

School Choice Digest

Research and analysis from the Alliance for School Choice

No. 1 Winter 2007

NEW RESEARCH CONFIRMS:

**WHEN SCHOOLS COMPETE,
STUDENTS WIN!**

- **New polls reveal continued public support for school choice**
- **Herbert Walberg sums up school choice evidence in new book**



ALLIANCE FOR SCHOOL CHOICE

Inside This Issue

Research Recap	3
Recommended Reading	4
School Choice Works!	5
Did You Know?	6
Data Diary	7
In Perspective	Back

School Choice Digest

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Charles R. Hokanson, Jr.,
President

Geoffrey Goodman,
Editor

Corey Kliewer,
Production Director

Andrew Campanella,
Director of Communications
& Marketing

How to reach us:
1660 L Street, NW
Suite 1000
Washington, D.C. 20036
Phone: (202) 280-1990

Website: AllianceForSchoolChoice.org
E-mail: info@AllianceForSchoolChoice.org
Please address comments, questions, requests for copies
and submit names for the mailing list to:
ggoodman@AllianceForSchoolChoice.org

School Choice Digest is published by the national nonprofit Alliance for School Choice. The mission of the Alliance for School Choice is to improve our nation's K-12 education by advancing systemic and sustainable public policy that empowers parents, particularly in low-income families, to choose the education they determine is best for their children.

Message from the Editor

Welcome to the Alliance for School Choice's inaugural edition of the *School Choice Digest*. The purpose of the *School Choice Digest* is to make available, on a quarterly basis, the latest research and opinion related to school choice. Each edition will include the following components:

- **Research Recap** will provide a review of the latest school choice research. This edition discusses research on the Milwaukee Parental Choice Program.
- **Recommended Reading** will highlight recent books regarding school choice. Herbert Walberg's new book, *School Choice: The Findings*, is featured in this edition.
- **School Choice Works!** will highlight the proven benefits of school choice. This edition looks at school choice's positive impact on surrounding public schools.
- **Did You Know?** will provide facts that all of us interested in school choice should know. This edition provides you with facts about Members of Congress and school choice, school choice and community renewal in Milwaukee, support for school choice in the Hispanic community, and the disappointing performance of public schools in middle-income areas of California.
- **Data Diary** will provide charts and figures pertinent to school choice. The results of a recent *Education Next*/Harvard survey showing public support for school choice are highlighted in this edition.
- **In Perspective** will offer opinion on the school choice movement. In this edition you will find analysis on why tax credits and vouchers are both viable school choice options.

We have designed the *School Choice Digest* to provide you with easily "digestible" analyses that you can use when talking to others about the benefits of school choice. Your feedback is always welcome. Please email me at ggoodman@allianceforschoolchoice.org.

Sincerely,

Geoffrey Goodman, Editor

Federal Reserve Bank Economist Confirms Vouchers Improve Milwaukee Public Schools

A common story told by opponents of school choice is that vouchers harm public schools. All of the motivated and high-achieving students, the story goes, transfer to private schools and take funding with them, while the low-achieving and unmotivated students are left behind to be educated in a school system drained of resources. But, this story simply does not match with reality.

A recent study by Federal Reserve Bank economist Rajashri Chakrabarti, “Can increasing private school participation and monetary loss in a voucher program affect public school performance? Evidence from Milwaukee,” is the latest in a growing body of research showing that private school choice generally has a positive effect on the achievement of students who remain in public schools.¹ The paper will be published in a forthcoming issue of the *Journal of Public Economics*.

In her study, Chakrabarti compares student achievement in Milwaukee Public Schools prior to and after competition was increased between Milwaukee public and private schools. The competition increased because of two key changes in the Milwaukee Parental Choice Program (MPCP). The first change was the program’s more than threefold expansion after the Wisconsin Supreme Court ruled in 1998 that religious schools could participate in the program. The second was a change in state funding,

beginning in 1999, which meant that Milwaukee public schools had greater competition with the voucher program’s private schools for state dollars.

Chakrabarti’s study is similar to previous studies of the impact of vouchers on Milwaukee’s public schools. Economist Carolyn Hoxby looked at MPCP’s effect on public school achievement after 1998 and found that the more competition a public school faced from private school choice, the greater its academic improvement and productivity.² But, in a different twist from Hoxby, Chakrabarti’s analysis compares MPCP’s effects on public school performance *prior to* the increased competition with those after the increased competition.

Chakrabarti found that after 1998, increased competition between Milwaukee’s public and private schools often led to *statistically significant* improvements in the public schools’ performance in reading, language arts and math, which were greater than in prior years. Schools facing the most competition had even greater improvements in reading and language arts than those facing less. She writes:

While the Milwaukee voucher program in its first phase did not have much of a bite, an increase in competition in the second phase through higher private school participation and an

increase in per pupil revenue loss from vouchers led to significant improvement in performance of the treated public schools.³

This study contributes to the existing body of research on the effects of school choice on public school performance which show that, in the words of Herbert Walberg, “[c]ompetition and choice create benefits beyond those enjoyed by the students who participate directly in voucher programs.”⁴

John Witte, a University of Wisconsin at Madison political science professor who has studied the MPCP, most recently as a coauthor of a 2007 study by the union-supported Economic Policy Institute (EPI), is skeptical about the link between school choice and public school improvements. He was recently quoted as saying that, “changes of superintendents, changes of school boards, changes of curriculum—the list of other things that could have an effect is as long as your arm.”⁵

But, what Witte fails to acknowledge is that these other changes are likely a result of the increased competition between public and private schools. In fact, both the former and present Superintendents of Milwaukee Public Schools have said that the program has served as a catalyst for school improvement. Former Superintendent Spence Korte has said:

Like many other monopolistic operations, you get a little bit complacent when you’re the only game in town.... We needed to be able to compete, to really get better, and to be more sensitive to what parents are telling us they need.⁶

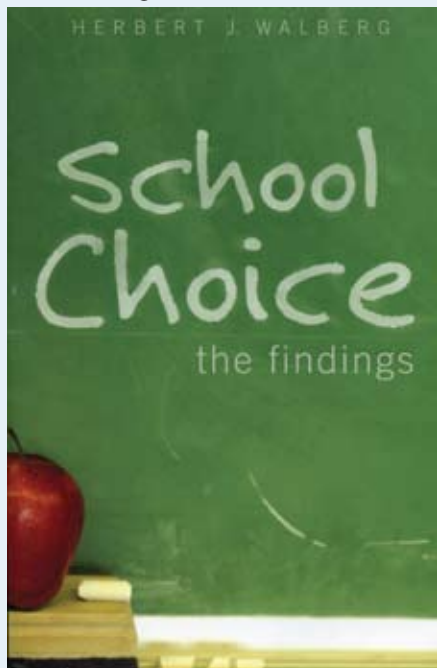
EPI’s recent study on the effect of vouchers on public school performance in Milwaukee also

Continues on page 4 >

School Choice: The Findings

Review of Herbert J. Walberg's New Book

“It is ironic that Americans who regard themselves as free—perhaps as having the freest country in the world—have so little choice when it comes to their children’s education. It is tragic that policy leaders, including governors, legislators, and school boards, have done so little to remedy that situation.” So concludes Herbert Walberg in his latest book *School Choice: The Findings*, recently published by the Cato Institute, in which he catalogs and summarizes the best



available research on the effects of school choice on areas such as student achievement, public school performance, and parental satisfaction. Walberg is a distinguished visiting fellow at Stanford University’s Hoover Institution. The conclusion of his book can be summed with two words: **choice works**.

Walberg’s desire to see greater school choice is not purely ideological; rather, it is grounded in evidence. He opens his book with evidence of American students’ lagging achievement and the high cost of schooling compared to other “economically advanced” countries. He points out the link between educational attainment and wages, the effect

of education on the country’s economy, and therefore the need for K-12 education reform that works. Then, to find out whether or not school choice is an effective school reform, he proceeds to delve into the research on the

effects of charter schools, voucher programs, private schools, and geopolitical choice. He finds that the research shows that school choice: 1) leads to greater academic achievement (in both schools of choice and public schools), 2) is more cost-effective, 3) is favored by parents and the public in general, and 4) contributes

positively to social integration and citizenship.

Although each chapter contains copious amounts of data, you don’t have to be a statistician to read this book. Walberg’s presentation of the research is easily comprehensible, and his analysis is quite persuasive. *School Choice: The Findings* is a must-read for anyone interested in the effects of school choice.

School Choice: The Findings is available for purchase at the Cato Institute bookstore, catostore.org, as well as major bookstores. ■

School Choice: The Findings
 Publisher: Cato Institute
 Pub. Date: August 2007
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 132pp
 \$9.95

Milwaukee (Continued from page 3)

confirms that student achievement in public schools increased after the 1998 expansion. But, the authors argue that the effect of competition on public schools needs further study because the increase in achievement occurred primarily in the first couple years after expansion.⁷

While further research would be helpful, it is important to remember that the data from Chakrabarti, Hoxby and EPI all show that public school performance *increased* after the program expanded. And, as noted in the “School Choice Works!” section of this issue, there are numerous studies on both the MPCP and Florida’s A+ program showing a positive effect of competition on public schools. Unfortunately, the A+ program was declared unconstitutional by an overreaching Florida Supreme Court in 2006. In the words of leading education researchers William Howell and Paul Peterson, it remains true that “no study has yet found that competition from vouchers, charters, or other public schools adversely affects students in traditional public schools.”⁸ In fact, the research shows that it often helps them. ■

1. Rajashri Chakrabarti, “Can increasing private school participation and monetary loss in a voucher program affect public school performance? Evidence from Milwaukee,” *Journal of Public Economics* (2007).
2. Caroline M. Hoxby, “School Choice and School Productivity: Could School Choice be a Tide that Lifts All Boats?” in Caroline M. Hoxby (Ed.), *The Economics of School Choice*, The University of Chicago Press, Chicago, 2003; Caroline M. Hoxby, “School Choice and school competition: Evidence from the United States.” *Swedish Economic Policy Review* 10 (2003) pp 11-67.
3. Rajashri Chakrabarti, “Can increasing private school participation and monetary loss in a voucher program affect public school performance? Evidence from Milwaukee,” *Journal of Public Economics* (2007). pg 2.
4. Herbert J. Walberg, *School Choice: The Findings*, Cato Institute: Washington, D.C., 2007, p 46.
5. Elizabeth Green, *New York Sun*, “Voucher Program Spurs Better Public Schools, Study Argues,” 9-19-07.
6. Patty Lowe, “The School Down the Block,” on “Weekend,” Wisconsin Public Television, WMVS-TV, Milwaukee, January 12, 2001.
7. Martin Carnoy, et al. *Vouchers and Public School Performance: A Case Study of the Milwaukee Parental Choice Program*, Economic Policy Institute, 2007.
8. William G. Howell and Paul E. Peterson, *The Education Gap: Vouchers and Urban Schools*, revised edition, Brookings Institution Press, 2006.

Talking Points: School Choice Benefits Public School Students

When we look at the evidence, we find that school choice improves the academic performance of public schools.”
– Jay Green, *Education Myths*¹

“[S]ubstantial evidence shows that public and private voucher programs, and the threat of publicly funded vouchers, have positive effects on public school achievement levels.... Competition and choice create benefits beyond those enjoyed by the students who participate directly in voucher programs.” – Herbert Walberg, *School Choice: The Findings*²

Research reveals that competition from school choice improves public schools.

Milwaukee public schools have improved because of the Milwaukee Parental Choice Program.

- A recent study by Federal Reserve Bank economist Rajashri Chakrabarti found that after 1998, increased competition between Milwaukee’s public and private schools often led to statistically significant improvements in the public schools’ performance in reading, language arts, and math, which were greater than in prior years. She particularly found that schools facing the most competition had even greater improvements in reading and language arts than those facing less.³

- Similarly, economist Caroline Hoxby’s research found that the more competition a Milwaukee public school faced from private school choice, the greater its academic improvement and productivity.⁴

Milwaukee’s public school leaders say that the Milwaukee Parental Choice Program serves as a catalyst for school improvement.

- Former Superintendent Spence Korte credited school choice with providing the pressure necessary to force long-needed changes within the public school system: “Like many other monopolistic operations you get a little complacent when you’re the only game in town.... We needed to be able to compete, to really get better.”⁵
- Present Superintendent, Bill Andrekopoulos, observed that the “competitive nature has raised the bar for educators in Milwaukee to provide a good product or they know that parents will walk.”⁶

School choice under the Florida A+ program spurred improvement in Florida’s public schools.

- Leading education researchers Jay Green and Marcus Winters found that students enrolled in voucher-eligible schools made year-to-year gains on the nationally normed Stanford-9 math test that were 5.9 percentile points greater than gains made by other public schools. They also found that the

threat of private school choice had a positive impact on student achievement, with students improving by 3.5 percentile points more than students in schools not directly threatened.⁷

- Additional research on the Florida A+ program showed that the threat of having to offer private school choice to students led to academic gains in low-performing schools.⁸ ■

CAUGHT RED HANDED:

On October 24, the *Milwaukee Journal Sentinel* wrote a misleading front-page article about a questionable study regarding public school choice in Milwaukee, somehow transforming the “results” of the study into an argument against the city’s highly successful voucher program. **In reality, the report was not about vouchers at all.**

1. Jay P. Greene, *Education Myths: What Special-Interest Groups Want You to Believe About Our Schools and Why It Isn’t So*, Rowman & Littlefield: Lanham, Maryland, 2005, p 167.
2. Herbert J. Walberg, *School Choice: The Findings*, Cato Institute: Washington, D.C., 2007, p 46.
3. Rajashri Chakrabarti, “Can increasing private school participation and monetary loss in a voucher program affect public school performance? Evidence from Milwaukee,” *Journal of Public Economics* (2007).
4. Caroline M. Hoxby, “School Choice and School Productivity: Could School Choice be a Tide that Lifts All Boats?” in Caroline M. Hoxby (Ed.), *The Economics of School Choice*, The University of Chicago Press, Chicago, 2003; Caroline M. Hoxby, “School Choice and school competition: Evidence from the United States.” *Swedish Economic Policy Review 10* (2003) pp 11-67.
5. Patty Lowe, “The School Down the Block,” on “Weekend,” Wisconsin Public Television, WMVS-TV, Milwaukee, January 12, 2001.
6. John Fund, “He’s Throwing Away My Dream,” *The Opinion Journal*, January 16, 2006.
7. Jay P. Greene and Marcus A. Winters, “Competition Passes the Test,” *Education Next* (Summer 2004), pp 66-71.
8. Martin R. West and Paul E. Peterson, “The Efficacy of Choice Threats within Accountability Systems: Results from Legislatively Induced Experiments,” *The Economic Journal*, 116 (March 2006), C46-C62; Rajashri Chakrabarti, “Closing the Gap,” *Education Next* (Summer 2004), p 70.

Members of the 110th Congress send their kids to private schools at a rate nearly four times that of the general public. According to a September 2007 report by the Heritage Foundation, 37 percent of congressmen and 45 percent of senators have sent their children to private schools. Only 11.5 percent of all American students attend private schools. If all those who have chosen private schools for their kids voted consistently with their actions, the Washington, D.C. Opportunity Scholarship Program would easily be reauthorized in 2008 and No Child Left Behind's reauthorization would include a private school choice option for children trapped in failing schools. In the past, the report notes, almost all (96 percent) of the Democrats who have chosen private schools for their kids have voted against the D.C. Opportunity Scholarship Program, which provides low-income families the same opportunities already enjoyed by these members.

"How Members of Congress Practice Private School Choice" is available on the Heritage Foundation's website: www.heritage.org.

School choice spurs community renewal. A recent School Choice Wisconsin report, "School Choice and Community Renewal," reveals that the expansion of school choice in Milwaukee has spurred \$126.6 million in spending on new school and school improvement construction—with the majority, \$86.3 million, supporting private schools participating in the Milwaukee Parental Choice Program. The funding comes primarily from private grants and loans, but also from local congregations and parishes. The majority of improvements over

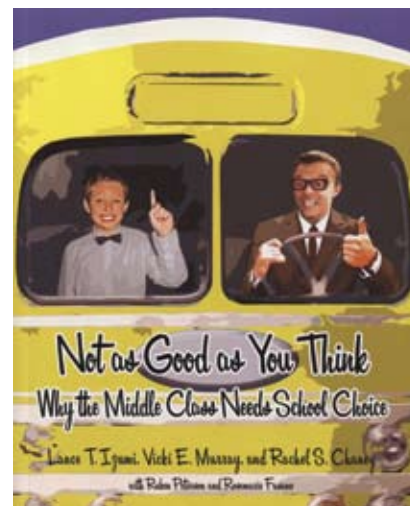
\$1 million were in economically depressed areas.

"School Choice and Community Renewal" is available on School Choice Wisconsin's website: www.schoolchoicewi.org.

Hispanics are more likely to vote for candidates who support parental choice in education, including voucher programs, according to a recent poll released by the Alliance for School Choice and the Hispanic Council for Reform and Educational Options (Hispanic CREO). The nonpartisan poll, conducted by *the polling company, inc.* and *The Ampersand Agency* in May 2007, revealed the following:

- 65 percent of Hispanic voters are more likely to vote for a candidate who supports school choice, compared to only 19 percent who stated that they would less likely vote for that candidate;
- Education is among the top three voting issues for 82 percent of Latino voters, with the highest percentage (43 percent) of poll respondents rating school choice as their top educational priority;
- 75 percent of the Hispanic parents polled said that they would be interested in using their own tax dollars to send their children to a private school—or to a public school in a higher-performing district; and
- 83 percent of Hispanic voters agreed that school choice programs give students from low-income families a chance to attend better schools than their parents could otherwise afford.

This poll is available on the Alliance for School Choice's website: www.allianceforschoolchoice.org



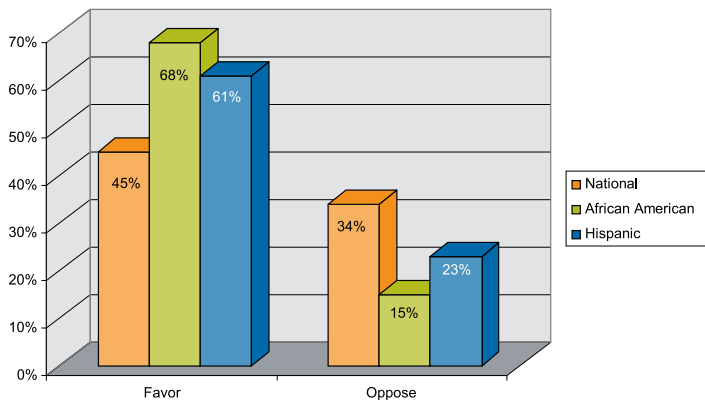
Public schools in middle class neighborhoods aren't performing as well as you might suspect.

A new book published by the Pacific Research Institute, entitled *Not as Good as You Think: Why the Middle Class Needs School Choice*, reveals that a large percentage of students in California's middle-income public schools are performing below proficient in reading and math. For example, at Marina High in Huntington Beach—where the median home price is \$714,000—only 49 percent of 11th graders were proficient or above on the state's English exam. At the same school, only 20 percent of students taking the state's algebra 1 exam scored proficient or higher. In total, the report finds that in 284 "middle class" schools, "less than half the students in at least one grade level performed at proficiency on the 2006 state math or English test." The authors argue that school choice programs in these communities would bring the competition needed to force public schools to improve.

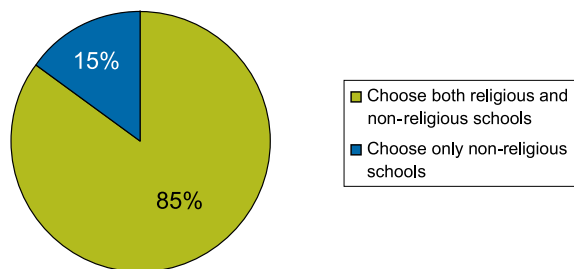
Not as Good as You Think and other related resources are available on the Pacific Research Institute's website: www.pacificresearch.org. ■

The following charts display results from a recent *Education Next* and the Program on Education Policy and Governance at Harvard survey of the American public, published in the fall 2007 edition of *Education Next*. "What Americans Think about Their Schools" is available online at: <http://www.hoover.org/publications/ednext>. ■

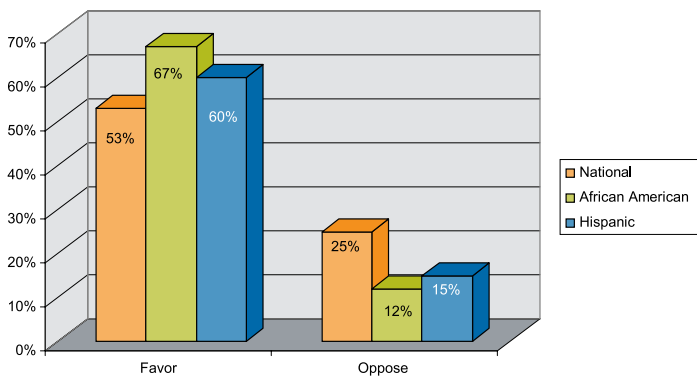
The support for vouchers for low-income children is strong.



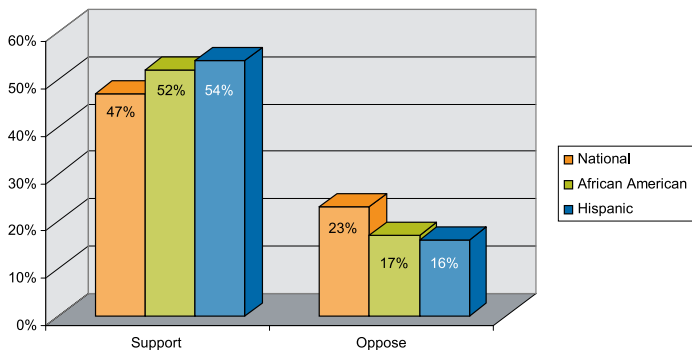
The overwhelming majority of Americans support allowing low-income children who participate in voucher programs to attend religious schools.



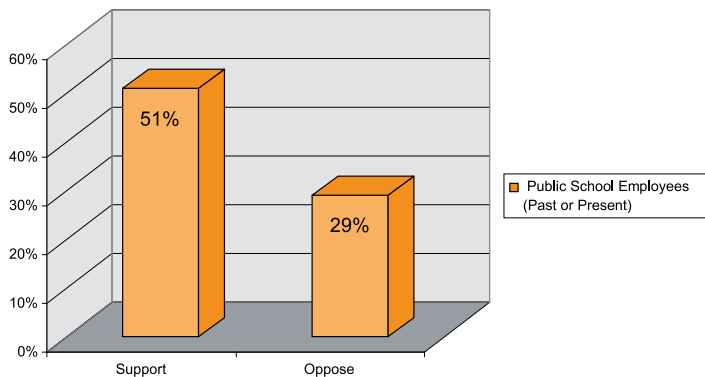
The public supports tax credits for low-income families who send their children to private schools.



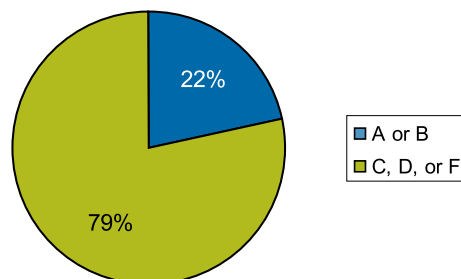
The public supports adding private school choice to NCLB by a margin of 2 to 1 nationally, with African American and Hispanics supporting it by a margin of 3 to 1.



Even public school employees support adding private school choice to NCLB.



Most Americans give the nation's public schools the low grades of C, D, or F.



Vouchers and Tax Credit Programs Are Both Effective Options

by Geoffrey Goodman

*There is no
one-size-fits-all
form of
school choice*

In Perspective

In a series of articles published in *National Review Online* in September 2007, Cato Institute policy analyst Adam Schaeffer argues that supporters of school choice should support tax credits rather than vouchers. He argues that tax credit programs have wider public support than vouchers, are freer from government control, are less vulnerable to court challenges, gain a broader coalition of supporters, lead to more community investment, and can provide scholarships (though with an often smaller monetary value) to more children.



Indeed, tax credits are a powerful tool for giving kids the opportunity to attend the school that best meets their needs. But, choice supporters would be well served by continuing to push for vouchers as a policy option for expanding educational freedom. As Dick Komer of the Institute for Justice pointed out in his response to Schaeffer, also published in *National Review Online*, both vouchers *and* tax credits are viable policy options in the majority of states.

While tax credits have some advantages, vouchers have others. For instance, vouchers, because they come from a state's education funds, have the potential to spur more direct competition between public and private schools. Rather than having funds go directly to the school the government chooses, they go to parents who then choose a school for their child. This is similar to the way college students

from low-income families use the Pell Grant program to attend their college of choice.

This competition has the potential to lead to an improved public education system while at the same time giving parents more freedom. As highlighted in the "School Choice Works!" section of this edition of the *School Choice Digest*, public schools in both Milwaukee and Florida responded to the pressure of competition from vouchers by improving. And while Florida's A+ voucher program for children in failing schools was ruled unconstitutional by an overreaching Florida Supreme Court in 2006, the Milwaukee Parental Choice program—which is the nation's longest-running school choice program—has withstood legal challenges and this school year is benefitting more than 18,500 low-income children with vouchers worth up to \$6,501.

In short, both tax credits and vouchers have benefits, and policy makers should have the flexibility to design programs that work for the children in their state, given the state's particular political, legal, and historical context. There is no one-size-fits-all form of school choice. ■

