.
education, forcing schools to become more effective in order to compete with their more successful counterparts.\textsuperscript{4}

Voucher programs are not without critics though. Policy makers and education experts have debated heatedly the merit of school choice programs. Critics question the benefits of voucher programs, believing that public schools, and students remaining in them, would suffer greatly. The issue of the Separation of Church and State also looms as a larger barrier to programs that would offer funding to religiously backed schools, which comprise an overwhelming majority of all private schools.

While the theoretical effects of school voucher initiatives have been disputed, initial school choice policies have been created. Currently three publicly funded voucher programs exist, in the cities of Milwaukee and Cleveland, and most recently in the state of Florida. The Cleveland program was created in 1996, while Milwaukee's program initially began in 1990 but was revamped and expanded in 1995 to include religious schools. Florida’s program originated in 1999, and will not be examined in much detail here. These programs have been watched closely, and could determine the future of voucher programs.

This thesis serves to frame the voucher debate and answer questions related to their effectiveness and viability. This project compels a substantive examination of public school failure and private school success that empowers voucher advocates’ arguments. The expectations of voucher supporters as well as the criticism of opponents must be

\textsuperscript{4} Many have argued that school choice is not only a good public policy, but is also an inherent right.
examined to frame the policy debate and formation. This theoretical framework will also provide a basis for measures on which to assess current programs. Given the nature of the current voucher programs and the possible breach of the First Amendment, the research will include an extensive examination of the implication of Freedom of Religion and the justice system on voucher programs. Recent legal battles have augmented understanding of the legal constraints of school choice programs. The political and financial constraints that affect the viability of voucher programs will also be outlined. The evaluation of school choice policies will include an examination of the educational effect of the program on recipients. That is, have school voucher recipients improved relative to an equivalent or control group? This will entail an examination of the tracking data for students in the Cleveland and Milwaukee Voucher Programs. The arguments of voucher advocates would lead to the conclusion that school voucher recipients would enjoy greater success than their public school counterparts. The policy study will also evaluate the effect voucher programs have had on the existing public school systems, specifically, whether public schools have suffered negative effects due to the loss of students and revenue or if the competitive effect has forced public school improvement. This portion of the study will involve a qualitative analysis of surveys detailing what has transpired within the schools themselves. The amalgamation of these findings will lead to an understanding of the success of these voucher programs and the prospects for expansion and creation of new school choice initiatives. The model for this policy analysis follows:
In this policy model, the failure of public schools (and the disparity with private schools) constitutes a social problem. School vouchers were then proposed as a public policy solution (with the theory, constraints, and criticism outlined). Programs based on this policy alternative were created in Milwaukee and Cleveland, which lead to the evaluation stage. The evaluation will determine if school choice policy has an effect on the education problem, and the effect, or lack thereof, will in turn determine future education and school voucher policies.
FRAMEWORK OF THE VOUCHER DEBATE

Historical Background

The origins of public education in the United States date back to early colonization. Local schools had been set up in communities as early as Europeans colonized New England. These schools were often affiliated with religious groups, but likewise were often established by the local government. Public education expanded (and expanded its focus) by the end of the 19th century as public perception viewed education as a public good, providing moral and civic training for all children (Tyack, 61; Coulson, 107). Public education became more centralized, regulated, and bureaucratic in the early 1900s; previously it had been controlled by local leaders, including parents, churches, and citizens (Boaz and Barrett, 4; Coulson, 112). The 1960s saw increased regulation of schools and placed control of school standards in the hands of states and the federal government, limiting the autonomy of local districts (Tyack, 61; Shlaes, 2; Coulson 177). Local control over public schools has been greatly reduced in the past 50 years, as the number of school districts has dropped from over 100,000 to approximately 15,000 today (Boaz and Barrett, 4). State and local funding of private religious schools existed to a limited extent until the middle of the 19th century, when the last states that funded religiously controlled schools ceased doing so (Ryan, 257-8).

The debate over governmental assistance to students who attended private schools originated in the middle of the 20th century over issues of books and transportation to students who attend private schools (Ryan, 301-302). The views of the pragmatists won out over that of the believers in strict compliance to the Separation of Church and State,
as many localities provide transportation to private schools, and school lunch and book programs included private schools (301-2). The idea of voucher programs to aid students who wished to attend private schools began with Milton Friedman advocating for a competitive system of education in the 1950s (Saks, 25). The issue received national attention when Presidents Reagan and Bush and other conservative Republicans touted voucher programs during the 1980s (Catterall, 969). Experiences with voucher programs have been very limited (Catterall, 971). Small, privately funded voucher programs exist in New York City, Washington DC, and a few other cities. Reforms based on choice theory have included charter and magnet schools, of which many have been created in the past few decades (Metcalf, 19). Two current pilot programs have begun in Milwaukee, originated in 1990 and expanded to religious schools in 1995, and Cleveland, started in 1996, with a third program having begun during the 1999-2000 school year in the state of Florida.

Voucher policy stems from the perceived inadequate education students are receiving in public schools, while private schools seemingly perform at higher standards. School choice theory articulates that parents have a right to choice, that lower-income students would benefit from the opportunity to attend private schools, and that a market approach to education would create competition and force both public and private schools to provided better services. Voucher critics believe voucher programs would remove accountability from schools, strip public schools of their few remaining resources (money and good students), and create increased racial and income-based segregation in schools.
School voucher programs will have to address several implementation issues, and face legal and political constraints before becoming a viable policy alternative.

**The Problem of Public Schools**

Serious academic, as well disciplinary and safety, deficiencies plague American schools today, predominately within inner-city public schools. Primarily, educational achievement in public schools is inadequate. Public school students regularly fail tests utilized to measure expected levels in reading and math (Stedman, 118; Hodges and Mechlenburg, 3; Johnson, 1; Coulson, 9). Student test scores on standardized tests, such as the National Assessment of Educational Performance (NAEP), have generally declined, or improvements have leveled off, since the 1960s (Stedman, 116-117). SAT scores have declined since the mid-1960s (Chubb and Moe, 8), while in part due to the increase in the number of students taking it\(^5\); when taking into account the increase of students taking the SAT, the number of high scores has declined (Boaz and Barrett, 2). The SAT score decline becomes more pronounced when measured as a function of educational expenditures; Hodges and Mechlenburg estimate a decline of 71% in SAT score to per-pupil expenditures ratio\(^6\) (2). American students have fallen behind the rest of the world in test scores on basic skills (Chubb and Moe, 8). American student performance on subject specific tests compares unfavorably with foreign counterparts (Hodges and Mechlenburg, 2-3). American students fall further behind in international testing at higher grade levels, illustrating that US schools are failing (Coulson; 190; Peterson 1998, 3). While Stedman’s study questions the level of actual decline in

\(^5\) Early on, only students from wealthy families and with high educational achievement took the SAT, as more students became able to attend college, less advantaged students also participated.

\(^6\) Inflationary adjusted.
educational achievement\(^7\), he concludes that “US schools may not be declining but they are struggling” (122). The education gap between white and minority (specifically African-American) students has grown (Coulson, 138). Through all this, educational expenditures per-pupil (inflationary adjusted) have skyrocketed, indicating gross inefficiencies in public schools\(^8\) (Coulson; 202, Brandl, 57; Peterson 1998, 4). Additionally, parental and voter satisfaction with public schools has plummeted, to nearly three-fourths in each category (Hodges and Mechlenburg, 3).

Inner-city schools, which struggle the most in terms of educational achievement, have also become infested with gangs, drugs, and violence (Boaz and Barrett, 3; Chubb and Moe, 8; Carter, 43; Coulson, 13-14)\(^9\). "No one defends urban public education as being adequate" (Saks, 27). Public schools in urban areas are frequently overcrowded (Carter, 43). Overall, inner-city public schools are not achieving their goals (Coulson, 33). Students of public schools graduate without a grasp of the skills typically expected of them and face numerous obstacles within the schools themselves. Because of the poor quality of schools, and as evidence of their failings, colleges have been forced to offer far more courses in remedial math, reading, and writing to prepare students to take required coursework (Boaz and Barrett, 2; Hodges and Mechlenburg, 2-3). The failure of public schools has fostered the gap between the academic achievement levels of black and white students (Viteritti 1999, 5).

\(^7\) This study contends, among other things, that the SAT decline as an accurate measure of educational achievement; makes the claim that standardized test scores have not declined much, but that improvements in educational achievement ceased around the mid-1900s; and that media studies of inadequate student knowledge are unscientific.

\(^8\) Part of this increase can be explained through increases in transportation cost, the rise in teacher salaries, and the reduced staff/student ratio, but corruption is another traceable factor in the expenditure rise (Coulson, 206).

\(^9\) Rural and suburban school performance, on average, far outpaces that of urban schools.
Private School Superiority?

While urban public schools have struggled, private schools, regardless of location, have been seemingly superior in terms of student academic gains. Private schools have performed at a much higher level than public schools since the earliest comparative studies (Boaz and Barrett, 1). Private school students perform better than public school students on standardized tests, dropout with far less frequency, attend college with greater regularity, and feel far safer within the schools (Coulson, 285). Private schools may appear to do better because of the advantages their students enjoy; students typically come from wealthier and more structured social backgrounds and have higher levels of academic ability (Chubb and Moe, 140). Private schools generally are able to select, to a degree, from among students who can afford the tuition there (Levin, 43). However, while the background of students attending has a profound effect on the apparent success of private schools, numerous studies indicate that private schools do a better job of educating students\(^{10}\) even with social background, past achievement, demographic variables, and school selection taken into account (Arum, 30; Chubb and Moe, 140; Coleman, et. al.; Bryk, et. al.; Levin, 48; Hoffer, et. al., 183; Brandl, 73; Coulson, 279).

The differences between private and public student achievement is most profound among African-American, Hispanic, and low-income students, who are most commonly found in urban public schools (Hoffer, 174; Coleman, 302). Low-income African-American students in DC private schools score significantly better than their public school peers (Johnson, 2). Educational achievement differences between private school and public school students grow with the length of time spent in private schools (Johnson, 2; Coleman et. al.) indicating the superiority of private schools over public schools.

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\(^{10}\) Measured in terms of cognitive test scores.
However, the fact that self-selection determines whether a student attends a private school, there may be unmeasured variables differentiating public and private school students (Witte 1997, 268). Many would argue that families who send their students to private schools have a certain commitment that parents of public school students do not have\textsuperscript{11} (Peterson 1998, 21). This unmeasured characteristic, be it commitment, attitude, or some other intangible, may in fact explain some of the difference between private and public school students’ academic achievement. However, the significance of that difference, taking into account measured variables, indicates some measure of private school superiority.

In addition to academic achievement, private schools offer other advantages over public schools. Private schools represent increased parental satisfaction with schools, teachers, discipline, and academic standing (Coulson, 282). Private schools offer education at a lower cost to students than public schools, though this does not include transportation costs, special education, and the less costly services of clergy in religious schools (Levin, 47).

Studies indicate that private schools succeed primarily because of the greater autonomy afforded to them. Private schools have a vastly different school structure; they have greater autonomy, flexibility, and ability to try innovative techniques (Chubb and Moe, 32). Private schools succeed because they have stronger, more autonomous leadership,

\textsuperscript{11} Voucher proponents believe though, that a voucher program will create this level of parental involvement (Coulson, 266).
more professional and harmonious personnel, clearer and more ambitious goals, more rigorous coursework, and are more orderly and less bureaucratic (Chubb and Moe, 99). The most important of these factors in the success of private schools seems to be their autonomy (Chubb and Moe, 183). Public schools struggle from the large bureaucracy that runs them; efforts to increase per-pupil expenditures have had limited effect on the efficiency of public schools\textsuperscript{12} (Boaz and Barrett, 3; Chubb and Moe, 140; Brandl, 63). Public school districts in the largest cities employ anywhere between 35 (Chicago) and 60 (New York) times the number of non-teaching administrators per student than the Catholic school network in those cities (Boaz and Barrett, 5). This heavy bureaucracy and regulatory controls create an imperviousness to reform efforts, a lack of citizen control over school districts, and divert funding from direct educational costs (Arum, 31; Boaz and Barrett, 6; Chubb and Moe, 32). A lack of response to changes means that efforts to improve public schools internally usually fail. School voucher proponents feel that in order to improve the education students receive and to force public schools to reform, competition between schools through a voucher program is necessary.

**School Voucher Theory**

School voucher proponents feel that school choice will benefit the American education system through two functions: increased opportunity for students to attend better schools and the creation of a competitive market. Voucher proponents also argue that students have a right and need to attend the school of their choice (Hargreaves, 133; Saks, 28; Metcalf, 19; Levin, 25). While inner-city public schools offer inadequate educational

\textsuperscript{12} Their study found that per-pupil expenditures in all schools have increased 6-fold since 1945, adjusted for inflation.
services, the families of children attending them have few, if any options available to them (Carter, 43; Metcalf, 19). Higher income families can, and do, send their children to private schools, which require tuition, and have moved to suburban areas, where schools have been substantially more effective\textsuperscript{13}. Students have the right to a quality education (Hargreaves, 132), which they often cannot receive at a public school. Parents, likewise, have a right to control the funds for their children’s education; parental control of the funds is an essential feature of a market system of competition in schools (Shlaes, 2). In the current system, low-income families do not have the autonomy to leave the public education market (Coulson, 263).

The benefits of a voucher program occur primarily for voucher recipients. A voucher program would make private school education available to children of families who could otherwise not afford private schools. This would increase opportunity for a quality education and thus their opportunities for employment and further education (Boaz and Barrett, 7; Doyle, 89; Hargreaves, 134). The initial school voucher arguments articulated by Milton Friedman insist that vouchers would reduce stratification in society by offering poor children the opportunity of a quality education (Shlaes, 1) African Americans and families living in inner cities have overwhelmingly expressed the desire to send their children to private schools, but lack the resources to do so (Doyle, 88). Voucher programs increase educational opportunities for children in low-income families. Voucher programs would also efficiently connect students with schools that met their needs and preferences (Catterall, 970). Furthermore, school choice proponents argue that

\textsuperscript{13} Numerous studies on suburbanization note that lower income families are typically unable to move to suburban areas due to zoning (and thus property costs), displacement costs, and transportation needs.
parents who choose schools for their children become more involved in school-related activities and in their children's education (Schneider, et. al., 90).

The final argument for school vouchers is the theory that a large private school sector that competes with public schools forces public schools to improve the quality of their educational offering. Public schools would improve out of the need to compete with private schools for students, by changing their structure and adapting to the market (Catterall, 970; Levin, 25). In a competitive market, public schools would have to become effective or else they would "go out of business" (Hargreaves, 135). Furthermore, voucher advocates claim that as voucher programs grow, public schools would have to attract students and would thus have to reform their inadequate structure (Boaz and Barrett, 20). Competition would create greater innovation and educational quality within both the private and public schools (Metcalf, 19; Cohn, 4; Brandl, 66-7). A market system of education would force schools to be more responsive to the needs of students (Levin, 46; Coulson, 266). Studies indicate a strong relationship between the size of a regional private school sector, and the ability of a majority of families to afford the private schools, with the quality of public schools in the area (Rees, 17; Arum, 40; Peterson 1998, 12). Arum’s study found a direct relationship between the size of the private school sector with per-pupil expenditures and student-teacher ratios in public schools (Arum, 40). Arum also found that public schools in areas that featured larger private school sectors did significantly better than public schools with less competition from private schools, primarily due to the increased resources given to these schools