

**BRIEF ANALYSIS**

No. 265

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## Private Vouchers for Educational Choice

While a debate rages over whether parents should be able to use tax money — or tax credits — to choose between public and private schools for their children, the movement to provide school choice to children from low-income families through privately funded vouchers is mushrooming.

- Thirty-six voucher programs across the nation, operating under the umbrella group Children's Educational Opportunity Foundation of America (CEO America), pay up to half the tuition at private schools for more than 12,000 children from low-income families—with thousands more on waiting lists.
- A new program in San Antonio's suburban Edgewood school district, where 93 percent of the 14,000 students come from low-income families, will pay the full tuition for any student who wants to transfer to another school, private or public.
- Theodore J. Forstmann, a Wall Street investor, will offer at least 5,000 private school vouchers worth \$1,000 each to children from low-income families in Los Angeles for four years beginning in 1999.

Sponsors and supporters say more affluent families can escape bad schools by enrolling their children in private schools or moving to areas with better schools. The privately funded vouchers are intended to make school choice possible for many low-income parents whose children would otherwise be trapped in inner-city schools that are academically inferior, physically dan-

gerous or both. Thousands of children, particularly but not exclusively in inner-city schools, are completing public schooling without an adequate education, and many of them are functionally illiterate. Supporters of vouchers say they expect the competition created by the voucher programs to create pressure on public schools to improve.

**Origins of the Movement.** After the Indiana Legislature turned down a school choice bill in the summer of 1991, Indianapolis insurance executive J. Patrick Rooney started the first privately funded voucher program there in time for the beginning of the school year. Dr. James

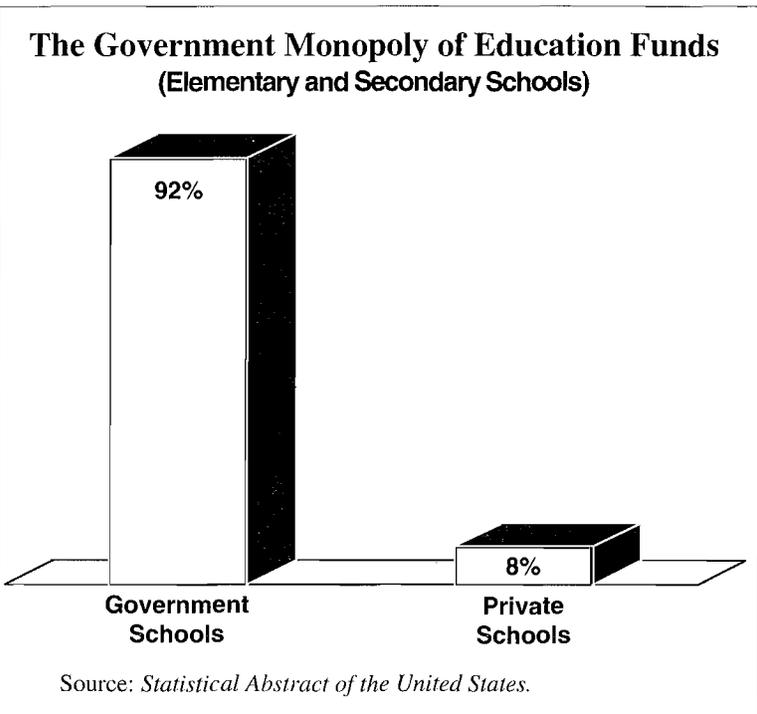
Leininger, a physician and business executive in San Antonio, read about Rooney's initiative and, with partners, established a similar program in San Antonio in 1992. By the fall semester of 1992, private voucher programs were also under way in Milwaukee, Battle Creek, Mich., and Atlanta.

The CEO America Foundation was established in 1994, when about a dozen programs were in operation, to act as an information clearing house, help develop new private voucher programs and provide

support services for existing programs.

In the 1996-97 school year, 30 private programs provided vouchers worth \$11.9 million. Vouchers totaling more than \$45 million have been provided since the programs began. The largest program is Milwaukee's Partners Advancing Values in Education (PAVE), with about 4,400 students enrolled.

**The Opposition to Vouchers.** Teachers' unions oppose school vouchers, whether funded by taxes or private money, maintaining that they encourage parents and students to flee troubled inner-city public schools, causing bad schools to become even worse. Public



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school officials say the most involved parents and most motivated students will be those most likely to leave. Some critics say the contributors to private voucher programs should instead give the money to public schools — which already control 92 percent of all money spent on elementary and secondary education — to help make them better. [See the figure.]

### **How Most Private Voucher Programs Work.**

Although the programs now operating are not identical, most share certain features. Among them:

- All children who qualify for free or reduced-price school lunches within the area served by the program are eligible.
- With some exceptions, the voucher pays up to half of the tuition (with a maximum that varies among programs) and the family pays the remainder.
- The family can choose any private school that it feels best suits the child's needs if the school will accept the child.
- There are no academic qualifications, but the student must stay in school.

The requirement that the family pay a share of the tuition is a difficult hurdle for many families who already are struggling financially. Yet every voucher program has a waiting list. In Washington, D.C., for example, 7,573 students, nearly 10 percent of the enrollment in the district, applied for 1,000 vouchers. New voucher recipients generally are chosen either by a lottery or in the order in which they applied.

**Can Competition with Vouchers Improve a School District?** The \$50 million Edgewood project, to begin next fall, will be far more sweeping than any previous private voucher program. Students from kindergarten through the 12th grade will be eligible for a full, privately funded tuition scholarship at any school, private or public, that will admit the student.

Edgewood's test scores, although better than those of many Texas school districts, are well below statewide averages. Edgewood was chosen, sponsors said, because its size makes it possible to offer a voucher to any child in the district. Sponsors have committed a minimum of \$5 million a year for 10 years to the program, to be known as the Horizon Project. The goal, they say, is not only to give low-income families a choice of schools, but also to determine the overall impact of true choice — on students, on public and private schools and on the

community. They expect independent annual research studies involving both private and public school students in the district.

There are only about 150 openings at private schools in the Edgewood district and another 2,000 in Bexar County, where the district is located. However, the sponsors expect existing private schools to expand and educational entrepreneurs to open new schools if the demand is there. Still, the program may require several years to implement fully.

Initially, Edgewood public school officials reacted with anger to the private voucher announcement, and a state senator from the area called it "another ruse to destroy public schools."

**Reforming One Bad School.** Although the Edgewood project will be the first involving an entire school district, Albany, N.Y., has already witnessed what a private voucher program for an entire school can do. The Giffen Memorial Elementary School, with a large number of children from low-income families, was academically the worst school in Albany when New York philanthropist Virginia Gilder offered any student there a private school scholarship paying up to 90 percent of private school tuition for a minimum of three and a maximum of six years.

More than 100 of the 458 students accepted. Both the students who moved and those who stayed at Giffen benefited. The Albany Board of Education criticized the scholarship offer as "a political stunt," but still installed a new principal, transferred nine teachers, added two assistant principals and pledged to spend an additional \$125,000 for books, equipment and teacher training at Giffen. The Albany school superintendent acknowledged that the changes resulted from the challenge.

**Conclusion.** Private voucher programs can do more than make school choice possible for a limited number of students from low-income families. Proponents of vouchers say the goal of such programs is not to replace public schools but to see that all families can choose the schools that best meet their children's needs. The growing number of voucher programs is likely to increase public demand that school choice be available everywhere. And if students and families have choices, the competition will force sub-par public schools and school districts to reform and innovate or die.

*This Brief Analysis was prepared by Fritz Steiger, president of CEO America.*