



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.¹ 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.²

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.³

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.⁴ 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.⁵ In addition, studies have examined the impact of voucher programs in Ohio, Maine, Vermont, and Texas.⁶

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.⁷ 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 | 5 | 0 | 0 |
| FLORIDA | 10 | 0 | 0 |
| OTHER PROGRAMS | 3 | 0 | 0 |
| WASHINGTON D.C. | 0 | 1 | 0 |

PUBLIC SCHOOL SPENDING GROWTH WITH VOUCHERS

| | Dollars per Student | Percent | Years |
|-----------|---------------------|---------|-----------|
| MILWAUKEE | +\$5,137 | +67% | 1994-2004 |
| CLEVELAND | +\$4,334 | +61% | 1996-2004 |
| FLORIDA | +\$1,700 | +24% | 1999-2004 |
| MAINE | +\$5,474 | +96% | 1990-2004 |
| VERMONT | +\$6,018 | +89% | 1990-2004 |

¹ Most of these studies are available in the research database hosted on the Friedman Foundation’s website (www.friedmanfoundation.org/friedman-research>ShowResearch.do).

² Susan Aud, “Education by the Numbers: The Fiscal Effect of School Choice Programs, 1990-2006,” Friedman Foundation for Educational Choice, April 2007.

³ William Howell and Paul Peterson, *The Education Gap: Vouchers and Urban Schools*, second edition, Brookings Institution, 2006, p. 61-65.

⁴ 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 Monetary 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.

⁵ 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,” *EducationNext*, Summer 2004; David Figlio and Cecelia Rouse, “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; Cecelia 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; 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.

⁶ Christopher Hammons, “The Effects of Town Tuitioning 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.

⁷ 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.