

SCHOOL VOUCHER PROGRAMS IN THE UNITED STATES: IMPLICATIONS AND APPLICATIONS FOR CALIFORNIA

by
Janet R. Beales

EXECUTIVE SUMMARY

Few reforms promise to do more to fundamentally alter the structure of public education in America than school choice. Yet proponents and opponents alike are at a loss to describe exactly how school choice would in fact operate. Privately funded voucher programs, operating on a small scale in twelve U.S. cities, offer working demonstrations of school choice.

Together, these programs provide tuition vouchers to over 5,000 low-income children enabling them to attend their school of choice, including religious schools. Typically, the programs grant vouchers valued at half the amount of tuition at the chosen school; vouchers are distributed on a first-come, first-served basis to children eligible for the federal free-lunch program.

Available parent surveys show that parents placed greatest importance on “educational quality” when selecting a school. This finding is in sharp contrast to the conclusions of the 1992 Carnegie Report on school choice which stated that parents selected schools for nonacademic reasons.

Parents who opted to participate in choice programs tended to have higher educational expectations for their children, were more educated, and had fewer children than comparable nonchoosing families. However, marital status and income levels of participating families were often similar between low-income families who used vouchers compared to those whose children remained in the public schools.

In Milwaukee, the privately funded Partners Advancing Values in Education (PAVE) program operates alongside the state-supported Milwaukee Parental Choice Program (MPCP). Although the MPCP pays full tuition, and PAVE only half, greater numbers of low-income parents have applied to the PAVE program than the MPCP. Regulations on the MPCP appear to have dampened demand for it; parents are restricted to choosing among 13 nonreligious private schools. In the PAVE program, children attend any one of 86 schools, including religious schools.

Unlike countless attempts to bring about school choice through legislative means, private-voucher programs are a proven service-delivery model that works. The work of private initiative, these voucher programs face few of the regulatory and political hurdles encountered by other school-choice proposals. Moreover, because the vouchers are funded privately, the private schools themselves avoid the risk of government interference that often accompanies government funding.

Following the defeat of a school-choice initiative in 1993 which would have provided state-support for tuition vouchers, Californians may wish to pursue a private-sector alternative. Where are the areas of greatest need? How would a decline in public-school enrollment affect California school finance? What steps should organizers of a private-voucher program take? The report addresses each of these questions, and recommends that state legislatures grant tax credits to organizations providing tuition vouchers, and reduce business regulations affecting private schools.

The following quotes are excerpts taken from letters written by parents whose children attend private schools with the assistance of a privately provided tuition voucher. Privately funded school-choice programs operate in twelve U.S. cities giving over 5,000 children choice in education.

If you were a business leader, and you were interested in sponsoring children for the CHOICE program, I would tell you that it would be to your advantage, because the children are the future. And, if they don't get the training that the private schools are offering, then there's not going to be any other children to take over.

—Debbie McClung, mother of Ashlee, Indianapolis.

This has been the most significant gift we could have ever received in our lifetime. It is most painful not to be able to provide my children with anything else as we rely so much on hand-me-downs and the support of money and food from family and friends. But you have provided them with a gift no one else can and a gift that will truly make their future. Your program is their lifeline.

—Joy Smith, mother of Allison (age 9), Jason (age 12) and Billy (age 14), Chamblee, Ga.

The program is a blessing for parents like myself who are single with more than one child...It is truly rare that quality and real care is offered to low-income families.

—Aminah Omari, mother of Ase (age 9), Ainkasha (age 7), and Akinyele (age 6), Atlanta, Ga.

We are ecstatic about the change in our son, his attitude toward school, the new friends he's made and the quality of his curriculum.

—Willie Thompson, mother of Eric (age 9) Decatur, Ga.

My granddaughter, Stephanie, is considered dyslexic and although she attended pre-kinder, kindergarten, and three years of public school, there was very little done to help her. Her school-work this year resembled work done by a first grader. She could not read or retain anything. A friend told us about The Learning Nook, a private school that works with children having learning problems. We enrolled her immediately and within three or four days, her attitude was completely changed. She looked forward to going to school. Her writing is neat and clear, she now enjoys doing her homework, and her alphabet letters are not backwards. I am very grateful to CEO for the two year tuition scholarship granted to Stephanie.

—Estela Fincke, grandmother of Stephanie (age 9) San Antonio, Tex.

I have three sons, they have attended three middle schools within a two month period. They were not safe at any of them. At Paige Middle School, the principal had to bring my sons home in the middle of the day, not because they were misbehaving, but because the gang members were harassing them in the classroom, outside, in the halls, even on the way home; they were not safe. Because of these problems that caused them to have low self-esteem, stress, and not wanting to go to school, their grades were beginning to look real bad. I spent a lot of time at school instead of working at my job.

But thank God for the CEO Foundation that came to my rescue... They would still be living in fear, if it wasn't for the choice that CEO program has given my family... We would like to say thank you very much to CEO Foundation for giving us a chance and a choice.

—Etta Wallace, mother of Bobby, Tony, and Terry, San Antonio, Tex.

I. INTRODUCTION

Few reforms promise to do more to fundamentally alter the structure of public education in America than school choice. Yet proponents and opponents alike are at a loss to describe just how those changes will manifest themselves. Private-voucher programs, operating on a large scale in four U.S. cities, provide an opportunity to examine important issues surrounding school choice: How do parents make choices? Who chooses and why? What is the cost of operating school-choice programs? How do excessive regulations diminish the effectiveness of school choice?

The existing choice programs can be looked upon as models for future private-sector efforts in the state of California. What are the key components of existing voucher programs and how can we establish similar programs throughout the state? What is the availability of private schools? Which cities and towns have high concentrations of children whose families lack the financial ability to provide them with a quality education? These questions will be addressed throughout this report.

Why School Choice?

Between 1983 and 1993, per-pupil spending, after adjustment for inflation, increased 14 percent in California.¹ Yet SAT scores, following significant declines in the early 1970s, have remained virtually flat. Just under 68 percent of our ninth-grade students graduate from high school, leaving California to trail behind 41 other states in graduation rates.² In cities such as Los Angeles, the level of academic achievement is even worse. In the Los Angeles Unified School District's class of 1992, more students dropped out—17,000 of them—than took the Scholastic Achievement Test (SAT).³ Of the 11,000 students who did take the SAT, average combined scores for the math and verbal sections were 111 points lower than the state average.⁴ The mediocre condition of education, in this state and in others, has prompted many to look for new approaches to education reform. Chief among them has been school choice.

Typically, proposed school-choice reforms provide tuition vouchers to students worth some portion of the value of what public schools spend per pupil. These vouchers may be used at public, private or religious schools. Vouchers may be augmented with additional funds, from parents or others, for use at those private schools where tuition costs are higher than the voucher amount.

During 1993, legislatures in 34 states had introduced some form of choice legislation. At least 19 states had citizens' coalitions working on choice initiatives or proposals.⁵ Yet for all the political activity, not a single state has implemented public and private-school choice for all students. While the theoretical case for education choice has been well developed, the budgetary and social impact of such a reform is uncertain.

¹Raymond Reinhard, Assistant Secretary, Governor's Office of Child Development and Education, Sacramento, California.

² *Report Card on American Education*, 1993, American Legislative Exchange Council, Washington, D. C., September 1993.

³"Dropout Rates for California Public School Districts, May 1993," California Department of Education.

⁴"Education Testing Service SAT Report, 1991–92," California Department of Education, Research, Evaluation and Technology Division, Sacramento, California.

⁵"School Choice in the United States," The Center for Education Reform, Fall 1993, Washington, D.C.

Existing voucher programs, all but one of which are privately funded, operate in twelve U.S. cities, providing case studies on which to assess some implications of school choice. Although the relatively modest size of these programs precludes drawing conclusions about their impact on an entire state, the programs can be analyzed for their cost, the type of student served, and their effectiveness in terms of efficacy, access, and implementation. Parent surveys from three of the privately operated voucher programs and one government-sponsored program provide information about who uses vouchers and why.

II. DESCRIPTION OF PRIVATELY PROVIDED VOUCHER PROGRAMS

The largest privately operated choice programs involving public and private schools operate in the cities of Indianapolis, San Antonio, Atlanta and Milwaukee. (Two voucher programs operate in Milwaukee; one supported by state funding, the other supported by private contributions.) These programs serve children from low-income families by providing tuition vouchers valued at half the amount of tuition charged by the school selected by the child's parent. Funding for the vouchers comes from private, not public sources. Financial support has come from businesses, foundations, and private individuals.

Student/Sponsor Partnership Program

The Student/Sponsor Partnership (S/SP) has operated since 1987 and pays the tuition of 725 students to attend one of 15 participating Catholic high schools in New York City. Students are selected for participation in S/SP based on financial and academic need. "Our mission is to serve average and below-average-achieving kids," says Associate Executive Director Kristin Kearns.* Students may request a school or the S/SP will make the placement for them. Every student is also matched with a mentor (usually a professional from the business community), who contributes toward the student's tuition.

*Interview with Kristin Kearns, Associate Executive Director, Student/Sponsor Partnership, Inc., New York, N.Y., October 25, 1993.

Privately provided voucher programs also exist in Phoenix, Austin, Denver, Lansing, Washington D.C., Albany, and New York City. More are in the planning stages in 22 other U.S. cities.⁶ By September, 1993, twelve privately provided voucher programs had made tuition vouchers possible for over 5,000 school children. Table 1 lists these programs and the number of participating children.

⁶Correspondence with Patsy O'Neill, CEO Foundation, San Antonio, Tex., December 21, 1993.

Table 1

PRIVATE VOUCHER PROGRAMS 1993–94				
Program	Students	Schools	Voucher Ave./Cap	Scholarship Total*
Educational CHOICE Charitable Trust—Indianapolis	1,113	68	\$650/\$800	\$715,000
Partners Advancing Values in Education (PAVE)—Milwaukee **				
Elementary	1,919	81	\$550/\$1,000	\$1,100,000
High School	406	10	\$1,321/\$1,500	\$542,000
Children's Educational Opportunity Foundation (CEO)—San Antonio	950	79	\$555/\$750	\$530,000
Children's Education Foundation—Atlanta	163	37	\$1,500/\$3,000	\$260,000
Free to Choose Trust—Little Rock	17	4	\$900/\$1,000	\$16,000
Arizona School Choice Trust Inc.—Phoenix	49	10	\$611/\$800	\$31,000
Hope Through Education Project—Albany, NY	24	14	\$990/\$1,500	\$23,000
Educational Options for Children—Denver	38	12	\$1,000/\$1,250	\$50,000
Austin CEO Foundation—Austin	46	21	\$874/\$1,000	\$40,000
The Vandenberg Foundation—Michigan	3	3	\$930/\$1,000	\$2,800
The Washington Scholarship Fund—Washington D.C.***	N/A	N/A	N/A/\$1,500	\$50,000
TOTAL	4,728	339	--	\$3,359,800
Student/Sponsor Partnership **** —New York	724	15	\$2,758 average (Tuition Paid in Full)	\$1,997,000

* Disbursed in 1993–94 ** Does not include some students unreported as of 12/93.

*** Expects to serve 30–40 students beginning January 1994.

**** See **Student/Sponsor Partnership Program** sidebar on previous page.

Source: Texas Public Policy Foundation, Student/Sponsor Partnership, Educational CHOICE Charitable Trust, PAVE, Children's Educational Foundation, Vandenberg Foundation, and Washington Scholarship Fund.

Most of the privately supported school-choice programs were established by individuals and foundations who believe strongly in the principles of school choice: that parents, including low-income parents, should have the right to choose a school for their children; and that a competitive market of schools would serve children better than an education monopoly.

In general, the vouchers are valued at half the amount of any private school's tuition up to a certain amount. The cap ranges from \$750 to \$3,000. Vouchers are granted on a first-come, first-served basis without regard to academic background. They may be used at any private school of the parents' choosing, depending on space availability and the private school's admissions criteria, if any. In the voucher programs studied, roughly half the vouchers were intentionally awarded to low-income students who were enrolled in private schools prior to the advent of the program. Recognizing that low-income families often have difficulty maintaining tuition payments, organizers of the voucher programs decided to dedicate some of their efforts to stabilizing the education of those children already enrolled in private schools.

A. Educational CHOICE Charitable Trust, Indianapolis, Indiana

*So many people don't have a choice because they can't afford it.
—Carleen Carson, grandmother of Candice.*

Established by J. Patrick Rooney, CEO of Golden Rule Insurance Company, in 1991 shortly after legislative attempts to pass a voucher bill in Indiana failed, the Educational CHOICE Charitable Trust became the standard upon which all other programs have since been modeled. It was designed to serve low-income children residing within the Indianapolis Public Schools (IPS) district on a first-come, first-served basis with voucher payments worth half the amount of tuition at any private school of the parent's choosing.

Within three days of announcing the program, Golden Rule Insurance Company received 621 applications; more followed. Applications were distributed through community centers, private schools, and Golden Rule's offices. Most participants learned of the program through newspaper, television and radio accounts.⁷ Roughly 1,500 applications, of the 3,000 requested, were submitted to Golden Rule. Because of demand, and also due to the fact that Eli Lily and roughly 60 other supporters joined in, the Trust was expanded from 500 vouchers as originally planned to about 900 in 1992–93, and 1,100 in 1993–94.

The average voucher amount in 1993–94 was \$650 with a program-wide cap of \$800 for grades K-8.⁸ Voucher payments in the form of monthly checks are made directly to the participating schools by the CHOICE Trust. The CHOICE Trust operates on a three-year budget of \$1.65 million, of which \$1.2 million was provided by Golden Rule. The insurance company also provides all administrative and outreach costs associated with the program so that program funding is used entirely for tuition vouchers. One full-time administrator and one secretary at Golden Rule oversee the Trust. Timothy Ehr Gott, executive director and administrator of the Trust estimates that roughly one-quarter of his time is spent dealing with inquiries and travel as a result of the national publicity the program has received and its prototype status. Budget data showing the costs of administration and overhead for the Trust are not available from Golden Rule.

Research Findings. The Hudson Institute, in collaboration with researchers from Butler University in Indianapolis, is conducting a multi-year study of the Educational CHOICE Charitable Trust to assess its impact on participating students, their families, and public and private schools. Research findings about the Trust's impact on the Indianapolis Public Schools (IPS), which enrolls 48,000 students, include the following conclusions based on interviews with IPS administrators:

⁷ *First Year Report: Educational Choice Charitable Trust*, Hudson Institute with assistance from Butler University, Indianapolis, November 1992, p. 34.

⁸ Correspondence with Tim Ehr Gott, Executive Director, Educational Choice Charitable Trust, July 13, 1993.

(R)espondents also noted that overcrowding is a problem for Indianapolis Public Schools (IPS) at the elementary level. The decline in enrollment helped to alleviate this problem at some schools. Further, participants in the CHOICE program exiting IPS seem to have been fairly evenly distributed throughout the District as there was not a disproportionate drop in enrollment at any one IPS school.⁹

They also acknowledged that these discussions prodded IPS to move forward more quickly with its own public school choice agenda. (IPS recently adopted a “Select Schools” program that would allow parents limited choice among certain public schools in the district.)¹⁰

Despite these positive developments, the reaction to the voucher program by IPS administrators was generally negative. In particular, they cited the negative publicity generated about the public schools as a result of the media's attempt to explain the need for private-school choice.

The response by parents to the vouchers, however, was positive with roughly twice as many parents requesting vouchers as the number available. Table 2 presents the reasons parents selected the private school in which they enrolled their children. Key findings from the Hudson Institute's parent surveys include:

Seventy-three percent of the participating families had annual household incomes of less than \$20,000. Twenty-seven percent earned less than \$10,000 a year.¹¹

Approximately 80 percent of the parents had graduated from high school or had earned an equivalency degree. Of those, less than 10 percent had earned a college degree. (Thirty-nine percent of all female respondents and 28 percent of all males had attended some college, but did not complete their degrees.)¹²

Most children (60 percent) who had attended private schools prior to receiving the voucher were white. Most of the children who used vouchers to transfer from IPS to private schools were African-American (54 percent)—about the same proportion as found in the IPS.¹³

Several principals from the participating private schools responded that the choice program had led to greater cultural diversity within their student population.¹⁴

B. The Children's Educational Opportunity (CEO) Foundation, San Antonio, Texas

We want our children to get a better education than we did so they can succeed in life, so they won't be struggling.

—*Maria Chavez, mother of Lori (age 13), Melisa (age 10) and Antonio (age 8).*

⁹ *First Year Report*, p. 9.

¹⁰ *Ibid.*, p. 10.

¹¹ *Ibid.*, p. 20.

¹² *Ibid.*, p. 21.

¹³ *Ibid.*, p. 21.

¹⁴ *Ibid.*, p. 38.

In 1992, the CEO Foundation was organized by Dr. James Leininger, CEO and chairman of KCI, a medical-supplies manufacturing firm, who was inspired by media accounts of the Educational CHOICE Charitable Trust in Indianapolis. Using the Texas Public Policy Foundation, for which he serves as chairman, to house and design the voucher program, Dr. Leininger and the KCI Foundation were joined by USAA Federal Savings Bank, Valero Energy Corp., and the San Antonio Express-News. The Texas Public Policy Foundation provides the physical facilities from which to operate the program and is absorbing all associated administrative costs. The San Antonio Express-News donated in-kind services, notably full size advertisements with clip-out CEO applications, and in 1993–94 made a large corporate donation to the CEO Foundation. The newspaper's assistance enhanced the distribution and accessibility of the CEO applications to the participating low-income families, many of whom lacked cars or telephones.

In 1993–94, annual expenditures for tuition vouchers totaled \$530,000.¹⁵ Serving 950 students, the CEO Foundation provides tuition vouchers up to \$750 for periods of two to three years each. The average voucher amount granted by the CEO Foundation was \$555 in 1993. Tuition costs in the San Antonio area are generally lower than the rest of the state and the nation. The average elementary and middle-school tuition is approximately \$1,100 in San Antonio private schools. Participating students must reside in Bexar County, which includes the city of San Antonio.

Unlike the other three voucher programs described here, public schools may participate in the CEO Foundation program. State law provides that at their discretion, public schools in Texas may charge tuition to students requesting inter or intra-district transfers. Of the 15 districts in Bexar County, where the CEO Foundation operates, one district, Alamo Heights Independent School District, exercises this option for some grade levels, charging middle-school tuition of \$4,000 in 1993–94. Due to capacity constraints, no students using CEO vouchers have yet enrolled in public school at Alamo Heights. Although the CEO vouchers are targeted at grades K-8, students at the eighth-grade level who joined the program the year of its inception will be funded the full three years of the programs' current commitment. This means some students in grades 9 and 10 attend school with CEO vouchers.

Research Findings. Sixty-six percent of families receiving CEO vouchers earn annual incomes of less than \$20,000; eleven percent earn less than \$5,000 a year.¹⁶ Just over 51 percent of the participating students had been enrolled in public schools the previous year; 49 percent were continuing students in private school. Beginning in 1993–94, the CEO Foundation will award up to 66 percent of its vouchers to students from public schools in order to help more students who otherwise would not have the opportunity to attend the public or private school of their choice. The CEO program is heavily oversubscribed. Over 1,400 students fill the waiting list for vouchers.

Researchers at the University of North Texas are conducting an extensive three-year study of the CEO program. The first of the reports, released in June 1993, found the following:

The CEO program primarily serves Hispanic families. Anglos are slightly over-represented among participating families; and African-Americans and Hispanics are slightly under represented relative to their numbers in the San Antonio urban student population.

Participants in the CEO program tended to participate more in religious activities than those in the public schools. Table 3 shows the religious affiliation of participating private schools.

¹⁵Correspondence with Patsy O'Neill, CEO Foundation, November 11, 1993.

¹⁶ Valerie Martinez, Frank Kemerer, and Kenneth Godwin, *Who Chooses and Why? Baseline Demographic Data Report*, San Antonio School Choice Research Project, June 1993, University of North Texas, Table 7A.

CEO families have higher educational expectations for their children and also tend to be more involved in their children's educations.

Forty percent of parents who were granted but did not accept their voucher cite insufficient personal financial resources as a reason.

Valerie Martinez, principal investigator for the study, describes the demographic differences between families opting to use the CEO voucher, and those who did not. Writes Martinez:

[Low-income] choosing families are better educated, have higher incomes, and have fewer children than nonchoosing [low-income] families. Families who participate in the CEO program are more involved in religious activities than...nonchoosing families.¹⁷

Advocates of vouchers argue that choice will empower parents who ordinarily would not show an interest in their children's education. That may be true with vouchers requiring little or no financial supplement from parents. However, Martinez's research suggests that choice programs which provide only partial tuition support appeal to a more motivated parent. Another explanation may be that since half the vouchers were granted to children already enrolled in the private schools, many of these families had already demonstrated a willingness to make considerable financial sacrifices, having previously assumed 100 percent of the tuition cost, for their children.

Consistent with the survey results from other private-voucher programs, the most important consideration in selecting a private school is educational quality. Table 2 shows how parents rated the importance of key factors in selecting a school.

C.Children's Education Foundation, Atlanta, Georgia

Words cannot express how thankful and blessed I feel for being able to let my grandchildren participate in such a program.

—Rowenda Gates, grandmother of Chantinia (age 12) and Anthony (age 6).

The Children's Education Foundation was established in August 1992 with a \$1-million grant from a single anonymous foundation. Initially administered by the Georgia Public Policy Foundation, day-to-day administrative and overhead costs are now paid separately by the same anonymous foundation. In the 1993–94 school year, 163 children in grades K-8 used vouchers from the CEF at 37 private schools in five counties: Fulton, Dekalb, Cobb, Gwinnett, and Clayton. Voucher amounts are valued at 50 percent of tuition costs, up to \$3,000, the highest cap of all the programs. Some full-tuition vouchers were available for cases of extreme hardship, but full-tuition vouchers will be phased out in the future. In 1992–93, four students received full-tuition vouchers to attend schools charging between \$3,200 and \$7,780.

The Children's Education Foundation (CEF) contracts with an outside company, the Voucher Corporation, which is responsible for disbursing vouchers on a monthly basis to parents who in turn present them to the private school which redeems them for cash with the Voucher Corporation. The arrangement allows the CEF to simplify its operations by making a single payment each month to the Voucher Corporation which takes care of all other transactions. Based in Cypress, California, the Voucher Corporation is the nation's largest voucher distribution firm

¹⁷*Ibid.*, p. 16.

for services such as childcare, eldercare, and transit. In the hopes of establishing itself in the education market, the Voucher Corporation is providing its services at cost to the CEF.¹⁸

As of late 1993, the CEF had not conducted parent surveys or other research. However, Chuck Johnston, executive director of CEF, says the foundation is in the process of identifying an independent researcher to study the program's impact on academic achievement.¹⁹

D. Partners Advancing Values in Education (PAVE), Milwaukee, Wisconsin

PAVE has dispelled the myth that poor parents don't care about their children's education.

—Mother of PAVE voucher recipient.

Partners Advancing Values in Education (PAVE) grew out of an existing foundation supporting Catholic schools known as the Milwaukee Archdiocesan Education Foundation, Inc. The nonprofit foundation provided an array of financial support services to Catholic schools in order to further educational opportunities for Milwaukee children.²⁰

Despite the fact that 66 percent of enrollment in Milwaukee's inner-city Catholic schools were non-Catholic students, the tenuous financial position of both the schools and the families with children enrolled in them was seen as a "Catholic problem," says Daniel McKinley, founder of the Foundation and executive director of PAVE.²¹ So the Archdiocesan Foundation's board of directors embarked on a strategic planning process designed to "take the program from helping a central core of the city to serving the whole city," says McKinley. To do this, he joined forces with other religious and nonreligious private schools in the city to coordinate a broad-based financial support plan for private schools.

It was during the final stages of this planning process that the CHOICE Charitable Trust in Indianapolis was established. Using it as a model, the board combined its \$800,000 Archdiocese Foundation trust with funding from other private sources to create PAVE—a scholarship plan giving children a choice of any private school, not just Catholic or religious schools.

With \$500,000 annually pledged by the Lynde and Harry Bradley Foundation for a period of three years, PAVE was established to serve low-income children from the city of Milwaukee. Initial funding was augmented by major donors including the DeRance Foundation (\$400,000); and Johnson Controls, Inc., Northwestern Mutual Life, and the Wisconsin Electric Power Co., who each contributed \$100,000 annually for five years; and many other corporate, foundation, and individual donations. In 1993–94, the total value of scholarships disbursed amounted to roughly \$1,642,000. Overhead costs, totalling 7 percent of annual costs, are paid out of a separate fund.²²

¹⁸Interview with Susan DeLaGarza, Voucher Corporation, Cypress, California, November 16, 1993.

¹⁹Interview with Chuck Johnston, Executive Director, Children's Education Foundation, October 29, 1993.

²⁰Organizations such as the Milwaukee Archdiocesan Education Foundation, Inc., which provide financial support to Catholic schools and tuition support to individuals, exist in many large cities in the United States. The Los Angeles Archdiocese's Education Fund, for example, awarded nearly \$4 million in scholarships to 3,600 students attending any one of the city's 290 Catholic private schools. As of November, 1993, a capital campaign for the Education Fund had raised \$82 million for endowment and school operation purposes.

²¹Interview with Daniel McKinley, executive director, PAVE, Milwaukee, Wis., November 10, 1993.

²²Interview with Daniel McKinley, executive director, PAVE, Milwaukee, Wis., November 16, 1993.

Although originally conceived to serve students in grades K-8, PAVE received numerous requests for vouchers at the high-school level. In response, PAVE set up a special fund to assist secondary-school students. Vouchers for elementary and middle-school students are capped at \$1,000; high-school students may request vouchers up to \$1,500.

Seventy-nine elementary private schools and seven high schools accepted 2,370 students with PAVE vouchers in 1993–94 (including 406 high-school students). Paying half the tuition amount, PAVE vouchers average \$550 for elementary students and \$1,321 for secondary students.

Research Findings. Family Services America, Inc., a nonprofit family counseling and education organization, surveyed parents to assess their satisfaction with the PAVE program.²³ Reports the survey, “The overwhelming majority of parents are very satisfied with the PAVE program.” Table 2 shows the reasons parents gave for participating in the PAVE program. Consistent with parent surveys from other choice programs studied, parents most often rated “education quality” as “very important.”

Most parents learned about the program through private schools (667), friends and family (171), or the media (240). Churches also played a key role as information sources for 141 parents, according to the survey in which parents could indicate more than one source. Most of the families, 60 percent, are headed by a single parent. The remaining 40 percent comprised married or two-parent couples with children.²⁴ Forty-eight percent of the reporting parents were white; 35 percent were African-American, and 13 percent were Hispanic. Less than 4 percent were Asian or native American.²⁵

These demographic indicators parallel the low-income population in the Milwaukee Public Schools. Among low-income families in the MPS, 64 percent are headed by a single parent. As for race, 30 percent of all MPS children are white; 55 percent are African-American; and 10 percent are Hispanic.²⁶

The private-sector PAVE program is of particular interest to designers of choice plans because it operates alongside the government-funded choice program for K-12 students, established in 1991 through the efforts of Wisconsin state legislator Polly Williams. Operating concurrently but apart, the two programs, both of which serve low-income families, provide a useful illustration of the dampening effect of regulation on school choice systems, discussed below.

Key Components of Private-Voucher Programs

- Provide 50 percent of tuition up to a cap.
- Ongoing commitment between 3 and 5 years.
- Parents select school, including religious schools.
- Children must qualify for the federal free or reduced-cost lunch program to be eligible.
- Children must reside within a specified geographic area.
- Vouchers granted on a first-come, first-served basis.
- Private schools may set admission criteria.

²³Maureen Wahl, *First Year Report of the PAVE Scholarship Program*, Family Service America, Inc., Milwaukee, Wis.

²⁴*Ibid.*, p. 10.

²⁵*Ibid.*, p. 13.

²⁶John F. Witte, et al., *Second Year Report, Milwaukee Parental Choice Program*, University of Wisconsin, Madison, December 1992, Table 5b.

Table 2

**REASONS FOR SELECTING SCHOOL
PARENT SURVEYS 1992-93**

	Very Important (%)	Important (%)	Somewhat Important (%)	Not Important (%)
Educational CHOICE Charitable Trust				
Education Quality	92	8	0	0
Discipline	77	20	4	0
General Atmosphere	81	19	0	0
Financial Considerations	85	15	0	0
Frustration w/Public Schools	64	14	23	0
Location	67	19	7	0
Special Programs	56	25	19	0
Other Children/Siblings	42	22	36	0
Availability of Voucher	80	15	5	0
CEO Foundation				
Education Quality	90	10	< 1	< 1
Discipline	81	16	2	< 1
General Atmosphere	79	19	2	< 1
Financial Considerations	73	22	5	< 1
Frustration w/Public Schools	63	23	9	6
Location	50	30	13	7
Special Programs	52	31	10	6
Other Children/Siblings	39	26	14	21
Religious Training	81	15	4	< 1
PAVE				
Education Quality	89	11	4	< 1
Discipline	72	22	4	1
General Atmosphere	73	21	5	1
Financial Considerations	77	18	4	< 1
Frustration w/Public Schools	65	18	10	8
Location	60	22	12	6
Special Programs	48	29	13	11
Other Children/Siblings	36	25	14	25
Availability of Voucher	53	26	9	12
Milwaukee Parental Choice Program				
Education Quality	87	13	0	0
Discipline	77	21	2	0
General Atmosphere	76	22	2	0
Financial Considerations	76	18	6	0
Frustration w/Public Schools	64	21	11	4
Location	61	19	14	6
Special Programs	70	25	3	2
Other Children/Siblings	47	28	8	17

Note: Surveys not conducted by Children's Education Foundation.

Source: *First Year Report: Education Choice Charitable Trust*, Hudson Institute; *Who Chooses and Why*, University of North Texas; *First Year Report of PAVE Scholarship Program*, Family Service America, Inc.; and *Second Year Report, Milwaukee Parental Choice Program*, University of Wisconsin-Madison.

Table 3

SCHOOL AFFILIATION 1993–94								
	Educational CHOICE Charitable Trust		CEO Foundation		PAVE*		Children's Education Foundation	
	Students	Schools	Students	Schools	Students	Schools	Students	Schools
Catholic	711	27	538	36	1,135	49	51	9
Non-Catholic Christian	377	34	396	37	585	32	80	16
Jewish	0	0	6	1	38	1	2	1
Islamic/Muslim	0	0	0	0	11	1	6	2
Other Religious	0	0	0	0	0	0	11	1
Secular	25	7	10	5	167	8	13	8

* Does not include some students unreported as of 12/93.

Source: Educational CHOICE Charitable Trust; CEO Foundation; PAVE; and Children's Education Foundation.

III. GOVERNMENT-SUPPORTED VOUCHERS: THE MILWAUKEE PARENTAL CHOICE PROGRAM

Legislative efforts, spearheaded by Wisconsin State Representative Annette “Polly” Williams (D-17), resulted in the establishment of a government-funded voucher program for low-income families in the city of Milwaukee. In addition to fully funding tuition in the amount of \$2,987 at eligible private schools in 1993–94, this state-sponsored program also provides public funding for transportation. The Bradley Foundation, the primary supporter of the private voucher PAVE program, supports a parent-information center for the Milwaukee Parental Choice Program (MPCP).

In 1990–91, the program's first year, 341 students used vouchers to attend seven private schools. In 1993–94, participation had expanded to 746 students in 12 private schools.²⁷ Beginning in the 1994–95 school year, the district-wide cap for student participation in the MPCP will be lifted to 1.5 percent of Milwaukee Public School (MPS) enrollment (from its current 1 percent level). In addition, private schools will be allowed to enroll up to 65 percent of their students with MPCP vouchers, up from 49 percent in the program's first four years.

In the 1993–94 school year, the Exito school, serving at-risk high-school students under contract with the Milwaukee Public Schools, also began accepting students with MPCP vouchers. Uncertainty over future funding for at-risk programs prompted Exito to participate in the MPCP program, in addition to maintaining its contracts with MPS for at-risk education, despite the fact that voucher payments are significantly less than the funding provided under the at-risk program. In 1992–93, the contract rate for at-risk students under this alternative program was \$4,978 per middle-or high-school pupil (\$3,653 per elementary student).²⁸ The school will continue to cater to at-risk students.

²⁷*Ibid.*, p. 8. and interview with Sue Freeze, consultant, State School Aids Consultation and Audit Section, Wisconsin Department of Public Education, November 12, 1993.

²⁸Interview with Dorris Wallace, Contract Manager, Alternative Programs, Milwaukee Public Schools, August 6, 1993.

Financial eligibility requirements for the MPCP are slightly more restrictive than those of the privately funded voucher program which grants vouchers to students who qualify for federal free or reduced-lunch programs. The federal-lunch program applies to students from households at 185 percent of the federal-poverty level or below while the MPCP is open only to students from households at 175 percent of the federal-poverty level or below.²⁹

Research Findings

Students who opted to use the voucher tended to show weaker academic skills relative to their peers from the same socio-economic background in the MPS. Annual evaluations of the program conducted by John F. Witte, a researcher at the University of Wisconsin at Madison, found no significant change in academic achievement during the first two years. Parental satisfaction has been high in all years of the program's operation with approval ratings above 95 percent each year.³⁰

Professor John F. Witte was contracted by the Wisconsin Department of Public Instruction to evaluate the MPCP program. Key findings about MPCP participating families from Witte's second-year evaluation of the MPCP for the academic year 1991–92 include:³¹

Average family income for low-income parents in the choice program was \$10,700 in 1992–93, slightly lower than the average income, \$12,100, for low-income parents who did not participate in the MPCP program.

Fifty-seven percent of mothers with children in the choice program received AFDC or general assistance compared to 59 percent of low-income MPS parents generally.

Choice families were more likely to be headed by a single parent than low-income families in the MPS (76 percent versus 64 percent).

Choice families were more likely to have smaller family sizes and higher parental education levels than their MPS counterparts. The educational attainment level of choice families was also higher than that of average-income MPS parents.

The top two reasons parents cited for participating in the choice program were the quality of the choice schools and school discipline.

One of the more interesting observations made by the report notes that students entering or applying to the MPCP tended to score below average on achievement tests, compared to both the MPS population at large, and their low-income MPS cohort group. Writes Witte, “In short, the choice students in this program enter very near the bottom in terms of academic achievement.”³² This finding refutes the argument that school choice would “cream” the best students from the public schools. In fact, the very opposite appears to be true; students who are having the greatest difficulty in school are the ones most likely to seek alternative school environments. Similarly, as Witte shows, students who participate in the MPCP come from families with incomes at the lower end of low-income families generally.

²⁹Interview with Sue Freeze, consultant, State School Aids Consultation and Audit Section, Wisconsin Department of Public Education, December 27, 1993.

³⁰Witte, *Second Year Report*, p. 19.

³¹*Ibid.*, p. 5–6.

³²*Ibid.*, p. 8.

MPCP Cost. The cost of administering the MPCP program is difficult to ascertain. Because of the program's relatively small size and the fact that the participating private schools operate their own administrative offices, MPCP requires no full-time administrator from MPS. The MPCP program is overseen by a Wisconsin Department of Public Instruction consultant, Sue Freeze, who estimates she allocates roughly 15 percent of her time to MPCP activities.

A parental outreach center known as the Milwaukee Parental Assistance Center (M-PAC) was established in October 1992 to provide more information to parents about school choice and education programs. Staffed by two full-time researchers, the M-PAC assists parents with information about local public schools, the MPCP, and other school reform efforts. M-PAC also serves as a focal point for the community hosting forums and guest speakers so parents can become informed consumers of education. Future goals of the M-PAC include providing more information about private-school performance, especially if the school choice program is expanded to encompass more schools and students.³³ The M-PAC is funded primarily through financial support from the Bradley Foundation, a private nonprofit philanthropic organization.

Unlike the private-voucher programs, the MPCP program does offer limited transportation support for participating students. Students who attend private schools under the MPCP plan may be eligible for either regular busing provided by the public schools, or reimbursement for their parents who transport them to school. Eligibility depends on whether or not the private school has applied for transportation support and if the child lives at least two miles away from the school of choice. In 1992–93 school year, about 270 students were transported to six private schools under the MPCP plan. (See Table 4) Reimbursement rates for parents are \$2.18 per day of student attendance up to \$393 for a 180-day school year in 1992–93.³⁴ Using rough approximations based on interviews with the six private schools, the cost of transportation totaled \$107,000 in 1992-93. This table probably overestimates transportation costs since it does not account for student absenteeism. In the 1993–94 school year, students at a seventh school, the Downtown Montessori School, became eligible for transportation reimbursement.

Table 4

MPCP TRANSPORTATION 1992–93		
School	Number of Students on Vouchers Transported at Public Expense	Cost at \$393 per Pupil
Harambee Community School	84 * **	\$33,405
Highland Community School	4	1,572
Bruce Guadalupe School	45 *	17,685
Milwaukee Montessori	4	1,572
Urban Day School	100 *	39,300
Woodlands School	35 *	13,755
TOTAL	272	107,289

* school estimate ** MPS provides busing

³³Interview with Marlin Mosely, research specialist, M-PAC, Milwaukee, Wis., September 21, 1993.

³⁴Interview with Dick Wentzel, transportation director, Milwaukee Public Schools, June 16, 1993.

By far the largest expenses of the MPCP program are the tuition vouchers themselves valued at \$2,744 per student in 1992–93, (\$2,987 in 1993–94) equivalent to the amount of state-aid per-pupil for MPS. At most of the participating schools, the voucher amount exceeds the tuition charged.³⁵ According to Freeze, the total state aid allocated to the MPCP program equals \$1.6 million (\$2.2 million in 1993–94). However, this amount is not an additional cost to the state or to MPS. The \$1.6 million is only a portion of funds which would have been spent had the students remained in the public schools. In fact, the cost of educating a child in Wisconsin's public schools averaged \$6,135 per student in 1992–93, while the cost of tuition for each MPCP student was \$2,744 plus transportation and administration expenses. Aggregated for all participating students, the cost in 1992–93 of the MPCP (including vouchers and transportation costs but excluding administration) totaled \$1,790,000—significantly less than the \$3,761,000 cost of educating the same number of students in the Milwaukee Public Schools.

Says Freeze, the difference of approximately \$2 million stays in the MPS where it is shared among remaining students. In Wisconsin, state aid to the public schools is calculated on the basis of a district's property wealth per-student, and not on a direct per-pupil basis. Therefore, the real cost of the MPCP to the MPS is not the result of declining enrollment, but results from the cost of the vouchers themselves which were deducted from the MPS state-aid total.

State aid to the MPS changes very little, if at all under the MPCP which resulted in a percentage drop in enrollment equivalent to less than 1 percent of the total MPS population.

While average per-pupil funding increases for students remaining in the MPS, Freeze points out that costs for the 746 students who would have been educated in the MPS probably do not fall after they left because of the negligible marginal education cost per student in a district with enrollment over 92,000 students. For a school-choice program to effectively reduce operating costs in the public schools, a higher proportion of students would have to transfer from public schools to private schools in order to reduce variable costs in areas such as supplies, transportation, personnel, facilities, and classroom overhead. For school choice to result in expenditure reductions at the state and local level, funding formulas must be reformulated to reflect small declines in enrollment.

IV. LESSONS ABOUT SCHOOL CHOICE FROM EXISTING PROGRAMS

Despite their different locations and different low-income student populations, the existing choice programs enjoy a number of similarities. Research and parent survey data show that families with children enrolled in the private schools under one or another of the programs described generally hold higher education expectations for their children, assist their children more with school work, have smaller numbers of children per family, and are headed by parents with higher levels of educational attainment compared to their low-income peers. The programs did not seem to discriminate against families headed by single parents as the marital status of these families approximated that of public-school families. Research about parents who choose suggests that such families, among low-income populations, would be the first to take advantage of school choice, be it the result of public or private efforts. Overall, these families rated their satisfaction with the choice programs extremely high with approval rates in the 90-percent plus range. In addition, parent surveys reveal that educational quality was most often ranked “most important” in the families' choice of a school. (See Table 2.)

³⁵ Witte, *Second Year Report*, p. 11.

University of North Texas researchers point out in their study of the CEO Foundation program, that some low-income families who declined vouchers indicated in parent surveys that they could not afford their portion of tuition costs. While 15 percent of families declining vouchers were satisfied with the voucher amount, forty percent were not satisfied. The remainder expressed no opinion. The researchers suggest that a voucher plan varying from very little to nearly all the tuition amount may appeal to a larger group of low-income families, particularly those families with large numbers of children.³⁶

Although some families cite financial reasons for declining vouchers, a large number of families accepting vouchers fall in the very low ranges for household income. This suggests that voucher programs requiring parents to contribute toward tuition costs do indeed appeal to some very low-income families. Twenty-three percent and twenty-seven percent of families participating in the CEO program in San Antonio or the CHOICE program in Indianapolis respectively reported annual household incomes of less than \$10,000. Between 65 and 70 percent of families in each program earned less than \$20,000 a year.³⁷

Research suggests that vouchers appeal to the more motivated among low-income families. While tuition payments require families to make a financial sacrifice, there may be some qualitative advantages to having parents “buy into” their children's education.

A.Regulations Block Access

To assume that all choice programs will embody the dynamics of market competition is a mistake. The MPCP is a case in point, made all the more apparent by its comparison with the PAVE program.

The MPCP pays 100 percent of the tuition for private schools while the PAVE program provides financial assistance for half of tuition. Both programs serve low-income families. One would expect that a program covering total tuition costs would be the more sought-after of the two programs, especially among families with little discretionary income. Yet, this is not the case. Parental demand for the PAVE program is greater than that for the MPCP. In 1993–94 the MPCP received approximately 970 applications; because of capacity restrictions, just 746 of roughly 1,000 vouchers authorized by the state were used by students to attend private schools. (Although demand is lower for the MPCP than for PAVE, parental demand within the MPCP exceeds supply. Students have been turned away from the MPCP each year since its inception not because of the districtwide cap, but because of the lack of available spaces at the appropriate grade level in participating private schools). The PAVE program, by contrast, enjoys greater overall demand, and serves more students. Paying only half the tuition, PAVE granted 2,370 vouchers to students in 1993–94 and has a waiting list of over 1,000 more students. The regulatory requirements of the MPCP underlie this disparity, offering a lesson to would-be designers of school choice plans.

Although a legislative provision permits up to 1 percent of Milwaukee's K-12 students, or about 950 children, to participate in school choice, other legislative constraints have severely limited choice's reach. As compared to the privately funded model, the MPCP program restricts participating schools to nonsectarian institutions willing to accept the \$2,987 voucher amount as payment-in-full for tuition.³⁸ Even parents who would be willing to pay extra in exchange for additional school services for their children cannot do so under the MPCP program.

³⁶Correspondence with Frank R. Kemerer, Regents Professor of Education, University of North Texas, December 15, 1993.

³⁷*First Year Report*, p. 20; *Who Chooses and Why*, Table 7A.

³⁸Interview with Sue Freeze, consultant, State School Aids Consultation and Audit Section, Wisconsin Department of Public Instruction.

Admission standards at the private schools may not discriminate on the basis of gender, religion, or academic achievement, resulting in the disqualification of many private schools. No more than 49 percent of the students enrolled at any one private school may use vouchers—a clause which simultaneously restricts the number of students who can use the voucher while discouraging new private schools from opening who would otherwise cater to a primarily voucher-holding clientele.

Moreover, restricting total participation to just 1 percent of public-school enrollment hobbles market dynamics by artificially restricting the market's scale. Only two high-schools participate and both of these are alternative schools for at-risk students. Of 94 private schools in the Milwaukee area, twelve are able or willing to accept students with MPCP vouchers. Consequently, the number of available seats for voucher students are few and students applying to the choice program have been turned away. In 1992–93, the choice program had 343 more applicants than available seats, despite the fact that the number of available seats did not exceed the 1 percent cap.³⁹

In general, regulations, not a failure of choice, have severely restricted the ability of the MPCP to improve educational opportunities for the low-income population it is intended to serve. As author Myron Lieberman points out in his book, *Public Education: An Autopsy*:

The assumption that a voucher plan that includes private schools is ipso facto a competitive market plan is a fallacy that has confused both proponents and opponents of vouchers. The Milwaukee voucher plan, which has been widely praised (and condemned) for applying market principals to education, illustrates this widespread confusion....Let me emphasize that I am not opposed to the Milwaukee plan. What I am opposed to is the idea that it constitutes a test of a market system of education. The Milwaukee plan is likely to turn out poorly precisely because it is *not* a competitive market system of education.⁴⁰

Robb Rauh, principal of the Urban Day School, makes an interesting observation of the MPCP and PAVE. Low-income students from both programs attend his school. When asked why a low-income student would use a PAVE voucher, paying only half tuition, instead of a full-tuition MPCP voucher, Rauh responds that some children, despite their financial need, do not qualify for the MPCP because they had attended private school before the advent of vouchers. Another reason some students use PAVE instead of MPCP vouchers at Urban Day is because the school has reached the 49-percent enrollment limit for the MPCP. Rauh also points out that the income requirements for MPCP families are slightly more restrictive than those of PAVE; some low-income students are only eligible for PAVE vouchers.⁴¹

B. The Carnegie Report Was Misleading

Parents in all five programs overwhelmingly indicated that education quality was the most important consideration in choosing a school. Although parents were responsible for transporting their children to the private school they selected in the privately provided voucher programs, location ranked nearly last in importance in deciding whether or not to choose a particular school. These findings contrast sharply with conclusions of a 1992 report on school choice by the Carnegie Foundation which concluded that “most parents who do decide to send their children to another school appear to do so for nonacademic reasons.”⁴² The discrepancy may be due to the fact that the

³⁹ Witte, *Second Year Report*, Table I.

⁴⁰ Myron Lieberman, *Public Education: An Autopsy* (Harvard University Press: Cambridge, Massachusetts, 1993), p. 11–13.

⁴¹ Interview with Robb Rauh, principal, Urban Day School, Milwaukee, Wis., December 1, 1993.

⁴² Ernest Boyer, “School Choice,” The Carnegie Foundation for the Advancement of Teaching, New Jersey,

Carnegie report drew its conclusions based primarily on an examination of public-school choice programs (in Arizona, Minnesota, and Iowa), not choice programs which included private schools.

The distinction is important because the Carnegie report was widely cited at the time of its release and continues to influence the policy debate over school choice today.

C. Race and Vouchers

Among the private-voucher programs, there is a higher proportion of white students participating compared to their representation in the public schools, but that is to be expected since voucher programs include students who had already been enrolled in private schools in previous years. The National Catholic Educational Association reports 23 percent minority enrollment nationwide in Catholic schools, which comprise just over half of all private schools, nationally.⁴³ A more accurate measure of the presence or absence of racial bias in school-choice programs should exclude those students who had already been enrolled in the private schools prior to the introduction of vouchers.

By comparing public-school students with public-school students who transfer to private schools using vouchers, the absence or presence of racial bias in school-choice programs can be assessed.

Two studies conducted by independent researchers compare student participation rates based on these parameters. Researchers from the Hudson Institute, in analyzing the CHOICE program in Indianapolis, found no significant racial bias among white and African-American voucher recipients from the public schools. (Data for other racial and ethnic minority groups was not presented.) The report concluded:

A majority of children who attended a private school prior to the program are white, while a majority of children switching from IPS are black. The percentage of black children participating from IPS, 54 percent, reflects the minority enrollment of IPS which is 53 percent. The participant race and income data suggest that this program does not appear to discriminate against low-income and minority children.⁴⁴

In other words, the report—based on 1991–92 enrollment data—found no evidence of willful racial discrimination by the Educational CHOICE Charitable Trust. Among private-voucher programs generally, since participants are self-selected and vouchers are awarded on a first-come, first-served basis to families depending on financial need, any racial bias is likely the result of factors other than the disbursement policies of the voucher-granting organizations.

The second-year report about the state-funded Milwaukee Parental Choice Program (MPCP) by John F. Witte, found a significant bias in favor of African-American students, relative to their numbers among low-income public-school students generally. Hispanic students were also over represented in the MPCP, while whites and Asians were under represented. (Note that to be eligible for participation in the MPCP, incoming MPCP students had to have been previously enrolled in Milwaukee Public Schools.)

Table 5 shows the most recent data about the race of participating students. With the exception of the Hudson Institute, other researchers of the private-voucher programs did not compare race data of public school students

1992, p. 14.

⁴³ Frederick H. Brigham, Jr., *Catholic Elementary and Secondary Schools, 1991–92, Annual Statistical Report on Schools, Enrollment and Staffing*, National Catholic Association, 1992, p. 18.

⁴⁴ *First Year Report*, Hudson Institute, p. 21.

with choice students who had previously been enrolled in public schools. Future research efforts may wish to explore this question in more detail.

Table 5

RACE OF PARTICIPATING STUDENTS COMPARED TO PUBLIC-SCHOOL STUDENTS				
	White	Hispanic	African-American	Other
Educational CHOICE Charitable Trust	50%	2%	43%	6%
CHOICE from public schools	38%	2%	54%	6%
Indianapolis Public Schools	35%	2%	61%	2%
CEO Foundation	15%	77%	7%	1%
San Antonio Public Schools	4%	82%	13%	1%
PAVE*	48%	13%	35%	4%
Milwaukee Parental Choice Program**	4%	18%	76%	1%
Milwaukee Public Schools**	29%	10%	55%	6%

* Race of mother ** 1990 and 1991

Notes: The Children's Education Foundation does not collect this data. Figures may not sum to 100 percent due to rounding. Source: Michael Heise, Hudson Institute; *Who Chooses and Why*, University of North Texas; *First Year Report of PAVE Scholarship Program*, Family Service America, Inc.; and *Second Year Report, Milwaukee Parental Choice Program*, University of Wisconsin-Madison.

Public Schools, Private Schools, and Student Composition

University of Chicago sociologist Dr. James S. Coleman and his colleagues compared racial segregation in individual public and private high schools using data from the 1980 High School and Beyond study. They concluded that “blacks and whites are substantially less segregated in the private sector than in the public sector.” Within the Catholic sector alone, “the internal segregation...is less than that in the public sector—substantially so for blacks and whites, slightly so for Hispanics and Anglos.”

Source: *High School Achievement: Public, Catholic and Private Schools Compared*, James S. Coleman, et al., Basic Books, Inc., New York, N.Y., 1982, p. 34.

D. Parents Use An Informal Information Network

One of the concerns and criticisms with school choice is that parents, particularly low-income parents, would not have sufficient information about private schools on which to make an informed decision about where to send their children to school. Yet, despite the absence of formal information channels about private-school performance, parents who participate in existing choice programs indicate satisfaction with the information available to them.

It may be that these school-choice programs, limited in size as they are, tend to screen in parents with more than average organizational skills and motivation. What is clear is that these parents tend to rely heavily on an informal information network of family, friends, churches, and community centers for information about private schools and the voucher programs themselves. Says Tim Ehrgott of the Educational CHOICE Charitable Trust, the choices parents are making are straightforward. “If parents had to choose between a Montessori school and a Waldorf school, they would probably have some trouble figuring out the differences. But most of our parents are choosing

between a public school where, say, they know their child gets beat up a lot, and the local private school where maybe they know a neighbor who sends their child there and says it's good."⁴⁵

While Ehrgott acknowledges that lack of a formal information source may be a weakness of the program, he also explains that "there's a very strong network in the inner-city of extended families and churches." Parent surveys indicate that parents have been satisfied with the choice of school they selected.

E. Vouchers Encourage Establishment of Private Schools

Proponents of school choice argue that under a market system of education, new private schools would open in response to the demand created by students with tuition vouchers. While not large enough to confirm this market hypothesis, the CEO program in Bexar County, Texas does indicate that the supply of private schools would expand to accommodate student demand.

In the 1992–93 school year, The Genesis School, a small private school, was established enrolling 21 of 31 of its students with CEO vouchers. According to Vilma Moran, a spokesperson for the Genesis School, "If it were not for the (CEO) Foundation, our school would not exist." The opening of another new school, Jesus Loves Me, was made possible by the CEO Foundation enrolling 16 voucher recipients out of a total enrollment of 26 students in 1993, the first year of its existence. Says Joel Diaz, founder and principal of the school about the CEO Foundation, "It's keeping our school alive over here."⁴⁶ The influence of the CEO Foundation on the supply of private schools is especially significant given the limited nature of the CEO program. It suggests that a more stable statewide program for all students would have a significant and expansive impact on the market for private schools.

In addition, voucher programs can also help stabilize enrollment in existing private schools. According to Father Leslie Darnieder of the Milwaukee Archdiocese, PAVE has helped low-income parents keep their children in the Catholic schools, and in so doing maintain enrollment. "Those central-city schools are always on that teetering edge; PAVE has certainly helped maintain these schools," he says.⁴⁷

F. Private-Voucher Programs Help Preserve the Independence of Private Schools

Compared to their public-sector counterparts, private schools operate relatively free of government regulation. Because they are funded with private dollars, private schools are accountable directly to the parents and children they serve, obviating the need for public oversight and accountability. That could change under a voucher system supported by government funding. Writing in the *Wall Street Journal*, Ronald Trowbridge, vice president of Hillsdale College in Michigan, warns, "public money for private schools will inevitably end private schools as we know them." He cites a number of examples showing how government intrusion followed from government funding.⁴⁸ Certainly private schools know what is in their own self-interest, and in the 1993 campaign for a school voucher initiative in California, a number of private schools opposed the voucher plan on the basis that it would invite government regulation into their schools. (Many private schools also supported the voucher initiative.)

⁴⁵Interview with Timothy Ehrgott, executive director, Educational Choice Charitable Trust, Indianapolis, Ind., September 21, 1993.

⁴⁶Interview with Joel Diaz, principal, Jesus Loves Me, San Antonio, Texas, November 15, 1993.

⁴⁷Interview with Father Leslie Darnieder, Milwaukee Archdiocese, Milwaukee, Wis., November 16, 1993.

⁴⁸Ronald L. Trowbridge, "Vouchers: Devil's Bargain for Private Schools," *Wall Street Journal*, October 25, 1993.

Privately funded voucher programs, by contrast, diminish the threat of additional private-school regulation. In most cases, the existing private-voucher programs have adopted a “no strings attached” practice in order to promote the free market, individual choice, and competition. Tim Ehrgott, executive director of the Educational Choice Charitable Trust in Indianapolis recalls the concern of the Trust's Board of Directors about a particular private school, enrolling several voucher students, which was performing poorly. Board members discussed the possibility of prohibiting parents from enrolling their children at the school. However, they were reluctant to override the decisions of parents, particularly since parent empowerment was a guiding principle of the program. Says Ehrgott, “That would not have been ‘choice.’” Soon thereafter, the school closed down on its own. “The market worked,” says Ehrgott.⁴⁹

V. ASSESSING THE BUDGETARY IMPACT OF EDUCATION VOUCHERS ON PUBLIC SCHOOLS

A frequent criticism of school choice is that it will drain the public schools of both students and money. How true is that assertion? An examination of public-school funding illustrates the various financial dynamics involved when a student transfers from a public to a private school.

Every state has its own unique method of financing local schools. However, most financing systems are really variations on a single basic model made up of two components: basic-support aid and categorical aid.

Basic-support aid, allocated on a per-unit basis, is the primary source of school funding. In general, basic aid is used to provide a base level of financial support to local schools, and to “equalize” funding among different districts. That is, the amount of basic-support aid granted to a local district is in inverse proportion to that district's ability to raise school funding through local means, such as property taxes. School districts having a relatively wealthy tax base receive less basic-support aid per pupil than those districts having a greater need for state support. Basic-support aid is distributed based on the number of pupils attending school in a particular district, and hence is also based on enrollment as well as financial need.

Categorical aid can be thought of as funding for add-on programs such as special education, transportation, class-size reduction, desegregation, and drop-out prevention. Whereas basic-support aid is sometimes thought of as funding to meet the needs of a “typical” student, categorical aid addresses needs that are not being met through basic-support aid. In many cases, categorical aid, derived from state and federal sources, is distributed on the basis of educational need without regard to a locality's financial position. California's 57 categorical programs consume 40 percent of school budgets in California,⁵⁰ but generate only about 24 percent of school revenues from the state.⁵¹ This means that just over half the cost of operating categorical programs is supported by the state; the remaining cost of categorical programs is paid from the school's discretionary budget, or general fund.

Differences in the way states finance schools arise from the different methodologies used in calculating basic-support aid. There are five broad categories of methodologies: flat grants, percentage equalizing, guaranteed tax base, full state funding programs, and foundation programs. For purposes of this report, only methodologies used by the states which have large privately provided voucher programs will be described.

⁴⁹Interview with Timothy Erghott, executive director, Educational Choice Charitable Trust, Indianapolis, Ind., September 21, 1993.

⁵⁰Raymond Reinhard, “Sources and Uses,” chart, 1993, Governor's Office of Child Development and Education, Sacramento, Calif.

⁵¹*Reform of Categorical Education Programs*, Legislative Analyst's Office, Sacramento, Calif., April 1993.

A. Foundation Programs

By far the most common category is the foundation program employed by 38 states, including Indiana, Texas, Georgia, and California. (California's funding system is classified as a Foundation program, but since passage of Proposition 13 in 1978, the basic property-tax rate has been capped at 1 percent preventing districts from setting their own tax rate.) Foundation programs assure a minimum level of funding on a per-pupil basis as determined by the state. In calculating the state's share of the basic-support aid, foundation programs adjust for the local district's tax base and its ability to generate funds. This means that on a per-pupil basis, the more money the local district is able to raise, the less it receives from the state in basic-support aid. Of the 38 states using a foundation program, 23 mandate a minimum local-tax rate. Local school districts usually tax much higher than the mandated rate in order to generate additional school funding beyond the amount guaranteed by the foundation program.

While state basic support money is granted on a per-pupil basis depending on financial need, local funding is generated as a lump sum, primarily through property taxes, and allocated among the number of students in the district. This means that when public-school enrollment declines, assuming no change in the tax base, local funding per-pupil increases which in turn allows the state to reduce its funding per pupil and in total to the local district. Similarly, if the local-tax base were to expand while enrollment held constant, less state money would be required for basic support. This dynamic between state and local governments operating under a foundation program has great implications for vouchers and their ability to reduce state expenditures.

Texas and Georgia incorporate a second tier of funding for basic-support aid intended to level the playing field between wealthy and poor school districts. (Such equalization has not been realized in practice, however.) In the case of Texas, this second tier uses a guaranteed-tax yield in which the state guarantees a certain dollar amount (\$20.30 in 1993–94) per-student per-penny of additional tax above the required minimum rate of \$.86. Georgia's guaranteed-tax base guarantees a certain amount of property value (for example, \$100,000 per student) against which taxes are assessed.

In California, where districts have no discretion over changing the property tax rate, the state's share of funding is determined by a district's revenue limit—the amount of state and local funding per-pupil to which a district is entitled. Revenue limits vary from district to district depending on the size and type of schools within a district. To arrive at the amount of funding the district receives from the state, the district's average-daily attendance is multiplied by the revenue limit. From this product, the district's actual local property tax revenues are subtracted resulting in the states' share of school funding. If a district raises more than its revenue-limit guarantee, it may keep the excess. In no event, however, does any district receive less than \$120 per pupil from the state—so called “basic aid.” Overall, roughly 30 percent of school funding is generated locally.⁵²

B. Guaranteed Tax Base

Two states, Michigan and Wisconsin operate on a guaranteed tax base (GTB) program for their entire basic-aid system. Under this program, the state will match a percentage of the funds raised by the school district on a per-pupil basis given a certain level of local tax effort and based on the fiscal capacity of that locality. The state's share of support aid is the difference between the guaranteed-tax base and the locality's actual tax base, capped at a certain amount. The philosophy behind the GTB is to equalize the *ability* of localities to raise funds—not to equalize funding per se. In other words, if two districts—one with a below-average tax base and one with an above-average tax base—were taxed at the same rate, the district with the wealthier tax base would enjoy greater revenues

⁵²Correspondence with Raymond Reinhard, Assistant Secretary, Governor's Office of Child Development and Education, Sacramento, Calif., November 12, 1993.

despite the fact that both districts imposed the same tax rate. The GTB supplements the district with the poorer tax base so that equal tax efforts yield more equal results. In practice, however, districts with wealthier tax bases also tend to impose higher tax rates and so are able to spend more for their schools. The GTB does not equalize the spending (or penalize greater tax efforts) that is the result of a district voluntarily taxing itself more than other districts.

C. What Happens When Students Leave the California Public Schools?

When currently enrolled public-school students decide to exit the system to attend a private school, funding to schools declines roughly in proportion to the number of students who leave. (An exception might be funding for some categorical programs such as special education which would decline only in response to a certain type of student opting to leave the public system.) For the remaining students, per-pupil funding stays the same, but the mix of local and state funding sources changes. In other words, as greater numbers of students exit the public school system, local funds are shared among fewer students driving up the per-pupil amount of local funding. As local funding on a per-pupil basis increases, the state pays a proportionately smaller share, reducing current education expenditures at the state level while leaving the amount of total per-pupil funding essentially unchanged.

As mentioned above, in roughly 50 districts in California, known as basic-aid districts, local funding equals or exceeds the state guarantee. These districts, which include Berkeley and Palo Alto, are supported almost entirely by local funds and can, as a result, enjoy higher per-pupil funding. The significance of this is that government or privately financed school choice, by reducing the number of public-school students enrolled in a district, and by reducing state aid to the point at which districts are essentially self-funded through local dollars, could mean that total funding per-student will rise as local funds are shared among a declining pool of students. This assumes no change in current funding formulas.⁵³

If vouchers are at private, not public expense, the state does not incur the expense of having to fund vouchers as it would under a government-sponsored program. Costs for administration, tuition, parent-education, transportation and supplies are all absorbed by the private sector which includes the parents, the private schools, and the private-voucher programs. Therefore, students who leave the public school via a private-voucher program reduce public-sector costs for education.

In the case of the state-supported MPCP, tuition vouchers are worth \$2,744 while average per-pupil spending for education in Milwaukee public schools totals \$6,135. The difference, or savings, of \$3,391 remains with the Milwaukee Public Schools and does not revert to the state general fund or the taxpayers.

D. Avoided Costs

Regardless of whether or not a voucher program is funded privately or publicly, an additional benefit to the host state of school vouchers could be the avoided costs of new school infrastructure. Private schools would be responsible for the cost of building or modernizing classrooms to meet enrollment demand. Nationwide, enrollment is growing and is expected to continue to increase for the next decade. The U.S. Department of Education projects

⁵³In his November 12, 1993 correspondence, Raymond Reinhard, Assistant Secretary, Governor's Office of Child Development and Education, points out that if funding per-pupil in basic aid districts increased dramatically as a result of a voucher program, localities might demand a share of the "savings." Should funding disparities between basic aid districts and regular districts become great, it could lead to renewed efforts (such as a court action similar to the 1977 Serrano vs. Priest ruling) to equalize funding between districts.

that enrollment will grow from 46.2 million students in 1990 to 53 million in the year 2002.⁵⁴ Much of that growth will be in the Western states, with California expected to absorb 1.7 million new students between 1992 and 2002, growing from current levels of 5.1 million to 6.8 million students in the next decade.⁵⁵ The California State Department of Education estimates that the cost of new school construction just to meet 1997 demand will exceed \$15 billion.⁵⁶ Voucher programs, by assisting some students who attend private schools, would reduce the need for tax-supported public-school construction during periods of increasing enrollment.

Even if vouchers were funded with public money, state governments could still avoid costs as the school-aged population grows, or realize savings if enrollment remains flat (assuming the value of vouchers is less than that currently spent for education in public schools). Most government voucher proposals value vouchers at half the amount currently spent on a per-pupil basis for public education. Under conditions of population growth, substantial avoided costs and savings could be realized because per-pupil education spending, using vouchers, would be reduced. Presumably, under a government program, vouchers would also be offered to students currently enrolled in private schools. Therefore, cost savings would not be immediate, but would occur once enough students transferred from the public schools, reducing education expenditures in the process, to compensate for the cost of vouchers for students already enrolled in private schools.

E. District Costs

Although per-pupil funding remains the same under a school choice program, per-pupil costs may rise among remaining students. Schools operate with fixed and variable costs. Variable costs rise and fall with student enrollment and are more easily adjusted. Examples of variable costs include textbooks, furniture, and teachers' salaries. Fixed costs, on the other hand, remain the same no matter how many students leave the school short of every student leaving. Examples of fixed costs include the salary of the school principal, and the cost of the gymnasium and other school buildings. In the long run, nearly all costs become variable because school buildings can be leased or sold (perhaps to other incoming schools); equipment can be sold or it depreciates; employees retire or transfer to other positions.

VI. CHOICE FOR CALIFORNIA

In California, as elsewhere, many parents, students and educators are demanding greater choice in education. A 1992 survey of Los Angeles parents found broad support for school choice particularly among low-income and minority parents. Parents with children under the age of 16 enrolled in public schools were asked if they would switch their child to private school if a \$2600 voucher were available. Among the results were the following findings:⁵⁷

⁵⁴ *Projections of Education Statistics to 2002*, National Center for Education Statistics, U.S. Department of Education, 1991, p. 9.

⁵⁵ Computer generated document, Demographic Research Unit, Department of Finance, State of California, September, 1993.

⁵⁶ Janet R. Beales, *Satellite Schools: The Private Provision of School Infrastructure*, Reason Foundation, January 1993, p. 12.

⁵⁷ Janet R. Beales, "Survey of Education Vouchers and Their Budgetary Impact on California," Working Paper, Reason Foundation, August, 1992.

Over 52 percent of all parents surveyed said they would use the voucher to enroll their children in private schools.

Minorities overall supported the idea of vouchers by 58 percent.

Support for the voucher was highest among African-American parents with 69 percent responding in the affirmative. Fifty-one percent of Hispanic parents and 47 percent of white parents said they would use the voucher.

Expressed in terms of household income levels, support for vouchers was highest among low-income parents. Nearly 62 percent of parents from households earning less than \$25,000 a year favored the voucher. Conversely, respondents from households earning greater than \$60,000 a year expressed the least interest in vouchers with 35 percent saying they would transfer their child from public to private school.

Despite defeat of a school choice initiative in November 1993 which would have granted vouchers worth approximately \$2600 to all school-aged children, support for school choice remains strong. A September 1993 survey by Policy Analysis for California Education, taken in the midst of a union-financed media campaign to defeat the school choice measure in California, found that 63 percent of those surveyed support the idea of a school choice system that includes private and religious schools.⁵⁸

The following section makes recommendations for the establishment of a private-voucher program in California.

A. Private School Affordability

Are private schools affordable for low-income families? A 1992 survey of California's private schools conducted by Southwest Regional Laboratories suggests that tuition at most private schools in California is in the low to moderate range. Tuition assistance in the form of full or half-tuition vouchers would make private schools affordable for many low-income families, particularly those with more than one child.

The survey found that 64 percent of the private schools responding (out of a sample of 1,004 religious and non-sectarian schools) charged annual tuition of less than \$2600. Fully, 90 percent of the schools responding charged less than \$5,000 annually.⁵⁹

B. Targeting Areas of Greatest Need

In selecting regional sites in which to establish a privately funded voucher program in California, three conditions in the immediate region should be considered: private school availability, poverty levels, and academic quality in the public schools.

Private School Availability. Although new private schools would enter the market given sufficient demand created by vouchers, prudence suggests that urban areas with higher concentrations of existing private schools would be the best environment in which to operate a privately funded voucher program. According to the 1992

⁵⁸ *California Attitudes Toward Education and School Vouchers*, Policy Analysis for California Education, University of California at Berkeley, September, 1993, p. 3.

⁵⁹ Marcella Dianda and Ronald Corwin, *What a Voucher Could Buy: A Survey of California's Private Schools*, Southwest Regional Laboratory, December 1992, p. 6.

California Private School Directory, approximately 3,400 private schools with enrollments greater than five students operate in the state of California.⁶⁰ State law requires that such schools register with the State Superintendent of Public Instruction each year. Counties with the greatest number of private schools are shown in Table 6.⁶¹

A 1992 survey of California private schools conducted by Southwest Regional Laboratories (SWRL) shows that most private schools have 15 percent or less excess capacity. Other findings of the survey include:

Sixty-two percent of schools that would be receptive to government-funded vouchers charge tuition of less than \$2600 a year. Among Catholic schools, 90 percent charge less than \$3,000 a year.

Forty percent of California's private-school enrollment consists of minority students.

Defining the Financial Need. More than any other age group, poverty afflicts children under the age of 18 in the greatest number. In California, roughly 17.8 percent of all children reside in households with income below the poverty level, according to 1990 Census Bureau data. For persons over 65 years, the figure is 7.6 percent. Across all age groups, 12.5 percent of individuals are considered to be living in poverty.

Organizers of private-voucher programs seek to assist low-income families who have relatively few choices in their lives, exert more control over their children's education. Vouchers are one way of accomplishing this goal. While poverty exists in virtually every community across the state, some areas have higher concentrations of families with incomes below poverty level.

Using Bureau of the Census data from the 1990 census of population and housing, Appendix II identifies county subdivisions where the proportion of families living below poverty level exceeds the state average in counties with large numbers of private schools in operation. Although vouchers would also be available to low-income families above poverty level, communities with higher degrees of poverty indicate the existence of low-income families generally.

Assessing Academic Quality in Low-Income Areas. There are many reasons other than academic quality that influence a parent's choice of a school. Religious or cultural values, pedagogy, school size, safety, convenience or location may be key factors in school selection. Yet, most parents also give academics high priority in assessing schools for their children. For low-income parents residing in districts with relatively poor quality schools, few alternatives exist. Tuition costs at private schools create a financial burden that many parents cannot afford on their

Table 6

PRIVATE SCHOOLS IN CALIFORNIA

County	Number of Private Schools
Alameda	145
Contra Costa	94
Los Angeles*	1,175
Orange*	263
Riverside*	145
Sacramento	139
San Bernardino*	228
San Diego	156
San Francisco	117
Santa Clara	152
Ventura	90

*Denotes geographically dispersed county with low population density.

⁶⁰ *California Private School Directory: 1991–92*, California Department of Education.

⁶¹ *California Private School Directory: 1991–92*, Bureau of Publications, California Department of Education, Sacramento, Calif.

own, particularly when they have more than one child. Even if moving to a new neighborhood with better public schools were feasible, housing costs in districts with good schools are typically higher and often exceed the financial resources of low-income families.

For these reasons, vouchers are essential in areas where the public schools have failed to provide adequate educational opportunities for their students. Despite the high failure rates of many urban and inner-city schools, parents have few educational alternatives. Compulsory education laws and the absence of competition ensure that these schools will continue to operate despite the adverse impact they exert on the students they serve. Appendix II lists areas with higher than average percentages of children from low-income households in California's largest counties. For purposes of comparison, SAT scores are also included for the school districts which most closely match the city and neighborhood boundaries listed.

C. Designing and Implementing An Effective Voucher Program

An essential information resource for those interested in organizing a private voucher program is the detailed handbook written by Robert Aguirre, managing director of the CEO Foundation. *Educational Choice: A Privately Funded Model* presents the details of data processing, promotion techniques, incorporation, and the steps for setting up a school-choice program. It includes copies of the business, legal, IRS, and promotion documents used by the private-voucher programs in Indianapolis, San Antonio, Milwaukee, and Atlanta. Of particular value are the incorporation documents drafted by Golden Rule Insurance to establish the nonprofit Educational CHOICE Charitable Trust. Gary Lamb, founder of the Hope Through Education Project in Albany, New York, said using the Golden Rule documents as templates for establishing his own organization saved him time and attorney fees.

Another resource not to be overlooked are the existing choice programs themselves. "A great thing about this program is everyone's willing to help everyone else," says Lamb. "It's a tremendous resource at your disposal. Any time I get in a situation I can't figure out, I just call them to get their perspective."⁶²

Robert Aguirre, author of *Educational Choice*, emphasizes the importance of developing a clear mission, and keeping the design of a voucher program simple. Aguirre also recommends learning as much about the local education environment from both the supply and demand side before establishing a choice program. Surveys of private schools, and conversations with parents and school administrators can help organizers assess the needs of the local population and gain the support of private schools. During the planning process, organizers should take steps to maintain confidentiality in order to prevent unwanted interference and maintain control of the program's public image.

Direct contact with the private schools, and later, the education writers of local newspapers, is extremely important says Gary Lamb. "Here I was, an unknown person with an unknown foundation and a controversial issue. I wanted to make sure my first impression with the public was a positive one." As a result of his efforts, his program received "excellent" coverage by the media. That has helped him build credibility with potential donors to the program.

"The whole game is money," says Jack McVaugh, founder of the Arizona School Choice Trust, Inc. While some programs were established with grants of \$1 million, over half the private-voucher programs operate with broad-based, incremental support. "It takes time," says McVaugh about raising funds for the Arizona Trust. "It's very important to tie into a group that's got a lot of people on their board of directors—people that can get to the top of their companies. Companies are tough; you almost do better with individuals," he says.⁶³ Aguirre confirms his

⁶²Interview with Gary Lamb, Hope Through Education Project, Philmont, N.Y., November 16, 1993.

⁶³Interview with Jack McVaugh, Arizona School Choice Trust, Inc., Scottsdale, Ariz., November 16, 1993.

conclusion that individuals are more responsive than companies to the idea of a private-voucher program. “It takes a certain kind of person with strong personal convictions, a maverick; someone who's not afraid to go against established interests,” says Aguirre.

Donations to the private-voucher programs are tax deductible. However, McVaugh would like to see tax credits granted to businesses and individuals who contribute toward tuition vouchers for low-income students.

D. Creating a Healthy Private-School Market

According to Glenn Noreen, business manager for the private Fairmont Schools in southern California, the most onerous regulations impeding the establishment of new private schools are not those in California's Education Code, but the myriad regulations and requirements imposed on small businesses—a category which includes private schools. Zoning ordinances, conditional-use permit requirements, and city-council approval for the establishment of a private school all hinder the supply of private schools. Personnel laws such as workers compensation, family-leave benefits, and anti-discrimination laws all raise the cost of business operations. Noreen points out that the Clinton Administration's proposed payroll tax to cover the costs of national health care will have a particularly heavy impact on private schools, where staff payrolls comprise 80 percent of operating costs. He suggests that policy makers consider how such regulations and requirements impact California businesses, including those enterprises in the business of educating children.⁶⁴

Recommendations for Program Organizers

- Consult *Educational Choice: A Privately Funded Model**
- Assess local needs.
- Define mission.
- Recruit partners.
- Obtain the support of local schools.
- Obtain financial commitment from donors.
- Determine parameters and characteristics of program.
- Determine organizational and governance structure of program.
- Collect data about private-school capacity, tuition, and quality.

* Available from The Texas Public Policy Foundation in San Antonio.

VII. CONCLUSION

That most Americans want choices in the way their children are educated is clear. What remains to be seen is when they will get to make those choices, what form a choice program will take, and whether or not school choice will result in improved student achievement. Privately provided school-choice programs can help by serving as demonstration models for school choice. In addition, they bring immediate assistance to thousands of low-income families searching for alternative educational opportunities for their children.

For most of these families, education represents the greatest promise for their children's future. Yet, all too often, low-income families are trapped in our nation's worst schools with neither the resources nor the opportunity to leave them. School choice gives them that chance. With assistance from privately funded voucher programs, parents can take an active role in selecting and supporting the education of their children. And as parent surveys from existing choice programs indicate, that is an opportunity parents overwhelmingly support.

⁶⁴Interview with Glenn Noreen, Fairmont Private School, November 15, 1993.

Will school choice also result in greater student achievement? Certainly that is the intent of both parents and policy makers. Studies by James S. Coleman and others show that student achievement in the private schools on average is higher than that of public schools, even after adjusting for socio-economic background.⁶⁵ As for the existing school-choice programs, studies are now underway to evaluate changes in academic performance among the participating students. Since the opportunity to exercise choice came relatively late in the education of many of these children, it may be some time before actual improvements, or the lack thereof, can be attributed to school choice.

Yet, at least one thing is certain. Parents whose children participate in school choice like the results they have witnessed so far. In the words of one mother, writing to the Children's Education Foundation, "I thank you for allowing my children a chance—a start at the American Dream."⁶⁶ That is what school choice is all about.

POLICY RECOMMENDATIONS FOR STATE GOVERNMENT

- Provide tax credits for organizations and individuals equivalent to the amount they contribute to tuition vouchers for elementary and secondary-school children.
- Reduce regulations on small businesses, such as private schools.

⁶⁵ James S. Coleman, et al., *High School Achievement: Public, Catholic, and Private Schools Compared*, Basic Books, Inc., 1982, p. 176. See also *National Assessment of Educational Progress Reading Proficiency: 1983–84 Catholic School Results and National Averages Final Report 1985*; and *1985–86 NAEP: Proficiency in Mathematics and Science*, both by Valerie Lee.

⁶⁶ Correspondence from Alicia Pullman to the Children's Education Foundation, Atlanta, Ga., 1993.

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ABOUT THE AUTHOR

Janet R. Beales is a policy analyst with the Education Studies Program of the Reason Foundation in Los Angeles. Before earning her M.B.A. degree at the University of Washington, Ms. Beales was assistant editor for the *Fortune Encyclopedia of Economics*, and a project manager at the National Chamber Foundation in Washington, D.C. She is the author of numerous articles and Reason Foundation studies on education policy.

ABOUT THE REASON FOUNDATION

The Reason Foundation is a nonpartisan, nonprofit public policy research and educational organization dedicated to advancing the principals of a free society. The Reason Foundation develops free-market solutions to public policy issues in an effort to enhance economic and personal liberty.

APPENDIX I: CONTACT LIST

Arizona School
Choice Trust, Inc.
8711 E. Pinnacle Peak Rd.
P.O. Box 203
Scottsdale, AZ 85255
(602) 585-0667

Austin CEO Foundation
111 Congress Ave., Suite 3000
Austin, TX 78701
(512) 472-0153

CEO Foundation
8122 Data Point Dr., Suite 910
San Antonio, TX 78229
(210) 614-0037

Children's Education Foundation
Nineteenth Floor,
One Buckhead Plaza
3060 Peachtree Rd.
Atlanta, GA 30305-2228
(404) 233-4134

Educational CHOICE
Charitable Trust
7440 Woodland Dr.
Indianapolis, IN 46278
(317) 293-7600

Educational Options for Children
P.O. Box 4729
Denver, CO 80239
(303) 446-2646

Free To Choose Charitable Trust
P.O. Box 3686
Little Rock, AR 72203-3686
(501) 931-7440

Hope Through Education Project
c/o Social Renewal Foundation
P.O. Box 6
Philmont, NY 12565
(518) 392-7382

Milwaukee Parental
Choice Program
Sue Freeze
Wisconsin Department of
Public Instruction
P.O. Box 7841
Madison, WI 53707-7841
(608) 266-1647

PAVE
1434 West State Street
Milwaukee, WI 53233
(414) 342-1505

Student/Sponsor Partnership, Inc.
420 Lexington Ave., Suite 2930
New York, NY 10017
(212) 986-9575

Texas Public Policy Foundation
8122 Datapoint, Suite 910
San Antonio, TX 78229
(210) 614-0080

The Vandenberg Foundation
P.O. Box 14212
Lansing, MI 48901
(517) 484-8003

The Voucher Corporation
5836 Corporate Ave., Suite 150
Cypress, CA 90630-4729
(714) 821-6114

The Washington Scholarship Fund
1 Massachusetts Ave., NW
Suite 330
Washington, D.C., 20001
(202) 842-1355

Independent Researchers

Independent researcher
for the CEO Foundation:
Center for the Study of
Education Reform
College of Education
University of North Texas
P.O. Box 13857
Denton, TX 76203-6857
(817) 565-4800

Independent researchers
for the Choice Trust:
Hudson Institute
P.O. Box 26919
Indianapolis, IN 46226
(317) 545-1000

Butler University
College of Education
4600 Sunset Ave.,
Indianapolis, IN 46208
(317) 283-9752

Independent researcher
for the MPCP:
John Witte
Department of Political Science
University of Wisconsin
Madison, WI 53706
(608) 263-2414

Independent researcher
for PAVE:
Maureen Wahl
Family Service of America
11700 West Lake Park Drive
Park Place
Milwaukee, WI 53224
(414) 359-1040

APPENDIX II: TARGET AREAS

PERCENTAGE WITH HOUSEHOLD INCOME BELOW POVERTY LEVEL IN 1989				
	Percent of all children ages 5 to 17 years	Percent of all families	Total Population*	District Combined SAT Scores
CALIFORNIA	17.2	9.3		899
30,989,000				N/A
ALAMEDA				N/A
1,313,300				1050
Ashland CDP	22.1	11.4		N/A
Berkeley city	13.8	9.4		676
104,200				785
Cherryland CDP	16.8	12.8		
Emeryville city	26.9	11.5	6,025	N/A
Oakland city	29.1	16.7		860
377,900				860
				799
CONTRA COSTA			836,900	
Richmond city	24.2	13.5		N/A
92,600				N/A
San Pablo city	27.3	17.1		N/A
26,400				854
West Pittsburgh CDP 21.3		12.1		799
				804
LOS ANGELES				789
9,087,400				868
Alhambra city	21.7	11.5		868
84,500				634
Alondra Park CDP	15.7	10.2		789
Avalon city	21.0	14.0	3,010	634
Azusa city 17.5		10.9	41,850	N/A
Baldwin Park city	19.2	12.8		N/A
70,600				798
Bell city	29.7	22.9		N/A
35,400				954
Bell Gardens city	32.1	23.8		N/A
43,350				N/A
Commerce city	22.3	14.4		N/A
12,300				789
Compton city	36.6	24.2		655
91,700				883
Cudahy city	34.0	24.8		887
23,200				756
East Compton CDP	31.7	24.8		N/A
East Los Angeles CDP	30.7	21.8		872
East Pasadena CDP	17.5	7.7		789
El Monte city	29.7	18.5		854
109,800				789
Florence-Graham CDP	41.9	32.3		

PERCENTAGE WITH HOUSEHOLD INCOME BELOW POVERTY LEVEL IN 1989

	Percent of all children ages 5 to 17 years	Percent of all families	Total Population*	District Combined SAT Scores
Glendale city 184,400	22.7	12.3		
Hawaiian Gardens city 14,250	26.9	17.6		
Hawthorne city 73,600	17.5	11.8		
Hemet city	25.9	10.1		
Huntington Park city 30.5		21.7	58,100	
Inglewood city 112,500	21.3	14.1		
Irwindale city	18.2	10.1	1,070	
La Puente city 37,900	16.4	12.4		
Lawndale city 28,150	16.6	10.4		
Lennox CDP	25.9	22.4		
Littlerock CDP	9.5	12.9		
Lomita city 19,550	17.8	8.7		
Long Beach city 442,100	26.3	13.5		
Los Angeles city 3,579,600	27.2	14.9		
Lynwood city 63,300	25.9	20.1		677 789
Maywood city 28,600	24.8	19.1		844 868
Monrovia city 36,550	18.8	8.2		N/A 747
Montebello city 60,500	21.0	11.6		798 N/A
Monterey Park city 61,900	24.9	13.4		775 798
Paramount city 51,200	24.4	15.0		N/A N/A
Pasadena city 133,500	21.1	11.1		N/A 798
Pico Rivera city 59,900	14.0	9.3		789 N/A
Pomona city 136,500	25.3	14.0		N/A 789
Rosemead city 52,800	29.3	16.2		789 N/A
San Fernando city 23,500	22.9	13.8		N/A 789
San Gabriel city 37,950	21.0	12.6		789 634

PERCENTAGE WITH HOUSEHOLD INCOME BELOW POVERTY LEVEL IN 1989

	Percent of all children ages 5 to 17 years	Percent of all families	Total Population*	District Combined SAT Scores
Signal Hill city	24.7	8.3	8,450	
South El Monte city 31.4		17.2	21,300	N/A
South Gate city	22.1	15.2		N/A
88,400				N/A
South San Gabriel CDP	19.8	9.7		N/A
Valley Verde CDP	31.6	15.0		
Vernon city	16.7	42.2	150	N/A
Walnut Park CDP	15.1	12.9		759
West Athens CDP	44.7	23.0		835
West Compton CDP 28.3		14.0		820
West Hollywood city 26.3		11.0	36,350	N/A
Westmont CDP	43.2	30.2		885
Willowbrook CDP	37.0	26.0		699
				N/A
ORANGE		2,512,200		N/A
Santa Ana city	21.5	12.5		N/A
304,900				N/A
Stanton city	18.1	10.1		865
31,350				N/A
Westminster city	18.4	7.6		N/A
79,900				885
				778
RIVERSIDE				N/A
1,289,700				N/A
Banning city	22.8	13.6		936
23,000				N/A
Beaumont city	32.2	20.4		
10,350				
Blythe city	25.9	15.5		
12,050				
Cabazon CDP	16.6	20.5		
Cathedral City	17.9	9.6		
34,100				
Coachella city	29.1	22.4		
18,450				
Desert Hot Springs city	26.8	17.3		
13,400				
East Blythe city	52.6	20.9		
Highgrove CDP	24.8	18.9		
Homeland CDP	27.3	7.1		
Indio city	26.4	17.0		
40,400				
Lakeland Village CDP	28.8	12.8		
Mecca CDP	33.0	26.1		
Palm Springs city	20.9	8.8		
42,050				
Perris city 21.3		12.2	27,300	
Romoland 28.2		20.1		
Rubidoux CDP	16.7	13.4		

PERCENTAGE WITH HOUSEHOLD INCOME BELOW POVERTY LEVEL IN 1989

	Percent of all children ages 5 to 17 years	Percent of all families	Total Population*	District Combined SAT Scores
San Jacinto city 20,900	23.8	11.1		
Sedco Hills CDP	12.5	11.9		
Sunnyslope CDP	18.2	8.4		856
Winchester CDP	30.1	9.3		N/A
SACRAMENTO 1,099,100				N/A
Florin CDP	26.1	14.2		N/A
Isleton city	20.9	15.3	850	N/A
North Highlands CDP	22.3	12.8		N/A
Parkway-South Sacramento CDP	42.2	25.3		N/A
Rancho Cordova CDP	16.5	9.8		897
Sacramento city 385,100	27.0	13.8		N/A
SAN BERNARDINO 1,530,600				N/A
Adelanto city	35.6	27.5	9,850	877
Barstow city 22,000	17.0	12.8		N/A
Big Bear city	16.8	13.9		798
Big Bear Lake city	20.8	10.4	5,600	N/A
Big River CDP	49.4	21.2		798
Bloomington CDP	20.9	10.8		805
Bluewater CDP	-	12.2		N/A
Colton city 42,100	21.8	13.4		N/A
Fontana city 97,500	13.6	10.2		N/A
Highland city 37,100	24.8	12.2		855
Joshua Tree	35.7	15.3		N/A
Lenwood CDP	15.2	10.0		769
Loma Linda city 19,950	15.8	9.5		N/A
Montclair city 29,450	23.8	13.0		833
Morongo Valley CDP	50.5	13.2		N/A
Mountain View Acres	16.5	12.5		855
Muscoy CDP	33.1	22.4		855
Needles city	26.8	17.4	5,500	
Ontario city 138,800	16.6	10.6		N/A
Rialto city 15.5		9.7	77,300	857
San Bernardino city 175,800	32.6	19.5		N/A

PERCENTAGE WITH HOUSEHOLD INCOME BELOW POVERTY LEVEL IN 1989

	Percent of all children ages 5 to 17 years	Percent of all families	Total Population*	District Combined SAT Scores
Searles Valley CDP	23.9	15.4		N/A
Twentynine Palms city 12,850	17.1	11.1		894 N/A
Twentynine Palms Base CDP	9.3	9.4		
Victorville city 48,350	20.5	11.9		
Yucca Valley CDP	22.6	13.4		
SAN DIEGO				
Borrego Springs CDP	31.1	6.8		
El Cajon city 90,200	17.6	10.7		
Imperial Beach city 27,150	25.2	14.9		
National City 58,600	30.1	20.2		
Rainbow CDP	23.5	8.1		
San Diego city 1,149,600	18.7	9.7		
Valley Center CDP	27.9	9.1		
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SAN FRANCISCO				
728,700				N/A 845
San Francisco city 728,700	18.4	9.7		N/A 880
SANTA CLARA				
1,531,800				N/A
Gilroy city	18.4	10.7	31,900	N/A
San Martin CDP	30.3	13.7		797 N/A
VENTURA				
686,900				N/A
Fillmore city 55,500	17.9	9.4		N/A
Meiners Oaks CDP	14.0	10.1		
Oxnard city 146,400	16.8	9.6		
Piru CDP	9.5	11.2		
Santa Paula city 25,850	20.3	10.0		

* California Department of Finance, Demographic Research Unit, January 1, 1992.

Selected county subdivisions show greater than average percentages of families or children below poverty level in counties with large numbers of private schools.

Notes: •Poverty status is defined by the Bureau of the Census as a family of four with an income below \$12,674 in 1989. For purposes of calculating poverty, income does not include tangible assets such as real property or cars, but does include financial assets such as interest or dividend income.

•CDP represents a Census Designated Place, an unincorporated local area defined by the county for the presentation of statistics.

•Family is defined as two or more persons living together who are related by blood, marriage, or adoption.

Source: *1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, California*, Bureau of the Census, U.S. Department of Commerce, June 1992. "SAT Report, 1991–92," California Department of Education, Research, Evaluation and Technology Division.