

# VOUCHERS HURT PUBLIC SCHOOLS AND TAKE THE BEST AND BRIGHTEST

*Nationwide, about 160,000 students currently attend private schools using vouchers and similar school choice programs. 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.*

## **The Myth: Vouchers Hurt Public Schools by “Draining” and “Creaming”**

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 “creaming,” 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.

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

The 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.

Another is that vouchers don’t actually drain money from school budgets. Typically, the money spent on each student’s voucher is less than the amount spent on that student in public school, so when students leave with vouchers, the public school system actually saves money.

Finally, vouchers provide positive incentives for improvement that are lacking in the traditional public school system. In addition to financial resources, schools also need to have the right incentives to succeed. 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.

## **The Evidence: Data Confirm Vouchers Save Money, Don’t Cream and Improve Outcomes**

Numerous fiscal studies have examined whether vouchers and tax-credit scholarships (a similar type of school choice program) drain money from public schools. This body of research has consistently shown that these programs save money both for state budgets and for local public school districts, even after the “fixed costs” of public schools are taken into account.<sup>1</sup> The largest of these studies found that America’s school choice programs have saved a net total of \$22 million for state budgets and \$422 million for local school districts.<sup>2</sup>

The available evidence also does not suggest that vouchers “cream” the best students. 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>3</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.

On this subject, five studies of Milwaukee's voucher program have been conducted by four different research teams including researchers from Harvard, Stanford, the Federal Reserve Bank, the Manhattan Institute, and other institutions.<sup>4</sup> Ten studies of voucher programs in Florida have been conducted by five different research teams including researchers from Harvard, Princeton, Cornell, the Federal Reserve Bank, the Manhattan Institute, the Urban Institute and other institutions.<sup>5</sup> In addition, studies have examined the impact of voucher programs in Ohio, Maine, Vermont, and Texas.<sup>6</sup>

These studies unanimously found that vouchers improved public schools. Another study, of a voucher system in Washington D.C., found that vouchers had no visible impact on public schools.<sup>7</sup> No empirical study has ever found that vouchers harmed public schools.

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 revolutionary program—school choice for all.

## The Bottom Line

In the real world, the empirical research consistently shows that vouchers improve public schools. No study has ever found that vouchers made public schools worse.

EMPIRICAL STUDIES FINDING THAT VOUCHERS...		
Improved public school outcomes	didn't visibly change public school outcomes	hurt public school outcomes
MILWAUKEE	0	0
FLORIDA	0	0
OTHER PROGRAMS	0	0
WASHINGTON D.C.	0	1

PUBLIC SCHOOL SPENDING GROWTH WITH VOUCHERS			
	Dollars per Student	Percent	Years
MILWAUKEE	+\$5,157	+67%	1994-2004
CLEVELAND	+\$4,334	+61%	1996-2004
FLORIDA	+\$1,700	+24%	1999-2004
MAINE	+\$3,474	+66%	1997-2004
VERMONT	+\$6,018	+69%	1990-2004

<sup>3</sup> Most of these studies are available in the research database hosted on the Friedman Foundation's website ([www.friedmanfoundation.org/friedman\\_research/showResearch.do](http://www.friedmanfoundation.org/friedman_research/showResearch.do)).

<sup>4</sup> Susan Aud, "Education by the Numbers: The Fiscal Effect of School Choice Programs, 1999-2006," Friedman Foundation for Educational Choice, April 2007.

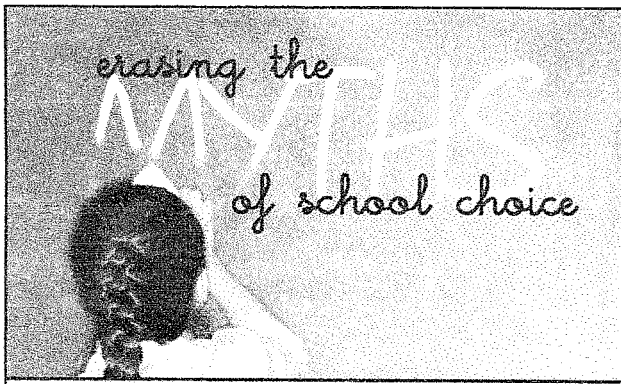
<sup>5</sup> William Howell and Paul Peterson, *The Education Gap: Vouchers and Urban Schools*, second edition, Brookings Institution, 2006, p. 61-65.

<sup>6</sup> Caroline Hoxby, "Rising Tide," *Education Next*, Winter 2001; Jay 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; Rajashri Chakrabarti, "Impact of Voucher Design on Public School Performance: Evidence from Florida and Milwaukee Voucher Programs," manuscript, 2006; Rajashri Chakrabarti, "Can Increasing Private School Participation and Meritocracy Loss in a Voucher Program Affect Public School Performance? Evidence from Milwaukee," manuscript, 2006; Martin Carnoy, et al., "Vouchers and Public School Performance: A Case Study of the Milwaukee Parental Choice Program," *Economic Policy Institute*, 2007.

<sup>7</sup> Jay Greene, "An Evaluation of the Florida A-Plus Accountability and School Choice Program," *Manhattan Institute*, February 2001; Jay Greene and Marcus Winters, "Competition Passes the Test," *Education Next*, Summer 2004; Rajashri Chakrabarti, "Closing the Gap," *Education Next*, Summer 2004; David Figlio and Cecilia Rose, "Do Accountability and Voucher Threats Improve Low-Performing Schools?," *National Bureau of Economic Research*, August 2004; Martin West and Paul Peterson, "The Efficacy of Choice Threats within School Accountability Systems: Results from Legislatively Induced Experiments," *Economic Journal*, March 2006; Rajashri Chakrabarti, "Impact of Voucher Design on Public School Performance: Evidence from Florida and Milwaukee Voucher Programs," manuscript, 2006; Rajashri Chakrabarti, "Vouchers, Public School Response, and the Role of Incentives: Evidence from Florida," *Federal Reserve Bank of New York, Staff Report #306*, October 2007; Cecilia Rose, Jane Hanushek, 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; Greg Forster, "Lost Opportunity: An Empirical Analysis of How Vouchers Affected Florida Public Schools," *Friedman Foundation for Educational Choice*, March 2008; Jay Greene and Marcus Winters, "The Effect of Special Education Vouchers on Public School Achievement: Evidence from Florida's McKay Scholarship Program," *Manhattan Institute*, April 2008.

<sup>8</sup> Christopher Hammers, "The Effects of Town Tutoring in Vermont and Maine," *Friedman Foundation for Educational Choice*, January 2002; Jay 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; Greg Forster, "Promising Start: An Empirical Analysis of How EdChoice Vouchers Affect Ohio Public Schools," *Friedman Foundation for Educational Choice*, August 2008.

<sup>9</sup> Jay Greene and Marcus Winters, "An Evaluation of the Effects of D.C.'s Voucher Program on Public School Achievement and Racial Integration after One Year," *Manhattan Institute*, January 2006.



# PRIVATE SCHOOLS AREN'T REALLY BETTER THAN PUBLIC SCHOOLS

*The educational benefits of vouchers are confirmed by a large body of top-quality evidence. Ten studies have examined the impact of vouchers using random assignment, the best possible scientific method. These studies overwhelmingly favor vouchers. No other education policy is as well supported by high-quality scientific evidence.*

## **The Myth: Private Schools Aren't Really Better than Public Schools**

In education debates, it is often claimed that private schools do not really deliver a better education than public schools. While it is widely known that students in private schools demonstrate better academic achievement than those in public schools (they have higher test scores, higher graduation rates, higher college attendance rates and so forth), these results are often attributed to other factors.

Probably the most common approach is to point to the demographic difference between public and private schools. Students in private schools tend to come from more advantaged backgrounds; many people claim that this is the only reason they have higher academic achievement.

Another problem for comparing public and private schools is "selection bias." Students in private schools are there because their families chose to make a financial sacrifice to put them there, so their parents presumably place a higher value on education—which may in itself explain the students' higher test scores. In addition, private schools may be selective in admitting students.

## **The Facts: Choice and Competition Produce Better Academic Achievement**

These problems are not insurmountable. Empirical studies that use good scientific methods allow us to draw a fair comparison between public and private schools, weeding out the influence of demographics and selection bias in order to isolate the impact of school quality on student outcomes.

The gold standard for empirical science is the method known as "random assignment," the method used for medical trials. Subjects are randomly divided into a group that will receive the treatment being studied (such as a medicine) and a control group. Because the two groups are separated only by a random lottery, they are likely to be very similar in every respect other than the treatment. Thus, if the two groups have different outcomes, we can be confident that the difference is due to the treatment.

Random assignment studies are very rare in social policy. However, when voucher programs are oversubscribed, a random lottery often is used to determine which students will be offered vouchers. Applicants who are offered vouchers as a result of the lottery are a naturally occurring random-assignment treatment group, and applicants who are not offered vouchers are the control group. Both groups are made up of students whose parents applied to participate in the program; they are separated only by the result of the lottery.

## **The Evidence: Top-Quality Studies Consistently Find Vouchers Improve Learning**

Ten analyses of school voucher programs have used random-assignment methods.<sup>1</sup> In all ten studies, the voucher group



had better academic outcomes than the control group. In nine of the studies, these positive results achieved a high level of statistical certainty (commonly referred to as “statistical significance”), meaning we can be very confident that the better results in the voucher group were due to vouchers and not a statistical fluke.

In some studies, the positive results for vouchers achieved statistical certainty only among large student subgroups, rather than in the population as a whole. For example, in some cases the positive results for voucher students are only statistically certain for black students, who made up the majority of voucher users in those programs. These studies do not find any negative voucher effects on any student groups, and they find statistically certain voucher benefits for most students.

One of the ten studies produced no statistically certain results. Other researchers have identified a number of serious violations of proper scientific methods in the study.<sup>2</sup> If these flaws were corrected, the study would have achieved statistical certainty.

## The Bottom Line

Numerous top-quality studies have examined vouchers and found that they produce better academic outcomes. No such studies find that voucher students had worse outcomes.

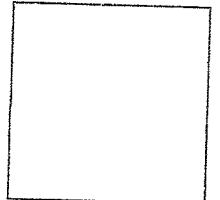
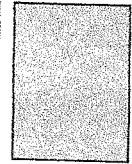
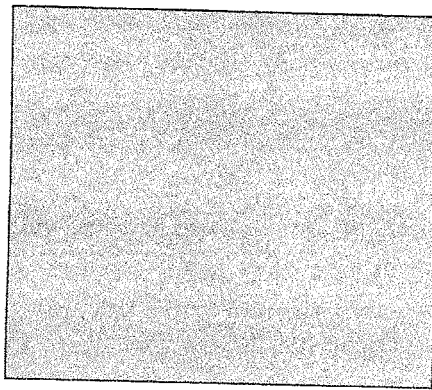
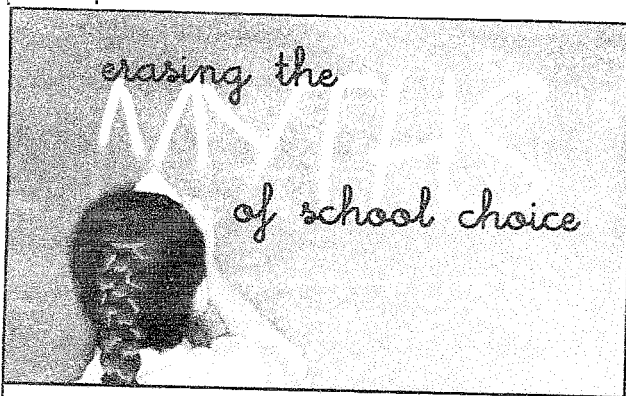
RANDOM ASSIGNMENT VOUCHER STUDIES							
Authors	City	Year	Student Group	Duration	Subject	Voucher Benefit	Valid Method
Greene, Peterson & Du	Milwaukee	1998	All students	1 year	Reading/Math	6 points/11 points	Yes
Rouse	Milwaukee	1998	All students	1 year	Math	6 points	Yes
Greene	Charlotte	2001	57 students	1 year	Combined	6 points	Yes
Howell & Peterson	New York	2002	Black students	2 years	Combined	7 points	Yes
Howell & Peterson	Washington D.C.	2004	All students	2 years	Combined	7 points	Yes
Howell & Peterson	Dallas	2002	Black students	2 years	Combined	2.5 points	Yes
Barrow, et al.	New York	2003	Students scoring below city median	1 year	Math	5 points	Yes
Krueger & Zingales	New York	2004	No statistically certain result	N/A	N/A	N/A	No
Cowen	Charlotte	2007	All students	1 year	Reading/Math	6 points/7 points	Yes
Wolf, et al.	Washington D.C.	2008	Students from random control	2 years	Reading	7 points	Yes

\*Note: The Wolf, et al. study achieved statistically certainty for several groups, most importantly the cohort of students who began using the program in its first year.

RANDOM ASSIGNMENT STUDIES FINDING VOUCHERS IMPROVED STUDENT ACHIEVEMENT		
Statistically certain across all students	Statistically certain across most students	Not statistically certain
5	4	1

<sup>1</sup> Jay Greene, Paul Peterson and Jianguo Du, “School Choice in Milwaukee: A Randomized Experiment,” in *Learning from School Choice*, eds. Paul Peterson and Bryan Hassel, Brookings Institution, 1998; Cecilia Rouse, “Private School Vouchers and Student Achievement,” *Quarterly Journal of Economics*, May 1998; Jay Greene, “Vouchers in Charlotte,” *Education Next*, Summer 2001; William Howell and Paul Peterson, *The Education Gap*, Brookings Institution, 2002 (revised 2006); John Barnard, Constantine Frangakis, Jennifer Hill and Donald Rubin, “Principal Stratification Approach to Broken Randomized Experiments: A Case Study of School Choice Vouchers in New York City,” *Journal of the American Statistical Association*, June 2003; Alan Krueger and Pei Zhu, “Another Look at the New York City School Voucher Experiment,” *American Behavioral Scientist*, January 2004; Joshua Cowen, “School Choice as a Latent Variable: Estimating the ‘Complier Average Causal Effect’ of Vouchers in Charlotte,” *Policy Studies Journal*, November 2007; and Patrick Wolf, Balente Gutmann, Michael Punta, Brian Kisida, Lou Rizzo, and Nada Eissa, “Evaluation of the DC Opportunity Scholarship Program: Impacts After Two Years,” U.S. Department of Education, June 2008.

<sup>2</sup> The authors invented an idiosyncratic method for classifying students by race, then arbitrarily applied that definition to black students but not to other students. They also added to the data set new students for whom information was missing, reducing the quality of the study’s data. When data for a given factor are missing for all students (as in the Charlotte studies), researchers simply have to go without it. But it makes no sense to add students with missing data to the sample where we already have plenty of students for whom those data are present. And they were highly selective in their choice of statistical models; they had to use just the “right” model to prevent the positive results for vouchers from being statistically significant. See: Caroline Hoxby, “School Choice and School Competition: Evidence from the United States,” *Swatch Economic Policy Review*, 2003; and Paul Peterson and William Howell, “Voucher Research Controversy,” *Education Next*, Spring 2004.



## **VOUCHERS ARE COSTLY AND DRAIN MONEY FROM PUBLIC SCHOOLS**

*When students leave public schools using voucher programs, they free up more money for the students who remain. Taking a student out of public school removes the cost of educating that student. Most of these savings remain in local school budgets where they benefit other students; the rest of the savings go into state budgets. States and cities with school choice programs have all increased their per-student instructional spending in the years since the programs began.*

### **The Myth: Vouchers Cost Big, Drain Money from Public Schools**

Opponents claim that vouchers cost taxpayers money. Vouchers use tax funds to pay for private schooling, and some assert that this creates a negative fiscal effect on state governments.

More important, many are concerned that public schools are harmed as vouchers divert their funding as well as their students to private schools. As enrollment shrinks because of vouchers, public schools lose the portion of revenue that is dependent on enrollment. Opponents argue that public schools are unable to sufficiently reduce their spending when students leave with vouchers.

### **The Facts: Vouchers Benefit State and Public School Budgets**

State budgets typically save money when students use vouchers to attend private schools. Vouchers usually redirect state education spending from school districts to parents. If the vouchers are not worth the entire amount of state education spending, as is generally the case, then the state saves money on the difference. For example, if a state spends \$6,000 per student annually in public schools, and offers a \$5,000 voucher, the state saves \$1,000 each year for each participating student. In some cases, the voucher is worth the same amount the state spends on public school students, making the program fiscally neutral.

At the same time, school districts typically receive a big financial benefit because their costs are reduced much further than their revenues. When a student uses vouchers, the local school district only loses some of the revenue associated with that student—a large portion of school revenues come from property taxes and other sources that don't change with enrollment levels. However, the district loses the entire cost of educating the student. This frees up more money for school budgets and helps increase per-student public school spending.

School districts do have some "fixed costs" that aren't reduced when students leave, such as the cost of keeping the lights on in the building. However, studies have repeatedly found that the savings from school choice are much larger than the fixed costs left behind in schools.

### **The Evidence: Studies Highlight Savings from Voucher Programs**

Susan Aud conducted the largest study on the fiscal effects of school choice. She examined the fiscal effects of all existing voucher and tax-credit scholarship programs in the United States from 1990 through 2006. To ensure that the study accounted for fixed costs, she only included public school cost reductions in the category of "instructional expenditures," which excludes transportation, lunch programs, administration, and many other non-instructional

expenditures. As a result, the savings calculated in the study reflect a conservative estimate of the real cost reductions from school choice programs.

Aud found that no school choice program had a negative overall fiscal impact, and most of them saved significant amounts of money. Her results showed that school choice programs saved a net total of \$22 million for state budgets and \$422 million for local school districts between 1990 and 2006, a grand total fiscal benefit of \$444 million.<sup>1</sup>

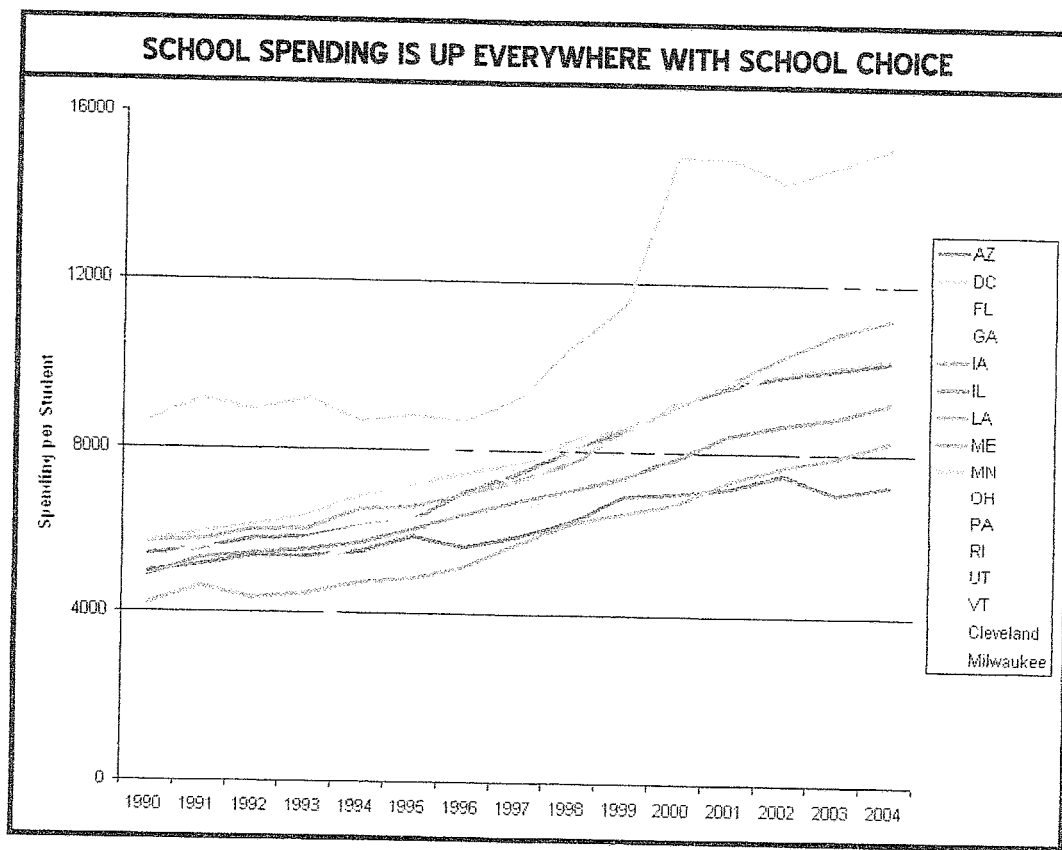
Aud also found that every city and state with a school choice program had seen instructional spending per student rise since the enactment of the program. Data from the U.S. Department of Education confirm that the same holds true for total education spending (see graph).<sup>2</sup>

Many other studies have confirmed that school choice programs save money for state budgets and local school districts, even after fixed costs are taken into account. A large number of these studies are available in the research archive on the Friedman Foundation's website, [www.friedmanfoundation.org](http://www.friedmanfoundation.org)

### The Bottom Line

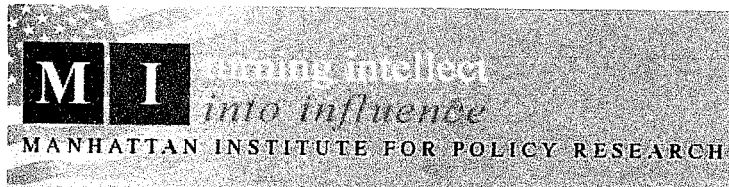
Vouchers save money for state budgets because private schools provide a better education for a much lower cost, and they also have a positive fiscal effect on public schools because school district costs are reduced much further than their expenses.

FISCAL IMPACT OF SCHOOL CHOICE PROGRAMS, 1990-2006		
State Budgets	Local School Districts	Total
\$22,000,000	\$422,000,000	\$444,000,000



<sup>1</sup> Susan Aud, "Education by the Numbers: The Fiscal Effect of School Choice Programs, 1990-2006," Friedman Foundation for Educational Choice, April 2007.

<sup>2</sup> Data obtained from the U.S. Department of Education's Common Core of Data.



*The Mission of the Manhattan Institute is to develop and disseminate new ideas that foster greater economic choice and individual responsibility.*

search

## EDUCATION WEEK

### Why School Choice Can Promote Integration

April 12, 2000

By Jay P. Greene

Expanding access to private schools is likely to ameliorate segregation in U.S. education, not lead to race wars, ethnic cleansing, or genocide.

Some people oppose school choice because they fear that it will foster racial segregation, cultural divisiveness, and social fragmentation. Concern for these social outcomes of education is sensible despite the greater attention that test scores often receive. After all, the ideal of the common school, where students learn respect for their fellow citizens by mixing with students of different backgrounds, was and continues to be central to the justification of the public funding of education. Private schools are often seen as antithetical to this ideal of the common school, as havens for homogeneous groups of students. Expanding access to private schools through vouchers or other forms of publicly sponsored school choice, critics argue, would only exacerbate the problem of segregation created by private schools. David Berliner, a former president of the American Educational Research Association, warned that "voucher programs would allow for splintering along ethnic and racial lines." "Our primary concern," he said, "is that voucher programs could end up resembling the ethnic cleansing now occurring in Kosovo." The Harrisburg, Pa., superintendent of schools was even more alarmist when he told a television audience that school choice would help create "Hitlerian regimes."

Yet the facts suggest that private schools are nothing like the places depicted by such critics. Far from being segregationist enclaves, private schools, on average, are better integrated by race than are public schools. Expanding access to private schools is likely to ameliorate segregation in U.S. education, not lead to race wars, ethnic cleansing, or genocide.

Public schools are hampered in their ability to reduce segregation by the fact that most of their students are assigned to schools based on where they live. Public schools tend to reproduce and reinforce racial segregation in housing. Private schools, on the other hand, can and typically do draw students from across political and neighborhood boundaries to gather a more racially mixed student body. While it is true that public school systems have a higher proportion of minority students than do private schools, the distribution of minorities within the public and private sectors clearly shows that, by detaching schooling from residences, individual private schools are more likely to be integrated schools.

According to a national sample of public and private school 12th graders collected by the U.S. Department of Education, public school classrooms are more apt to be almost entirely white or almost entirely minority. More than half of all public school 12th graders (55 percent) are in classes that have more than 90 percent or fewer than 10 percent minority students. In private schools, just 41 percent of students are in similarly segregated classrooms. And private school students are markedly more likely to be in classes that come close to resembling the nation's demographics. More than a third (37 percent) of private school students are in classes whose racial composition is within 10 percent of the national average. Just 18 percent of public school students are in classes that are similarly mixed.

Survey responses suggest that better integration in private schools also leads to better race relations there. Students were asked whether pupils at their school made friends with youngsters of other races. Thirty-one percent of private school students strongly agreed that this was the case at their school, compared with only 18 percent of public school students. Public school students, teachers, and administrators were also as much as twice as likely as their private school counterparts to report that racial conflict and fighting were problems at their schools.

A study of seating patterns at lunchroom tables confirms these survey findings that integration in private school classrooms leads to greater cross-racial friendship.

Private schools' students are almost twice as likely to sit in racially mixed groups in the lunchroom as are public school students.

Private schools' students are almost twice as likely to sit in racially mixed groups in the lunchroom as are public school students. The evidence, in short, indicates that private schools not only produce more racial mixing but also greater racial tolerance and harmony.

That's today. What would happen tomorrow if choice expanded the number of private school students?

Early evidence from the school choice program in Cleveland suggests that choice does help promote integration. In the Cleveland metropolitan area, more than three-fifths of public school students attend schools that are nearly all white or all minority. Yet among students who choose to attend private schools with a voucher, only half are in similarly segregated schools. A more dramatic difference: Almost a fifth (19 percent) of school choice private school students are in classes whose racial composition is within 10 percent of the average minority percentage in the Cleveland metropolitan area. Just 5 percent of public school students are in classes that are similarly mixed. In Cleveland, students are using vouchers to move from racially segregated public schools to better-integrated private schools.

Some people have trouble accepting the fact that school choice would promote racial integration because they remember how private schools were used in the South to evade the requirements of *Brown v. Board of Education*.

It is true that school choice is tainted with this shameful history. But public schools are also tainted by the fact that in much of the land they were segregated by law for almost a century. And following *Brown*, suburban public schools were used to evade efforts at integration far more often than were private schools.

Rather than judge contemporary policies by their pedigrees, we should judge them by their merits and their actual effects. The evidence is clear that private schools are able to offer better racial integration because they are able to transcend the segregation in housing. School choice offers the potential of expanding this integration by allowing people to associate in schools without regard to where they live or how much money they have.

©2000 [Education Week](#)

[About Jay Greene: articles, bio, and photo](#)



MANHATTAN INSTITUTE FOR POLICY RESEARCH

[Home](#) | [About MI](#) | [Scholars](#) | [Publications](#) | [Books](#) | [Links](#) | [Contact MI](#)  
[City Journal](#) | [CAU](#) | [CCI](#) | [CEPE](#) | [CLP](#) | [CMP](#) | [CRE](#) | [CRD](#) | [CPT](#) | [ECNY](#)

Thank you for visiting us.

To receive a General Information Packet, please email [mi@manhattan-institute.org](mailto:mi@manhattan-institute.org) and include your name and address in your e-mail message.

Copyright © 2009 Manhattan Institute for Policy Research, Inc. All rights reserved.  
52 Vanderbilt Avenue, New York, N.Y. 10017  
phone (212) 599-7000 / fax (212) 599-3494