

# FAQs

»» Frequently Asked Questions About School Choice

## How does a school choice program affect public schools?

Sound research has consistently demonstrated school choice policies improve public school performance. More than twenty credible studies indicate school choice programs introduce more competition among all public and private schools, compelling them to go out of their way to attract and retain students. Not a single empirical study has ever found that outcomes at American public schools got worse when exposed to school choice programs, and numerous studies have found that they improve over time.

Two recent research projects give evidence supporting this positive conclusion.

- A 2010 study by David Figlio and Cassandra Hart of Northwestern University examined the competitive effects of the Florida Tax-Credit Scholarship Program on public schools. They learned that more access and variety of private schools increased the competitive pressure on public schools in the wake of the policy announcement. They state in their conclusion, "Our results suggest that policies that introduce competition to public schools spur improvements in public school students' test scores. This work therefore helps inform a major policy debate regarding whether harnessing market forces is an effective way to help not only the students who enter the private education market, but also the students who remain behind in the public sector."
- A 2009 study by Jay Greene and Ryan Marsh of the University of Arkansas considered the systemic effects of expanding school choice in Milwaukee. Greene and Marsh found that public school students in Milwaukee fare better academically when they have more free private options through the voucher program. They say in the conclusion of their paper, "It appears that Milwaukee public schools are more attentive to the academic needs of students when those students have more opportunities to leave those schools. This finding is robust across several different specifications of the model."

### **Myth: Vouchers Hurt Public Schools by "Cream-Skimming"**

Many people are concerned about the impact school vouchers will have on public schools. One concern is that voucher programs will drain money from public schools. Another is that they may result in "cream-skimming," if the brightest students use vouchers while the students who are hardest to teach stay in public schools.

In addition to fears that vouchers will harm public schools, there is also a related concern about whether vouchers can have a positive impact. Some have argued that vouchers cannot

spur public schools to reform, because public schools are too weighed down by bureaucracy, stubborn unions or other barriers to change.

### **Facts: Vouchers Improve Public Schools by Providing Choice and Competition**

Although evidence showing that vouchers improve public schools is counter-intuitive to many people, it is not hard to explain. One reason vouchers improve public schools is that they enable parents to find the right particular school for each child's unique educational needs.

Vouchers also provide positive

incentives for responsiveness and improvement that are lacking in the traditional public school system. When public schools know that students have a choice and can leave using vouchers, those schools have a much more powerful incentive to improve their performance and keep those students from walking out the door.

### **Evidence: Data Confirm Vouchers Serve Disadvantaged Well, Improve Outcomes**

The available evidence suggest that voucher programs do not "cream-skim" the best students. To the contrary, the

best analysis of this question found voucher applicants in three cities and a representative sample of the eligible population to be virtually identical on a variety of demographic and educational indicators.<sup>1</sup>

The acid test, however, is what actually happens to public school outcomes when vouchers are implemented. A large body of high-quality empirical research has examined this question, using statistical methods to isolate and measure the impact of vouchers on academic achievement in public schools. (Please see the chart below)

In some cases the student improvement gains under vouchers are only moderate. That’s not surprising, given that many existing voucher programs are limited in the number and type of students they’re allowed to serve and the amount of choice they’re allowed to offer. Narrowly constricted programs produce narrowly constricted results. To produce revolutionary results, we would need a broad program—eligibility for all students.

Overwhelmingly, studies have found that vouchers improved public schools. No empirical study has ever found that vouchers harmed public schools.

## Summary

A large body of high-quality empirical evidence shows that these programs make public schools better, not worse. Numerous studies have found that where students use vouchers to attend the school of their choice, public or private, the public schools make bigger academic improvements. No empirical study has ever found that vouchers made public schools worse.

## REVIEWING THE RESEARCH: SYSTEMIC EFFECTS OF VOUCHERS AND TAX-CREDIT SCHOLARSHIPS

Study	Location (Program)	Findings
David Figlio and Cassandra Hart, “Competitive Effects of Means-Tested School Vouchers,” National Bureau of Economic Research, NBER Working Paper No. 16056, June 2010.	Florida (Tax-Credit Scholarship)	Greater degrees of competition are associated with greater improvements in students’ test scores following the introduction of the program; findings are robust to the different variables we use to define competition. These findings are not an artifact of pre-policy trends; the degree of competition from nearby private schools matters only after the announcement of the new program, which makes nearby private competitors more affordable for eligible students. Authors also find that schools expected to be the most sensitive to competitive pressures see larger improvements in their test scores as a result of increased competition cultivated by the tax-credit scholarship program.
Jay P. Greene and Marcus A. Winters, “How Special Ed Vouchers Keep Kids From Being Mislabeled as Disabled,” Manhattan Institute, August 2009.	Florida (McKay Special Needs)	Measured the impact that the program has had on the problem of over-diagnosis of students as learning disabled within public schools. On average, finds that students are 15 percent less likely to be diagnosed as learning disabled. Public schools, it appears, are being more cautious in labeling students as learning disabled.
Jay P. Greene and Ryan H. Marsh, “The Effect of Milwaukee’s Parental Choice Program on Student Achievement in Milwaukee Public Schools,” the School Choice Demonstration Project, 2009.	Milwaukee, WI	Looking at student-level data, the study concludes that public school scores improve as more private schools participate in the Milwaukee voucher program. Finds that for every 37 private schools that participate in the program, public school achievement is boosted by 2 NCE points (similar to percentage points). Speculates that the program has historically improved Milwaukee Public School performance by 6 points.
Greg Forster, “Promising Start: An Empirical Analysis of How EdChoice Vouchers Affect Ohio Public Schools,” Friedman Foundation for Educational Choice, August 2008.	Ohio	Examined year-to-year test score changes in schools where students were eligible for vouchers. Forster found positive effects from the EdChoice program in math scores for 4th and 6th grade students and reading scores for 6th grade students, and no visible effect in other grades. The positive effects ranged from 3 to 5 points in one year.
Jay P. Greene and Marcus A. Winters, “The Effect of Special-Education Vouchers on Public School Achievement: Evidence from Florida’s McKay Scholarship Program,” Manhattan Institute, April 2008.	Florida (McKay Special Needs)	The strongest effect of the McKay Scholarship program—which gives school choice to any disabled student in the state—was among students classified as learning disabled, representing 61 percent of all Florida disabled students. At a public school exposed to an average amount of competition from nearby private schools, the positive impact of the McKay program was equal to 16 points in math and 24 points in reading among learning disabled students.

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Greg Forster, "Lost Opportunity: An Empirical Analysis of How Vouchers Affected Florida Public Schools," Friedman Foundation for Educational Choice, March 2008.	Florida (A+ School Choice)	Examined the impact of the A+ program in every year from 2001 through 2006. He found that in 2001, before vouchers were widely available, Voucher Threatened schools made gains relative to all Florida schools equal to 13 points on Florida's new "developmental scale," which uses a single scale to track student scores from 3rd grade through high school. The next year, when vouchers were widely available, Voucher Threatened schools gained 15 developmental points, but Voucher Eligible schools gained 67 developmental points relative to other Florida schools. Over the next three years, as the percentage of families using vouchers decreased due to the red tape created by the state department of education, the positive voucher effect was not as large but remained substantial (Voucher Eligible schools gained from 20 to 27 developmental points each year).
Rajashri Chakrabarti, "Impact of Voucher Design on Public School Performance," Reserve Bank of New York Staff Report #315, January 2008. Note: This study is listed below since it also contains research on Florida's school voucher program.	Milwaukee, WI	In two analyses that were released in 2007 and 2008, the author found that the Milwaukee voucher program improved public schools. The author conducted multiple analyses using different methods for measuring public schools' exposure to vouchers: some are similar to Hoxby's method (below) and others to Greene and Forster's method (also below). In both studies, Chakrabarti found that increased exposure to vouchers improves academic gains in Milwaukee public schools.
Rajashri Chakrabarti, "Can Increasing Private School Participation and Monetary Loss in a Voucher Program Affect Public School Performance? Evidence from Milwaukee." Federal Reserve Bank of New York Staff Reports. Federal Reserve Bank of New York, September 2007.		
Cecilia Elena Rouse, Jane Hannaway, Dan Goldhaber, and David Figlio. "Feeling the Florida Heat? How Low-Performing Schools Respond to Voucher and Accountability Pressure." National Center for Analysis of Longitudinal Data in Education Research, November 2007.	Florida (A+ School Choice)	The study used a regression discontinuity model to compare high-scoring F schools (whose students can receive vouchers) and low-scoring D schools (whose students cannot receive vouchers). It found that receiving an F grade in 2002-03 produced academic improvements in students' test scores in the next year relative to those in non-F schools, and that these improvements were sustained in future years. They presented their results in terms of standard deviations rather than test score points; they found that the gains were equal to about a tenth of a standard deviation.
Rajashri Chakrabarti, "Vouchers, Public School Response, and the Role of Incentives: Evidence from Florida," Reserve Bank of New York Staff Report #306, October 2007.	Florida (A+ School Choice)	Examined the scores of students in F schools whose test scores fell just short of proficiency. These students' scores improved significantly, suggesting that the schools focused on the failing students whose improvements could most quickly improve the school's overall standing.
Martin Carnoy, et. al., "Vouchers and Public School Performance: A Case Study of the Milwaukee Parental Choice Program," Economic Policy Institute, 2007.	Milwaukee, WI	This study used a modified form of the Hoxby/Chakrabarti method. The authors reported that their analysis "confirms the earlier results showing a large improvement in Milwaukee in the two years following the 1998 expansion of the voucher plan to religious schools." Before 1998, religious schools were excluded from the Milwaukee program, so many fewer students participated. When religious schools were admitted to the program in 1998, participation increased dramatically, and so did public school performance.
Jay P. Greene and Marcus Winters, "An Evaluation of the Effects of D.C.'s Voucher Program on Public School Achievement and Racial Integration Over One Year," Manhattan Institute, January 2006.	Washington, D.C.	The D.C. program enrolls a relatively small percentage of students within the district, and public schools are "held harmless" to the effects of competition because additional money is used to "compensate" schools that lose students. Unsurprisingly, the authors found no visible effects upon the performance of public schools.
Martin R. West, and Paul E. Peterson. "The Efficacy of Choice Threats Within School Accountability Systems: Results From Legislatively Induced Experiments." Education Resources Information Center, March 2005.	Florida (A+ School Choice)	Among schools that had not received the lowest possible rating under the state's previous school evaluation system (which had no voucher component), receiving an F and thus being required to offer vouchers under the new accountability system produced an improvement in students' test scores equal to about four percent of a standard deviation over one year.

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David Figlio and Cecelia Rouse, "Do Accountability and Voucher Threats Improve Low-Performing Schools?" National Bureau of Economic Research, August 2004.	Florida (A+ School Choice)	Examined the period over which vouchers were first being introduced in Florida. If a school received an F grade, its students made gains on the state test that were 2 points larger in reading and 5 points larger in math than those of other Florida schools over one year. Scores on the nationally-normed Stanford-9 test also improved. The authors would observe larger effects in subsequent studies, after vouchers had expanded further.
Jay P. Greene and Marcus Winters. "Competition Passes the Test," Education Next, Summer 2004.	Florida (A+ School Choice)	For both math and reading scores, on both the state test and the Stanford-9 test, so-called "Voucher Eligible" schools made improvements 15 points higher than other Florida public schools, while "Voucher Threatened" schools made improvements 9 points higher.
Rajashri Chakrabarti, "Closing the Gap," Education Next, Summer 2004.	Florida (A+ School Choice)	Under the previous state accountability system—which did not include a voucher component for low-performing "F" schools—putting a school in the F category did not improve its performance relative to D schools in the next lowest performance category. However, three years after vouchers were implemented, the gap between F schools and D schools closed from almost 15 points to about 5 points.
Jay P. Greene and Greg Forster, "Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio." Manhattan Institute, October 2002.	Milwaukee, WI	Found that greater exposure to vouchers had a positive effect on year-to-year changes in public school outcomes; the size of the effect was such that a school with all its students eligible for vouchers could be expected to outperform a school with only half its students eligible by 15 percentile points over four years.
Jay P. Greene and Greg Forster, "Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio," Manhattan Institute, October 2002. Note: the same study is listed above, as it contains research on the school voucher program in Milwaukee as well.	San Antonio, TX	Examined the impact of a large-scale privately funded voucher program targeted to the Edgewood school district, in San Antonio, Texas. Controlling for demographics and local resources, they found that Edgewood's year-to-year test score gain outperformed those of 85 percent of school districts in Texas. Given that Edgewood is a high-poverty (93 percent eligible for lunch programs) and high-minority (97 percent Hispanic) district, the study concludes that such a high statewide academic rank for Edgewood suggests that vouchers produced public school improvements.
Christopher W. Hammons, "The Effects of Town Tuitioning in Vermont and Maine," Friedman Foundation for Educational Choice, January 2002.	Maine/Vermont	Maine school districts for decades had the option of "tuitioning" their students—using public funds to pay for their students to attend private schools or nearby public schools—rather than building their own public schools. Hammons measured the relationship between a public school's academic achievement and its distance from the nearest "tuitioning" town. Using regression analysis, he found a positive relationship. The relationship was strong enough that if a town one mile away from a school began tuitioning its students, the percentage of students at the school passing the state's achievement test could be expected to go up by 3 percentage points.
Caroline Hoxby, "Rising Tide," Education Next, Winter 2001.	Milwaukee, WI	Compared schools where at least 66 percent of the student population was eligible for vouchers to schools where fewer students were eligible for vouchers. She found that in a single year, schools in the "more exposed to vouchers" group made gains that were greater than those of other Milwaukee public schools by 3 percentile points in math, 3 points in language, 5 points in science and 3 points in social studies.
Jay P. Greene, "An Evaluation of the Florida A-Plus Accountability and School Choice Program," Manhattan Institute, February 2001.	Florida (A+ School Choice)	Schools that had received an F grade, whose students would be eligible for vouchers if the school received another F grade, made much larger year-to-year gains than schools that received a D (18 points in reading and 26 points in math for F schools versus 10 points in reading and 16 points in math for D schools).

The text in the table above adapted from Greg Forster's *A Win-Win Solution*, originally published in 2009; and from the Illinois Policy Institute's *A Rising Tide* policy brief (2010).

<sup>1</sup>William Howell and Paul Peterson, *The Education Gap: Vouchers and Urban Schools*, second edition, Brookings Institution, 2006, p. 61-65