

## WHAT NEXT FOR SCHOOL VOUCHERS?

PAUL E. PETERSON\*

### Introduction

For many years, fears that school vouchers were unconstitutional slowed their adoption in the United States. But in 2002, the Supreme Court found, in the case of *Zelman v. Simmons-Harris*, that a small voucher program in Cleveland was constitutional. The Court declared that the program did not violate the Establishment of Religion Clause of the US Constitution, as plaintiffs had argued, because it allowed parents a choice among both religious and secular schools. There was no discrimination either in favor or against religion. Now that school vouchers have passed this crucial constitutional test, many state legislators and other state officials are giving more thought to the voucher concept. In addition to Cleveland, experiments are underway in Milwaukee, Florida and Colorado and under active consideration in many other states. This essay seeks to answer some of the questions that are frequently raised.

### What are school vouchers?

Simply defined, a voucher is a coupon for the purchase of a particular good or service. Unlike a ten dollar bill, it cannot be used for any purpose whatsoever. Its use is limited to the terms designated by the voucher. But like a ten dollar bill, vouchers typically offer recipients a choice. For this reason, distant relatives find coupons popular birthday presents for family members whose tastes are unknown. The birthday child can be given a toy store coupon, without dictating the exact game or puzzle.

It is not only in the business world that vouchers or coupons are used. Food stamps, housing allowances for the poor and federal grants for needy students are all voucher-like programs that fund services while giving recipients a range of choice. Now, the idea is being advanced as a way of enhancing

school choice as well. If parents are given a school voucher, the money will certainly be spent on education. But instead of requiring attendance at the neighborhood school, no matter how deficient, families are given a choice among public and private schools in their communities.

In other words, a school voucher is something like a scholarship to be used at one's choice of school. Indeed, there are in the United States numerous privately funded scholarship programs that operate much like school voucher programs. They allow the parent to select the private school of their choice but they pay approximately half the tuition for more than 60,000 students in New York City, Washington, DC, Dayton, Ohio, and many other cities across the country.

Although these private programs have generated valuable information about school vouchers, as discussed later in this essay, more important are the publicly funded ones enrolling over 25,000 students in Milwaukee, Cleveland and Florida. Colorado's newly enacted voucher program is to begin in the fall of 2004. All of the programs are restricted to low-income or otherwise disadvantaged children.

The oldest program, established in Milwaukee in 1990 at the urging of local black leaders and Governor Tommy Thompson, was originally restricted to secular private schools and to fewer than 1,000 students. Then, in 1998, the Wisconsin supreme court ruled constitutional a much larger program that allowed students to attend religious schools as well. In 2002–03, over 11,000 students, more than 15 percent of the eligible population, were receiving vouchers up to \$5,783, making it the country's largest and most firmly established voucher program.

The Cleveland program, enacted in 1996, was of less significance until the Supreme Court made it famous. Before the decision ruling it constitutional, vouchers amounted to no more than \$2,250 and were limited to approximately 4,000 students. After the Supreme Court decision, the number of students increased to over 5,000 and the amount of the voucher in autumn 2003 could go as high as \$2,700.

The Florida program, established in 1999 after Governor Jeb Bush had campaigned on the issue, initially had less than 100 students but is poised to become somewhat larger. Here, vouchers are offered

\* Paul E. Peterson, the Shattuck Professor of Government, is director of the Program of Education Policy and Governance at Harvard University. He is co-author of *The Education Gap: Vouchers and Urban Schools* (Brookings, 2002).

to low-income students attending failing public schools. Initially, only two schools in Pensacola were said to be failing; but in 2002, ten more joined their ranks. A second Florida program, which offers vouchers to students eligible for special education services, has received less attention but is perhaps more significant. In 2002–03, over 8,000 of Florida’s special education students were enrolled in nearly 500 private schools.

In other words, a variety of privately and publicly funded voucher programs are in operation. Much can be learned from taking a closer look at how they operate in practice.

#### **A focus on low-income, minority families**

Most voucher programs are focused on low-income or otherwise disadvantaged families, because their children are the ones least well served by traditional public schools. Voucher proponents point out that middle income whites can select their school by moving into a desired neighborhood or using a private school, while low-income blacks cannot easily do so. As voucher proponents love to point out, school choice is already part and parcel of the American educational system. Every time parents identify a neighborhood to live in, they select a school for their child – often self-consciously. According to a recent survey, 45 percent of whites (as compared with 22 percent of African-Americans) consider “the quality of the public schools” when deciding where to live.

Since African Americans have the least amount of choice among public schools, they benefit the most when choice is expanded. In evaluations of private voucher programs in New York City, Washington, DC, and Dayton, Ohio, my colleagues and I found that African-American students, when given a choice of private school, scored significantly higher on standardized tests than comparable students remaining in public school. In New York, where estimates are most precise, African-American students who switched from public to private schools tested, after three years, roughly 8 percentage points higher than African-Americans in public schools – nearly a two grade level improvement.

These test-score gains were accomplished at religious and other private schools that had much less

money than that available to New York’s public schools. Data available from the state of New York reveals that New York City’s public schools have twice as much money per pupil as Catholic schools do – even after deducting amounts spent on the food lunch program, special education, transportation-related expenditures and the cost of the city’s massive public-school bureaucracy. With so little money, these schools did not have fancy buildings and playgrounds. Indeed, private-school parents reported fewer facilities and programs at their child’s school than public school parents did.

Yet private-school parents also reported much higher levels of school satisfaction than their public-school peers. Private-school parents also were more likely to report that their child had smaller schools, smaller classes and an educational-friendly environment (less fighting, cheating, property destruction, truancy, tardiness and racial conflict). Their children had more homework and the schools were more likely to communicate with the family. Nor were the private schools any more segregated than the public ones.

There was no evidence that vouchers improved the test scores of students from other ethnic groups, however. Vouchers did not have a significant impact, positive or negative, on the test scores of either whites in Dayton or Latinos in New York City.

These findings are all the more important, because they come from randomized field trials similar to the pill-placebo trials conducted in medical research, generally regarded as the gold standard of scientific research. Yet the results from these randomized field trials do not so much break new ground as confirm findings from other studies. In a review of the broad range of research, Jeffrey Grogger and Derek Neal, economists from the University of Wisconsin and University of Chicago, find that “urban minorities in Catholic schools fare much better than similar students in public schools,” but the effects for urban whites and suburban students generally are “at best mixed”.

#### **No child left behind**

But if students who attend private schools seem to benefit thereby, how about those students left behind in traditional public schools? To answer this

question, one needs to consider the students in the voucher program, the academic impact on public schools, and the financial impact on public schools.

### **Do vouchers attract the best and the brightest?**

My own research has looked at this question in two different ways. In one study, my colleagues and I compared a cross-section of all those who applied for a voucher offered nationwide by the Children's Scholarship Fund with a comparable group of those eligible to apply. African-American students were twice as likely to apply as others. Specifically, 49 percent of the applicants were African-American, even though they constituted just 26 percent of the eligible population. Other results reveal little sign that the interest in vouchers is limited to only the most talented. On the contrary, voucher applicants were just as likely to have a child who had a learning disability as non-applicants. And participants were only slightly better educated than non-applicants.

In New York, Washington, D. C., and Dayton, my colleagues and I found no evidence that private schools' admission policies discriminated on the basis of a young student's test score performance. Only among older students (grades 6–8) in Washington, DC, did we see some signs that private schools expected students to meet a minimum educational standard prior to admission.

Other researchers find much the same pattern. In Milwaukee, the Wisconsin Legislative Audit Bureau found that the ethnic composition of the participants in Milwaukee's voucher program during the 1998–99 school year did not differ materially from that of students remaining in public schools. Also in Cleveland, Indiana University analysts said that voucher "students, like their families, are very similar to their public-school counterparts."

Families are more likely to want to opt out of a school if their child is doing badly than if that child is doing well. A number of families, moreover, select a private school because they like the religious education it provides, or because it is safe, or because they like the discipline. When all these factors operate simultaneously, the type of student who takes a voucher usually looks little different from those who pass up the opportunity, except for the fact that those within a specific religious tra-

dition are more likely to choose schools of their own faith.

### **Public-school performance**

If vouchers do not simply pick off the top students within the public schools but instead attract a broad range of students, then there is no obvious educational reason why public schools should suffer as a result of the initiative. On the contrary, public schools, confronted by the possibility that they could lose substantial numbers of students to competing schools within the community, might well pull up their socks and reach out more effectively to those they are serving. Interestingly enough, there is already some evidence that public schools do exactly that.

Harvard economist Caroline Minter Hoxby has shown, for example, that since the Milwaukee voucher program was established on a larger scale in 1998, it has had a positive impact on public school test scores. The public schools in the low-income neighborhoods most intensely impacted by the voucher program increased their performance by a larger amount than schools in areas of Milwaukee and elsewhere in Wisconsin not affected by the voucher program.

Even the threat of a voucher can have a positive effect on test scores. Research by Manhattan Institute scholar Jay Greene shows that when public schools were in danger of failing twice on the statewide Florida exam, making their students eligible for vouchers, these public schools made special efforts to avoid failure.

### **Fiscal impacts on public school children**

To see how school vouchers affect the fiscal resources available to public school children, the structure of public-school financing needs to be briefly considered. Although the financial arrangements vary from one state to the next, on average across the nation 49 percent of the revenue for public elementary and secondary schools comes from state governments, while 44 percent is collected from local sources, the balance received in grants from the federal government. Most of the revenue school districts receive from state governments is distributed on a "follow the child" princi-

ple. The more students in a district, the more money it receives from the state. If a child moves to another district, the state money follows the child. Local revenue, most of which comes from the local property tax, stays at home, no matter where the child goes. As a result, the amount of money the district has per pupil actually increases, if a district suffers a net loss of students, simply because local revenues can now be spread over fewer pupils.

The voucher programs in Milwaukee, Cleveland and Florida have been designed along similar lines. The state money follows the child, but the local revenue stays behind in local public schools, which means that more money is available per pupil. In Milwaukee, per pupil expenditures for public-school children increased by 22 percent between 1990 and 1999, rising from \$7,559 to \$9,036. Not all of the increase was a direct result of the voucher program, but the example shows that public schools do not necessarily suffer financially when voucher programs are put into effect.

#### **Balkanization: myth, not reality**

Whatever the advantages of vouchers, some may feel that they would prove divisive in a pluralist society with multiple religious traditions. In his dissent from the majority opinion in *Zelman*, Justice Stephen Breyer saw the decision as risking a “struggle of sect against sect.” And Justice John Stevens said he had reached his decision by reflecting on the “decisions of neighbors in the Balkans, Northern Ireland, and the Middle East to mistrust one another. . . . [With this decision] we increase the risk of religious strife and weaken the foundation of our democracy.”

These dissents echo the concerns of many distressed by the world-wide rise in fundamentalist religious conviction, worries that have intensified since 11 September 2001. But though the concerns are genuine enough, it is hardly clear that government-controlled indoctrination of young people is the best tool for conquering intolerance. On the contrary, this strategy proved counterproductive in many parts of the former Soviet Union. Historically, the United States has achieved religious peace not by imposing a common culture but by ensuring that all creeds, even those judged as dangerous by the enlightened, have equal access to democratic processes.

Of course, religious conflict is part and parcel of American political history. In the late 19th century, many objected to the establishment of Catholic schools. Indeed, anti-immigrant sentiment was so strong that amendments to state constitutions were enacted that seemed to forbid aid to religious schools. Many of these provisions are so-called “Blaine” amendments, dating to the 19th century, when James Blaine, a senator from Maine and a Republican presidential candidate, sought to win the anti-immigrant vote by campaigning to deny public funds to Catholic schools.

Blaine-like clauses in state constitutions are being invoked by those seeking to forestall voucher initiatives. In a number of cases, state courts, have interpreted these clauses to mean nothing more than what the Supreme Court defines as the meaning of the establishment clause of the First Amendment. If this view prevails in state courts, then vouchers do not violate these state constitutional clauses now that they have been found constitutional by the US Supreme Court. But not every state judge necessarily shares this view. Such language has proven to be a hurdle for the voucher program in Florida, for example, where a trial court has found the law in violation of the state constitution. Depending on what happens to the appeal of this trial court decision, the US Supreme Court may eventually be asked to decide whether, on account of their nativist and anti-Catholic origins, the Blaine amendments – and their derivatives – are themselves unconstitutional.

The controversies over religion seem more heated in the political and legal world than in the classroom, however. While exceptional cases can always be identified, there is little evidence that religious schools typically teach intolerance. Indeed, careful studies have shown that students educated in Catholic schools are both more engaged in political and community life and more tolerant of others than public school students. After enduring harsh criticism from critics in a Protestant-dominated America, Catholic schools took special pains to teach democratic values. The more recently established Christian, Orthodox Jewish and Muslim schools can be expected to make similar attempts to prove they, too, can create good citizens.

As Justice Sandra Day O’Connor pointed out in her concurring opinion, if Breyer’s and Steven’s

fears were real, we would be aware of the fact already. She showed that taxpayer dollars flow to religious institutions in multiple ways – through Pell Grants to sectarian colleges and universities; via child care programs in which churches, synagogues and other religious institutions may participate and through direct aid to parochial schools for computers and other instructional materials. If thriving religious institutions create a Balkanized country, she seems to say, this would already have happened.