

Public School Vouchers

Where are the Campaigns?

Grover J. (Russ) Whitehurst

Executive Summary

Education has been a more prominent topic in the campaigns for president than it was in the last two cycles. With respect to school choice, Republicans have been enthusiastic supporters of policies to support private school choice, including vouchers, education savings accounts, and tax-credit scholarships, whereas Democrats strongly oppose such programs but generally are supportive of charter schools.

None of the candidates has to date mentioned, much less taken a position on, what is likely to be one of the most powerful levers of K-12 education reform: open enrollment in regular public schools tied to portable funding. Systems allowing parents to choose schools within their district of residence (intra-district choice) are presently available in 55% of the nation's largest school districts, more than double the percent of districts that offered school choice 15 years ago. In addition, programs that allow students to enroll in a school outside their home district are available in at least twenty-three states.

Because 85% of the nation's K-12 students are educated in regular public schools and another 5% in public charter schools, advocates that support private school choice because they want to advance market-based solutions for school reform are taking their eye off the prize. Private school vouchers are politically contentious everywhere and illegal in some states. Further, the seat capacity of private schools, which presently serve less than 10% of students, is limited with respect to the need and demand for schools of choice. Willie Sutton robbed banks because that's where the money is. School reformers will need to focus on policies that impact public schools because that's where the students are.

There is no reason that market-based mechanisms cannot operate in the public school sector. Parental choice, flexibility in school management, funding following students, and clear information on school performance are the four cornerstones of a market-based model of school reform. When all four are present for public schools then the system can be called public school vouchers.

Federal policy to advance a system of public school vouchers could be based on a state option: a state that puts in place or strengthens a public school open enrollment system in which state and local funds follow students to any public school of choice could exercise the option of having federal funds similarly distributed. A student in a state exercising the option would have all local, state, and federal funds intended to cover the educational costs of similar students directly attached to the student in question. This particular dollar amount would be deposited to the account of the public school that enrolls the student. There are scenarios under which a state option for public school vouchers could have bi-partisan appeal.

Introduction

If education is not exactly center stage in the political campaigns for the presidency, it is at least on stage and not relegated to the bit role it played in the two previous election cycles.ⁱ This is partially attributable to the growing anxiety among families about how they are going to pay for college. It is also due to the backgrounds of the candidates themselves.

Hillary Clinton, the presumptive Democratic nominee, has a history in education reform that goes back to her Arkansas days, where she chaired the influential state Education Standards Committee. She pushed national standards during the presidency of her husband and, as U.S. senator, served on the committee that is responsible for education legislation. She is on record as supporting charter schools and school accountability, and has already put forward a fleshed-out policy on college affordability as part of her primary campaign.

On the Republican side, which was more crowded when I wrote the initial draft of this report than it is as I post it, several of the candidates have gubernatorial experience, which necessarily involves education, or have records in which education is a significant theme. In fact, among all the declared candidates in both political parties, those who haven't walked the walk of education management and reform are a minority.

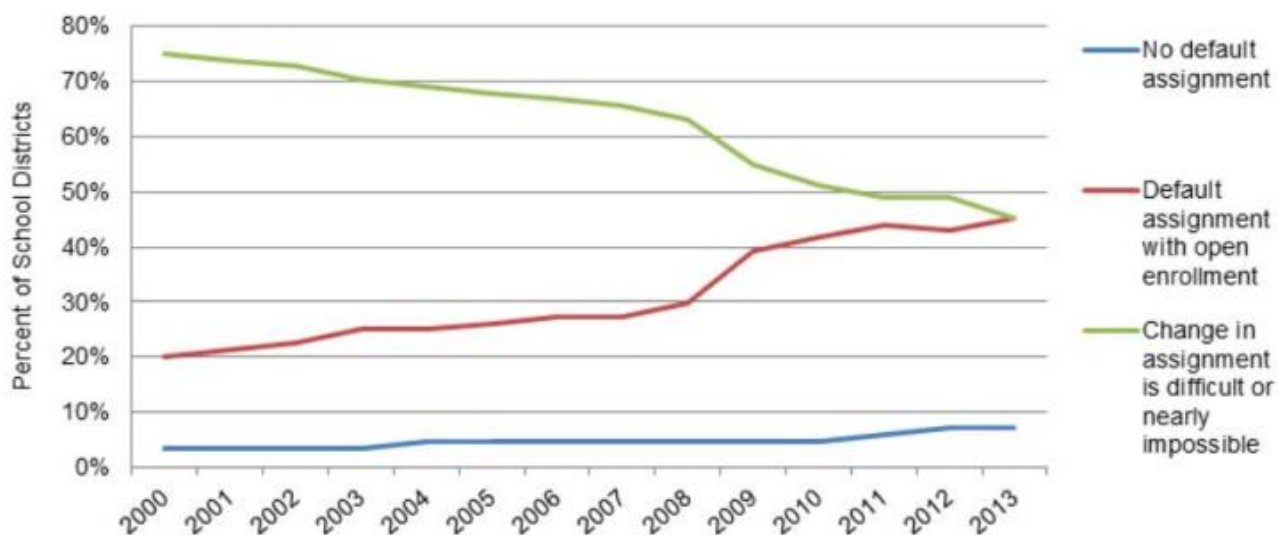
Unfortunately, none of the candidates has to date mentioned, much less taken a position on, what is likely to be one of the most powerful levers of K-12 education

reform that is politically obtainable: open enrollment in regular public schools connected to portable funding. Systems allowing parents to choose schools within their district of residence (intra-district choice) are presently available in many of the nation's largest school districts, including New York City, Boston, Houston, Denver, and New Orleans.ⁱⁱ In addition, at least twenty-three states have policies that allow inter-district public school choice, i.e., a family may choose to have their child attend a public school in a district other than the one in which the family lives.ⁱⁱⁱ

Existing levels of public school choice

As depicted in the following figure, changes over time in the availability of intra-district school choice have been dramatic.^{iv} The graph is based on data my colleagues and I have compiled from a retrospective analysis of school choice in the 100+ largest U.S. school districts, which are the districts that are covered in our annual Education Choice and Competition Index.^v Only 24 percent of districts in 2000-2001 afforded parents school choice (20 percent through easy transfers from default schools and four percent through a full-fledged open enrollment process). Today, that number has more than doubled to 55 percent of districts allowing choice. Put another way, in 2000-2001, 75 percent of the nation's large school districts made it difficult or nearly impossible for a child to attend a public school other than the one assigned based on place of residence. Today that number has dropped to 45 percent.

Change in Student Assignment to Schools Over Time



From choice to public school vouchers

The designs of intra-district choice programs differ from jurisdiction to jurisdiction. Some are much better than others. In general, this is how they work: Prior to the beginning of the school year at the major points of transition (entry into elementary school, middle school, and high school), parents list in order of preference the regular public schools, and sometimes the charter public schools, in which they want to enroll their child. In the best designed systems, parents can list any schools in the district regardless of the family's place of residence. The chance of obtaining admission to a school is determined by a specially designed single lottery such that a parent gains admission to their most-preferred school that has seats available when their lottery number is called. Parents of children already in attendance who wish their child to continue at a school do not have to reapply, and siblings of existing students are usually given a preference.

School districts that combine open-enrollment in regular schools with weighted student funding of schools, such that schools that lose students to more popular schools lose funding, have the preconditions in place for competition among public schools.

I say preconditions for competition because if the leaders and teachers in particular schools are laced into a straightjacket by district/state rules or union contracts in terms of how they have to deliver education, then they can't compete with other schools on dimensions that might raise student outcomes and parent and student satisfaction. Or if the district does not provide good information to parents on how schools are performing, then parental choice is blind and can't spur competition around dimensions of school management and activity that make a difference for students and their families.

Parental choice, flexibility in school management, funding following students, and clear information on school performance are the four cornerstones of a market-based model of school reform. When all four are present for public schools then let's call the system **public school vouchers**.

There is no reason that a system based on these cornerstones cannot work within the regular public schools to spur innovation and reform. Existing research on the impact of open enrollment systems within the regular public schools, although limited in quantity, suggests that the benefits can be substantial for

students from low-income families.^{vi} At the very least such systems provide to low-income parents a modicum of the freedom of choice of public school that is available to higher income parents who can afford to purchase a home in the assignment zone of a good public school. In that sense, public school vouchers are an equity as well as a reform issue.

Out of the roughly 55 million students enrolled K-12 schools in the U.S., about 85% are in regular, non-charter public schools, with the remainder split between private schools (10%) and public charter schools (5%).^{vii} Efforts to increase the market share of charter schools are likely to continue to bear fruit at the margins, whereas private school enrollment has been on the decline for the last decade. In the absence of a dramatic disruption in the politics of and laws governing education, regular public schools administered by local school districts will continue to educate the vast majority of American students for the foreseeable future. Efforts to reform education based on school choice simply have to focus on where the students are, and they are in public schools.

The political context

Assuming, as I do, that some of the Republican candidates for the presidency have a deep-seated and sincere interest in improving education, it would be good to see from them a little less celebratory focus on private school vouchers and tax-credits (Yes, I'm talking about their love of Nevada's new education savings account law^{viii}) and more attention, which at this point would mean any attention at all, to public school vouchers.

For Republican politicians, the policy I've described – open enrollment in public schools, with money following children to the school of choice, information to parents to inform choice, and flexibility for schools to innovate – ought to be conceptually attractive.

There is a potential for a left-of-center embrace as well. All the large school districts that have established open-enrollment systems are heavily Democrat in registered voters and serve predominantly low-income and minority families. These are also cities and voters that have supported charter schools – another form of public school choice. So, while Republicans could support public school vouchers because of their market-based mechanisms, Democrats have already supported such programs because of their equity goals, i.e., breaking the bond between place of residence and quality of schools.

The challenge for Hillary Clinton or any Democrat

running for the presidency is that teachers unions don't like public school vouchers because they are disruptive of the education status quo, and those disruptions seldom serve the immediate interests of dues paying unionists. It is hard for a Democrat running for high office to take political positions that antagonize such an important traditional bastion of support. But Hillary is on record as supporting charter schools, and the teachers unions like them less than open enrollment in traditionally managed public schools (because charter schools are typically not unionized whereas regular public schools are). So maybe there is an opening for Hillary or another Democratic candidate to support public school vouchers.

One interesting question for conservatives, beyond why no-one is talking about open enrollment in public schools, is how a Republican candidate who wanted to promote it could do so without going down the path of top-down federal intervention to achieve it. NCLB has poisoned that well for the foreseeable future.

The state option

A solution to this conundrum would be a state option: a state that puts in place or strengthens a public school open enrollment system in which state and local education funds follow students to any public school of choice could choose to have federal education funds similarly distributed. Under the present system federal funds to support the education of students from low-income families flow to school districts through a formula related to the population of the students served by the district. The path between the district allocation and the budget of individual schools is a morass within each district, and there is no provision for federal funds to follow students across district boundaries as a result of school choice. Under the state option proposed here, a student in a state exercising the option would have all federal, state, and local funds intended to cover the educational costs of similar students directly attached to the student in question. This particular dollar amount would be deposited to the account of the public school that enrolls the student.

Note that education savings accounts such as those recently enacted in Nevada are only for use by students in private schools who transfer out of a public school. These are private school vouchers whereas the proposal here is for public school vouchers.

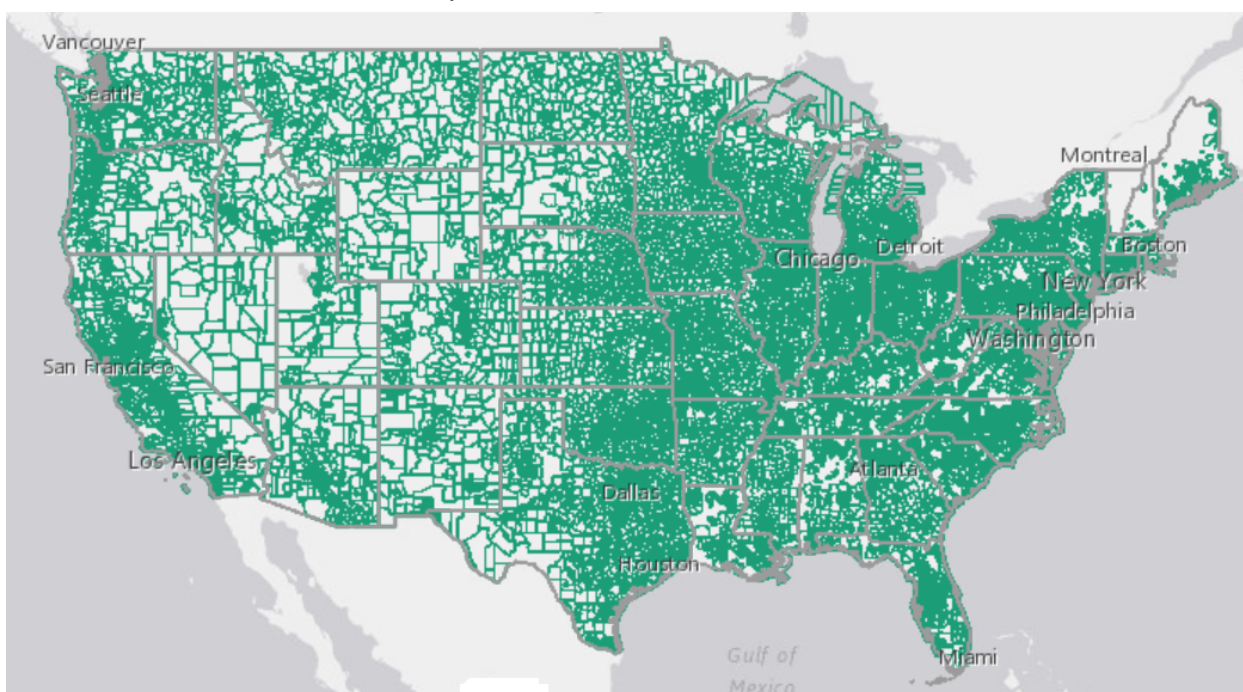
The state option should be seen as a legitimate federal stance from a conservative position, and bears

similarities to existing federal education programs such as Pell grants for higher education. The large and inequitable fly in the ointment of previous attempts to advance portable funding at the federal level is that the federal dollars that flow to public K-12 education in many states are only a portion of the total cost of education, with the remaining funds generated by local and state taxes.^{ix} Thus, a child bringing, say, \$1,500 in federal funds to a public school other than the residentially assigned school but leaving local tax funds behind would not be a student the receiving school would want to enroll. This is because the costs of educating the student far exceed the federal revenue the student generates. This is true for intra-district choice in which state and local money follows children to the school of choice mysteriously and with delays. It is glaringly true for inter-district choice in which all of the local funds from the sending district typically stay behind and the receiving district has to make up the difference out of its own local taxpayer funds or by charging tuition to the parents of the out-of-district student.

This can be handled under the state option advocated here by only allowing states to opt into portable federal funding that require through legislation that state and district tax dollars follow students to their school of choice regardless of the public school in which the student enrolls. For example, if the district contribution to the total per pupil expenditure in the district is \$4,500 then that funding would follow the student to the student's public school of choice along with the federal and state funds whether or not that school is within the family's district of residence.

Delaware is an example of a state with inter-district choice and a substantial local tax base for schooling that handles local funding this way, i.e., in the case of an inter-district transfer, the sending district makes payments to the receiving district based on the sending district's local contribution to per pupil expenditure.^x

The decision as to whether to offer a public school voucher will be thought of, appropriately, by conservative candidates as a state rather than a federal prerogative. Within that frame, the federal government has but to take the position that if the state wants to manage its education funding through some variant of a public school voucher then the federal government will agree to disburse its education funds within the state using the same system. Under the state option, the state is in the driver's seat in decisions about whether to fund its schools through public school vouchers and how, in particular, to design such a system.



Geographical and cultural context

Decisions about how to deliver public education are inherently political and contentious. On the one hand, many voters and opinion leaders on the left believe that every child should and could have a good public school in their residential zip code under the administration of a traditional school district. Those who have this goal all agree that we need to spend substantially more to achieve this end, and they frequently, but not always, prefer policies that strengthen the uniformity of schools and their centralized governance, e.g., common standards and top-down management. The opposite view is market-based. Rather than, for example, expecting government monopolies to be capable of providing a good neighborhood school for every child, those holding a market-based philosophy believe that school choice and the competition it can engender are the only sure ways to weed out bad schools and promote variety and innovation in the education services that are available to parents.

Thoughtful and empirically grounded observers of these antipodes understand that there are in-betweens and that the effectiveness of any approach depends on cultural and political context. What may work best for Shanghai may not stand a chance in South Carolina. And what is best suited for areas of high population density may not be appropriate for rural areas. I, for

instance, grew up in a town with one elementary school and one combined middle school/high school. The next school district was 25 miles away. My parents were immobile. Thus there was no public school choice. In similar contexts today the only type of school choice that is functionally available is on-line. Policies around inter- and intra-district school choice are irrelevant.

Still, the 100 largest school districts in the U.S., while only 1% of the total number of school districts, educate 22% of the nation's children. And there is sufficient geographical density of schools across much of the country outside of large urban districts to support public school choice, as indicated in the following figure, where solid areas of green represent elementary school boundaries that are too close together to resolve on the map.

Summing up

There are vagaries of geography and local culture as related to school choice, many devilish details in the design and implementation of public school voucher programs, and a lack of much in the way of rigorous evidence on the impacts of such systems in the U.S. This means that those who favor open enrollment in public schools, as I do, shouldn't expect to convince those in opposition to switch their positions, at least not based on the type of evidence presented here. However, for presidential candidates who favor market-based mechanisms of school reform as well as those

who believe as a matter of equity that low-income parents should have the ability to choose a public school for their child that isn't tied to the neighborhood where they live, the findings and evidence in this report are

actionable. The way forward at the federal level is to allow states interested in doing so to package their state, local, and federal funds as a public school voucher, spendable at any public school in which the child enrolls.

ⁱ <https://www.the74million.org/article/watch-live-the-2015-new-hampshire-education-summit-bush-christie-fiorina-jindal-kasich-and-walker-talk-k-12-8-am-wednesday>

ⁱⁱ http://www.brookings.edu/research/interactives/2015/ecci_2014

ⁱⁱⁱ http://www.ecs.org/html/educationissues/OpenEnrollment/OEDB_intro.asp

^{iv} <http://www.brookings.edu/research/papers/2015/02/26-school-choice-whitehurst>

^v http://www.brookings.edu/research/interactives/2015/ecci_2014

^{vi} <http://www.nber.org/papers/w17438.pdf>

^{vii} https://nces.ed.gov/programs/digest/d14/tables/dt14_216.20.asp

^{viii} https://www.washingtonpost.com/local/education/in-nevada-school-choice-on-steroids-and-a-breakthrough-for-conservatives/2015/06/03/3cdd2300-09ff-11e5-95fd-d580f1c5d44e_story.html

^{ix} http://reason.org/files/federal_school_finance_reform.pdf

^x <http://delcode.delaware.gov/title14/c004/index.shtml>

^{xi} http://nces.ed.gov/programs/maped/map.aspx#x=-95.80&y=37.77&l=4&b=gray&v=map&d=acs%7C&pop=001%7C&t=%7C&f=DP02_16%7C&grp=dp02%7C&m=2013%7C&g=d%7C&p=4%7C4&n=natural-breaks%7Cnatural-breaks&st=XX&dt=USD%2CESD&sl=3&o=&nd=0&sp=bndry