



Liberales Institut

Jennifer Marshall

An Overview of Parental Choice in Education in the United States



Occasional Paper 15

Imprint:

Published by
The Liberal Institute of the
Friedrich Naumann Foundation
Truman House
Karl-Marx-Straße 2
D-14482 Potsdam

Phone +49 (3 31) 70 19 - 2 10
Fax +49 (3 31) 70 19 - 2 16
libinst@fnst.org
www.libinst.de

Production
COMDOK GmbH
Office Berlin
Reinhardtstraße 16
D-10117 Berlin

Printed by
ESM Satz und Grafik GmbH
Wilhelminenhofstraße 83-85
D-12459 Berlin

First Edition 2006

An Overview of Parental Choice in Education in the United States

Jennifer Marshall

Paper presented at the conference
"Liberal Education – International Perspectives" organised
by the Liberal Institute of the Friedrich-Naumann-Stiftung,
Potsdam 2-4. September 2005.

Introduction

Last year, we in America marked the 50th anniversary of a major Supreme Court decision, *Brown v. Board of Education*. As you may know, *Brown v. Board of Education* was the case that ended racial segregation in America's public schools—or at least ended it in *law*. In practice, socio-economic segregation in America's schools continues to this day. Many describe the current system as a two-tiered public education system. Let me give you an example of what this system looks like by considering two children – Amanda and Anthony – who live in and around Chicago.

On one tier are children like Amanda, a student who might be found attending a school in Chicago's affluent western suburbs. Amanda, like nine out of ten students in the school, is white. As a fifth-grader, Amanda scores above grade-level on state tests of reading and math skills. Nearly all students in her class meet or exceed state fifth-grade standards: 97 percent of students on math, and 94 percent on reading. That's far superior to statewide averages, in the state of Illinois, in which 63 percent of students meet the math standards and 59 percent meet reading standards for the fifth grade.¹ Amanda will likely attend a high school with a full range of academic as well as extra-curricular choices and where a majority of students go on to higher education—some to the best colleges in America.

Twenty-five miles away, on Chicago's south side is a fifth-grade student whom we'll call Anthony. Like 99 percent of his classmates, Anthony is black. He lags behind in math, as do most of his peers—only a small fraction of his

Many would agree that parental choice in education is the new means of advancing equal opportunity. In 2002, the U.S. Supreme Court upheld the Cleveland voucher program, a publicly-funded scholarship program for low-income youth, in a case known as *Zelman v. Simmons-Harris*. Some view this as the most important education decision since *Brown v. Board*, and one that advanced its civil rights legacy. Says one education group: „For minority families, the *Zelman* decision could deliver what the 1954 *Brown v. Board of Education* decision promised but never delivered: equal educational opportunity.”

An Overview of Education in the United States

Public school enrollment in the U.S. is 47.9 million students, attending 94,112 schools. Of these public schools, 3,400 are charter schools. Charter schools are publicly funded schools organized and operated by an entity other than the local education agency, or school district (such as a university, group of teachers, or a private entity). The average per-pupil spending in U.S. public schools is \$8,589. Among the highest is Washington, D.C., at \$15,078. The lowest is Utah at \$5,578.

Private school enrollment is 5.9 million students. There are 27,223 private schools across the country. The average tuition in private elementary schools is less than \$3,500; at secondary schools it is \$6,052.

Total kindergarten through 12th grade (K-12) public education spending nationally amounts to \$500 billion annually. 42.7% of this is raised from local taxes; 49% from state taxes; and 8.4% from federal taxes.

The federal government spends a total of \$125 billion on preschool, K-12, and higher education. On K-12 programs, federal funding amounts to \$60 billion. This represents dramatic growth over the past four decades. In 1965, federal funding for K-12 education amounted to just \$5 billion (in 2003 dollars).

Yet while spending has increased so that America now spends more than almost any nation on education, achievement levels have remained stagnant. Today, fourth grade achievement on the National Assessment of Educational Progress (NAEP) indicates that only 31% are proficient in reading, 32% proficient in mathematics, 29% proficient in science, and 18% proficient in American history. Moreover, half as many poor students were proficient in these subjects.

An Overview of School Choice

In 1975, just three limited school choice programs existed in the United States. Today, most states have some sort of school choice, and many have a variety of choice mechanisms to offer parents. These mechanisms for choice include vouchers (in Florida; Milwaukee, Wisconsin; Cleveland, Ohio; Utah; and Washington, D.C.); tax credits or tax deductions to families (such as those in Minnesota, Illinois, and Iowa); and tax credits to donors (available in Arizona, Florida, and Pennsylvania).

Another 40 states and Washington, D.C. have charter school laws, while 15 states allow public school choice (in which students can enroll in a public school other than their locally assigned school). In addition, homeschooling is legal in every state, and an estimated one million students are homeschooled.

A Timeline of School Choice Growth

* 1869	VERMONT Tuitioning Program
* 1873	MAINE Tuitioning Program
* 1955	MINNESOTA Tax Deduction
* 1983	<i>Mueller v. Allen</i> , U.S. Supreme Court Case upholds Minnesota model
* 1985	MINNESOTA Dual Enrollment Program
* 1987	IOWA Tax Credit
* 1988	MINNESOTA Interdistrict Public School Choice Program
* 1990	Milwaukee Voucher U.S. Supreme Court Case upholds

* 1999	McKay Scholarship Program (FLORIDA)
* 2001	FLORIDA Tax Credit Program
* 2001	PENNSYLVANIA Tax Credit Program
* 2002	Zellman v. Simmons-Harris, U.S. Supreme Court upholds Cleveland voucher
* 2004	WASHINGTON, DC Voucher Program
* 2005	UTAH Voucher Program for Special Education Students; OHIO: statewide expansion of voucher program for students in low performing schools (to take effect in 2006-07)

Close-Up: School Choice Programs in Practice

I. Washington, D.C.

The need for a school choice plan in Washington, D.C. was demonstrated by the poor performance of public schools. The year that the program began, 83 of 151 D.C. public schools were failing to make adequate yearly progress as defined by the No Child Left Behind Act. The dropout rate was among the highest in the U.S. The program was created with \$13 million in new funding, providing vouchers up to \$7,500, which would allow some 1,700 students to participate. The program is limited to low-income students, with priority to those in failing public schools. The program is administered by a private entity, the Washington Scholarship Fund, which has operated a privately-funded voucher program for many years.

In the first year of the program, only 1,000 students participated. The late passage of the legislation allowed only a few months to enroll students before the start of the school year. The second year of the program, however, is oversubscribed by two to one.

A congressionally mandated five-year evaluation is in progress. It will measure student achievement, parental satisfaction, effects on students, and effects on public schools.

Washington, D.C. Summary:

* Enacted:	2004
* Eligibility:	low-income
* Voucher:	\$7,500
* Students:	1,700
* Court Status:	no challenge to date

II. Milwaukee, Wisconsin

About 15,000 students participate in the Milwaukee Parental Choice Program. Established in 1990 and expanded in 1995, the program provides vouchers to Milwaukee families with incomes that are at or below 175 percent of the poverty level to enable their children to attend private or religious schools of choice. The Wisconsin Supreme Court upheld the program in 1998 and the U.S. Supreme Court declined to review the decision. Research shows students in the voucher program saw a 6 percentile point gain in reading achievement after 4 years in the program and an 11 percentile point gain in math achievement during the same period (Greene, Peterson, and Du, 1999). Another evaluation found that students gained 8 percentile points in math after using a voucher to attend a school of choice (Rouse 1998). Currently the program is operating at capacity (with a cap of 15,000 students). When legislators tried to expand the cap, the city's mayor resisted.

Milwaukee, Wisconsin Summary:

* Enacted:	1990, expanded 1995
* Eligibility:	Incomes at or below 175% poverty level
* Voucher:	\$ 5,882
* Students:	15,000
* Court Status:	upheld in 1998 by the Wisconsin Supreme Court (U.S. Supreme Court declined)

III. Cleveland, Ohio

Enacted in 1995, the Cleveland Scholarship and Tutoring Program provides elementary school students with vouchers worth up to \$2,250 for tuition at a private school of choice. Although the number of vouchers was increased from 4,523 in the 2001–2002 school year to 5,523 for the 2002–2003 school year, officials say they had to turn away more than 1,100 Cleveland parents who applied for vouchers because there were not enough to meet the demand. In 2005, state lawmakers passed a budget for Ohio that included money to expand the voucher program to students in low-performing schools across the state. Lawmakers expect the program will accommodate 14,000 students and plan to implement the program in 2006.

Research has found that the Cleveland program is serving lower-income households than public schools, and that voucher students are more likely to come from single mother households (Harvard, 1999). An Indiana University study found small gains in language and science after two years (1999), and higher test scores sustained over three years (2001). Voucher schools also had better racial integration than the public school system (Buckeye Institute, 1999)

Cleveland, Ohio Summary:

* Enacted:	1995
------------	------

* Eligibility:	Students in low-performing schools
----------------	------------------------------------

* Voucher:	\$2250
------------	--------

* Students:	5,675 (2004–2005), program expanded for 2006–07 to a potential 14,000 across the state
-------------	--

* Court Status:	upheld in 2002 by U.S. Supreme Court (<i>Zelman v. Simmons-Harris</i>)
-----------------	--

IV. Florida

Florida has three school choice programs:

- **A+ Opportunity Scholarships;**
- **McKay Scholarships for students with disabilities;**
- **Tax credit for donations to scholarship funds for poor students.**

A. Florida Opportunity Scholarships

The A+ Plan, established under Governor Jeb Bush in 1999, created a grading system for Florida's public schools based on test scores on the Florida Comprehensive Assessment Test (FCAT). Students at schools receiving a grade of „F“ for two years in a four-year period may transfer to a higher-scoring public school or a private school using an Opportunity Scholarship. The value of the scholarship is the state per-pupil expenditure or the tuition and fees of the private school, whichever is less.

In 2002–2003, 702 of the 1,611 students using the Opportunity Scholarships attended a private school, while the rest chose other public schools.

In 2001 Jay P. Greene released an analysis of the Florida A+ program. He found that during 1999–2000, the 76 failing schools had improved an average of 17.59 points in reading and 25.66 points in math on the state assessment (the FCAT), which uses a scale of 100 to 500, compared with 10.02 points in reading and 16.06 points in math for schools that had received a „D“ rating.

The state's accountability plan has also produced systemic improvements. Since the A+ plan began in 1999, reading scores have improved significantly in three grade levels and among African-American, Hispanic, and white students. Steady gains were also noted for students in exceptional education programs.

Florida A+ Opportunity Program Summary:

* Enacted:	1999
------------	------

* Eligibility:	Elementary and Secondary
----------------	--------------------------

* Voucher:	State per-pupil funding
------------	-------------------------

* Students:	690 (2004–2005)
-------------	-----------------

* Court Status:	PENDING
-----------------	---------

B. Florida McKay Scholarships

The McKay Scholarship program, enacted as a pilot program by the Florida legislature in 1999 and expanded statewide in 2001, provides vouchers to special-needs students if their parents are dissatisfied with their academic progress. This

voucher program for special needs students was the first of its kind and was later replicated in Utah.

Florida McKay Scholarship Summary:

* Enacted:	Pilot, 1999; expanded 2001
* Eligibility:	All disabled students statewide
* Voucher:	Average \$6000
* Students:	14,000 (2005)
* Court Status:	No challenge to date.

B. Florida Tax Credit

In addition, 11,400 students statewide are using scholarships under Florida's corporate income tax credit program. Under this program, corporations can receive tax credits for scholarship fund donations of up to 75 percent of the amount of their corporate income tax bill. The tuition scholarship organizations give low-income students scholarships worth \$3,500 or the full cost of tuition, whichever is less, to attend a private school or a \$500 voucher to attend a public school in another school district. The state may award a maximum of \$50 million in credits a year. Over 15,000 students are expected to benefit from the program in 2005-06.

Florida Tax Credit Summary:

* Enacted:	2001
* Eligibility:	Low-income applicants to scholarship programs
* Scholarship:	\$3,500 or cost of tuition plus books and transportation
* Tax Credit:	75 percent state corporate tax liability; \$88 million state cap
* Students:	15,000 (2005)
* Court Status:	No challenge to date.

Research has shown that Florida schools improved dramatically when facing the prospect of vouchers (Greene, *Education Next*, 2001). 65 percent of public school teachers said the A+ plan played 'minor' or 'major' role in the test score improvements (2000). Competition proved to be a differential in improvements, as shown by the following score improvements. In 1999-2000, schools rated „F“ saw a +17.59 point reading gain and a +25.66 point math gain. „D“ schools improved, but less dramatically: +10.02 points on reading and +16.06 points on math (Greene, Manhattan Institute, 2001).

V. Arizona Scholarship Tax Credit

An Arizona law enacted in 1997 allows individuals to receive a tax credit of up to \$500 and married couples to receive a credit of up to \$625 for donations to a private tuition scholarship program. Individuals may also receive a credit of up to \$200 for donations to public school extracurricular activities. On January 26, 1999, the Arizona Supreme Court upheld the tax credit plan, finding the program to be neutral with regard to religion and beneficial to low-income families. From 1998 to 2004, the tax credit program generated over \$430 million that financed over 98,000 scholarships. More than 80 percent of the scholarship recipients were from lower-income families.

Arizona Scholarship Tax Credit Summary:

* Enacted:	1997
* Eligibility:	Students applying to tuition scholarship programs
* Tax credit:	\$500 (\$1,000/married) for donations to private tuition scholarship program; \$200 for donations to public schools
* Students:	In 2004, 21,160 scholarships granted; \$31.9 million donated.
* Court Status:	UPHELD 1999, Arizona Supreme Court (U.S. Supreme Court denied review)

Obstacles to School Choice

Despite the progress of school choice across the United States, several obstacles remain. Blaine Amendments in 37 state constitutions prohibit state funds from flowing to religious institutions. A number of courts have ruled that such consti-

tutional language prohibits voucher programs that include religious schools. These and other negative court decisions have slowed or stopped some choice programs (e.g., Colorado). Meanwhile, America's largest teachers unions, the National Education Association and the American Federation of Teachers, continue to oppose school choice, viewing it as a threat to their interests. Another obstacle is the opposition of voters who do not view choice as in their interest. Polling indicates that suburban and elderly voters are more likely not to support vouchers.

The politics of choice has created another hurdle: because programs limit the number of participating students, some with very small numbers of participating students do not encourage the creation of additional educational options in areas that would benefit from them. In market terms, such projects limit the amount of demand and therefore restrict supply-side innovation. In the case of Washington, D.C., for example, while there are limited number of private high schools in the city that could provide an alternative to public education, the cap on the number of participating students (1,700 in K-12) creates little market incentive for new schools to open.

Conclusion

Parental choice in education has expanded significantly in the U.S. over the past three decades. Americans have supported parental choice in education for a number of reasons. Several key principles stand out, including parental rights, social justice, and market vs. monopoly. Those who support choice on the basis of parental rights argue that parents have the right and responsibility to choose the best education environment for their children. The social justice argument states that choice is a path to equal opportunity, since choice plans to date have served disadvantaged students first: low-income; failed school (FL, OH, NCLB); special needs (FL, UT). Those who take a market approach argue that in today's government monopoly on provision of education services, schools have little incentive to provide better service. A market delivery system, where consumers have choices, will best serve educational needs. Each of these arguments has contributed to the growth of choice in the United States.

Parental choice is yielding positive outcomes on a number of criteria. It is improving parental satisfaction with schools. It is improving recipient students' academic achievement. Moreover, it is improving public school performance. In short, parental choice in education is developing into an educational delivery system that provides improved opportunities for all students, no matter where they attend school.

Jennifer Marshall, is director of domestic policy studies at The Heritage Foundation, Washington.