

BRIEF ANALYSIS

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The Private School Voucher Movement

While the issue of using tax-funded vouchers to provide school choice is being debated and contested in the courts, an increasing number of privately funded voucher programs across the nation are making it possible for children from low-income families to attend private elementary and secondary schools.

This fall, 41 privately funded programs will operate under the umbrella of the Children's Educational Opportunity Foundation of America (CEO America). [See the figure.] This is a 33 percent increase over the 1997-98 school year, when 31 programs provided private vouchers to 12,141 children. At least a dozen other private programs operating independently provide vouchers to another 5,000 students.

Pioneering in Indiana. The growth of the privately funded school voucher movement can be traced to 1991, when the Indiana Legislature turned down a school choice bill under pressure from the teachers union and the education establishment. J. Patrick Rooney, an Indianapolis insurance company executive concerned about the quality of the public schools, particularly those in the inner city, decided that businesses needed to support a fundamental restructuring of education in Indianapolis. Rooney formed the Charitable Choice Trust and offered to pay up to half the tuition, with a cap of \$800 (most private schools in Indianapolis charged less than \$1,600 a year tuition), for 500 elementary students at private schools. The only requirement was that the student come from a low-income family.

Less than a month after the Indianapolis program began, Dr. James Leininger, a physician and business executive, read a *Wall Street Journal* editorial about Rooney's initiative and, with partners, established a similar program in San Antonio to begin offering vouchers in the 1992-93 school year. Three other programs — in Milwaukee, Battle Creek, Mich., and Atlanta — were founded that school year.

By 1994, with 12 voucher programs in operation, Fritz Steiger, who had helped Dr. Leininger start the Children's Educational Opportunity Foundation of San Antonio, founded the Children's Educational Opportu-

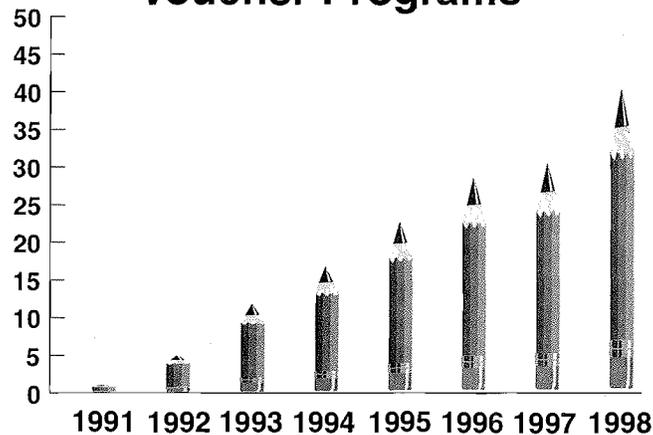
nity Foundation of America (CEO America) as an umbrella group for private voucher programs. CEO America acts as a clearing house for information on privately funded voucher programs and promotes the public policy debate on school choice.

CEO America has set a goal of recruiting leaders to start programs in 10 cities each year over the next five years, with a total of 25,000 to 30,000

students enrolled. To help get new programs started, the umbrella organization has been providing challenge grants that must be matched dollar for dollar. And Theodore Forstmann, a Wall Street investor, and John Walton, a Wal-Mart heir, have announced that they will underwrite a \$100 million foundation, the Children's Scholarship Fund, to help new programs offer more private school vouchers in other cities beginning in the fall of 1999.

School Choice for Low-Income Families. The objective of private voucher programs is to give low-income families the same kind of school choice that more affluent families can have by moving to another

Growth of CEO America Voucher Programs



Source: CEO America.

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school district or sending their children to private schools. At the same time, the programs hope to improve the public schools through competition. “When all families, no matter how poor, have the freedom to walk away from bad schools, competition will force the public schools to improve,” Rooney told the *Wall Street Journal*.

The demand obviously is there. In addition to the children who participated in programs last year, 45,000 were on waiting lists. This is despite the fact that having a child in a voucher program means a financial sacrifice to these families, who have to pay half or more of the tuition in most programs. Most participants and aspirants are from inner-city families, and statistics give a glimpse of what they face in their public schools.

- The average dropout rate for large urban school districts nationwide is 51 percent.
- The public school dropout rate in Indianapolis is 72 percent, in St. Louis 73 percent, in Detroit 68 percent and in Atlanta 57 percent.

Although the private voucher programs have many features in common, there are individual differences. Some take applicants on a first-come, first-served basis, but most select applicants by lottery. Most voucher students are in grades 1 through 8, but some are in high school — and many programs that award vouchers to junior high and middle school students will fund them through high school graduation. The Children’s Scholarship Fund will offer scholarships for kindergarten through high school. Some programs pay more than half the tuition cost. Most programs base eligibility for vouchers on whether the student qualifies for the federal government’s free or reduced-price lunch program.

Competition for Public Schools. Although privately funded voucher programs are still a tiny part of education in the United States, they are taking innovative new approaches in an effort to determine what best meets

the needs of children and encourages improvement in the public schools. For example:

- In Albany, N.Y., philanthropist Virginia Gilder offered a scholarship paying up to 90 percent of private school tuition to any student at Giffen Memorial Elementary School, academically the city’s worst school.
- After more than 100 of the 458 students accepted, the Albany Board of Education 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 the school.
- In San Antonio, a 10-year, \$50 million CEO America program begun this school year offers a full tuition scholarship to all students K through 12 in the Edgewood Independent School District, where 93 percent of the 14,100 students come from low-income families.
- Sponsors say the goal in Edgewood is not only to give low-income families a choice of schools but also to determine the overall impact of true educational choice on students, on public and private schools and on the community.

The Benefits of Choice. Why are parents of limited financial means so ready to sacrifice so their children can attend a private school? Many say they are desperate to get their children out of unsafe and low-performing schools. One Indianapolis mother said of her son, “I saw the possibility of saving Alphonso’s education and his future. He had to get used to the discipline and homework. He missed his old friends. But Alphonso began to learn about citizenship, discipline and doing your lessons.”

This Brief Analysis was prepared by NCPA Senior Scholar Dorman E. Cordell.