Choice Education: How Effective Would a Large Scale Voucher Program Be

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“We need a system in which the government says to every parent: ‘Here is a piece of paper you can use for the educational purposes of your child. It will cover the full cost per student at a government school’” (Milton Friedman, 2005).

I. Introduction

Milton Friedman suggests an at large voucher system would create competition in American education and ultimately provide better school options for parents. But is Friedman’s prediction accurate? School voucher systems come in a variety of designs but all of them involve the government or the state paying money for parents to send their children to private schools. Proponents of vouchers argue they will provide more efficient and effective education and improve academic achievement. Opponents of it declare the government is just avoiding the real issue of providing equitable funding for public schools.

Any at-large voucher program would have manifold effects on schools, students, and parents, dramatically changing the landscape of American education. Therefore, research must be done to better understand the effects of the policy. Looking at Chile and Sweden’s voucher system, the United States can better understand the programs’ effectiveness. What consequences did the program have on education? Answering this question will give a better idea of whether a national voucher system is in the United State’s best interest.

The following analysis will explore the voucher issue’s context, examining current issues, the government’s role, and perceived positive negative and positive effects. It inspects the effectiveness of a potential voucher system by analyzing Chile and Sweden’s system. Finally, the review summarizes key finding and makes a recommendation about feasibility of an at-large voucher program in the United States.
II. Political History

The voucher issue has existed for a long time. During the formation of the Constitution, the founding fathers disagreed about the best method to educate the country. For example, Thomas Paine, among others, agreed with John Stuart Mill’s idea that the state should “leave to parents to obtain the education where and how they pleased” (Sawhill and Smith 2). However, no consensus could be reached. The Constitution, therefore, remained silent on the issue and left the decision to the states, which evolved into the public school system today. While some states like Maine and Vermont have experimented with vouchers for low-income students, there has not been a very large movement towards a universal school voucher system (Sawhill and Smith 3).

In 1951, Milton Friedman published an essay on school vouchers, dramatically changing the political environment. Friedman argued, “Government could require a minimum level of education which they could finance by giving parents vouchers redeemable for a specified maximum sum per child per year if spent on ‘approved’ educational service.” (Sawhill and Smith 3). Friedman’s ideas, however, did not take hold until Ronald Reagan became President in 1980; due to Reagan’s support of free market ideas, he supported choice education (Sawhill and Smith 4). While little supporting legislation passed, the issue became an important political issue again.

III. Education Problem

In the early 1990’s educational issues intensified the battle over school choice. Many inner city minorities, frustrated by unsuccessful education reform attempts, began to demand choice in education (Sawhill and Smith 1). The largest problem was found in the
urban school districts. In 1998, *Education Week* concluded that “most fourth graders who live in U.S. cities cannot read, and most 8th grades cannot use arithmetic to solve practical problems” (Ravitch 1). According to a national survey carried out in 1996, only 46 percent of urban students read at a "basic" level, compared to 63 percent of non-urban students. In high impoverish areas, the differences is even greater with only 23 percent of urban students reading at a basic level compared to 46 percent of non-urban ones (Greene and Peterson 1). This research suggests there is a large education problem in low-income schools, which needs to be addressed.

IV. Types of Vouchers

There are two major types of voucher systems: universal and target based (Sawhill and Smith 13). A universal plan provides subsidies for all school-age children. Proponents of this type argue it provides a means for the government to provide educational choice for all citizens.

One target based system focuses on financing vouchers for low-income families. Since middle and upper income families can already afford private schools they already have a choice in education. The system can also focus on targeting specific geographic areas. For example, a program can focus on urban areas where schools are currently struggling. If the new competition improves education quality, more families would be encouraged to live there.

V. Positives of Vouchers

The main benefit of a voucher program is it would infuse a sense of competition into the education system, which would lead to improvements in school efficiency. Without
competition, schools have little motivation to change, adapt, or improve. A voucher system encourages schools to experiment to improve themselves. Schools would adopt successful models and the overall education system would become more efficient and effective (Bergstrom and Sandstrom 10).

Competition can also lead to an improvement in education quality. To attract students, schools would strive to improve their curriculum. As one school’s curriculum progresses other schools would respond to improve their own, enhancing the overall quality of the education system. Education quality would also increase due to teachers receiving higher wages. With an increase in the number of private schools, teachers would be more in demand and in turn would receive higher salaries. Higher salaries would lead to more individuals entering the workforce, increasing the chance for more competent teachers. While this rise in wages in the short-term would be an economic burden for schools, in the long-term the quality of the schools would improve (Bergstrom and Sandstrom 10). Overall, competition would create a competitive market where the best schools would succeed.

IV. Negatives of Vouchers

The main problem with competition, however, is quality in some schools could decline if the best students choose the more competitive schools. This result could occur for two reasons: advantaged parents are more likely to take advantage of choice plans and apply them for a voucher, and if schools are able to select students, they will only accept the most able ones. The lack of excellent students can have a negative effect on the remaining students because scholastically motivated students can influence the educational environment positively (Bergstrom and Sandstrom 11). The competition
could also potentially increase segregation in the schools. The lack of diversity would increase the already existing disparities between rich and poor schools.

Critics of a voucher system also argue it would encourage the development of schools towards a specific ideology or religion, which is not in the public’s interest (Sawhill and Smith 16). With many private schools in the United States church-affiliated, vouchers raises concerns about religion dominating education. If religious institutions were exempt from receiving voucher support, however, the number of private schools would be very small since nearly 80 percent of all private schools are religious affiliated. The issue with religious schools, therefore, makes a voucher system unlikely to provide the best public benefit.

The overall political argument against a voucher system is it would remove the government’s focus from fixing the public schools. Opponents of vouchers suggest spending more money on low-income public schools would better erase the quality issues in the school system (LaCour 11). If the government wants to improve the education system, the answer is to improve the public school directly.

V. Sweden

Prior to the 1990’s, most of Sweden’s schools were financed and operated by the federal government, which paid for all teacher salaries and allocated all resources. During this time, few independent schools received any funding from the government. In 1990, however, the system was reformed and cities were given more power and financial responsibility over their schools. The school choice policy implemented in 1992 mandated cities to equally distribute fund to independent and public schools, create a new national curriculum, give students flexibility in choosing subjects, and provide families
the option to select which school to send their child (Conroy 331). To be eligible for the program, private schools had to maintain public educational standards. Of the schools that applied for funding, 125 were approved compared to only 13 rejected (Bergstrom and Sandstrom 5). Reasons for denial included incomplete applications and lack of viability. The reforms resulted in Sweden becoming one of the most tolerant nations towards education choice (Bergstrom and Sandstrom 1).

One result of the program was the lack of participation. In a 1992 survey, 60 percent of parents indicated school choice and competition was good; however, only 10 percent of pupils attended different schools than they were assigned at that time. Of this number, 80 percent attended municipal schools instead of private ones (Carnoy 332). Another effect was the disparity between the number of public schools compared to private ones. During the 1991-92 school year, there were only 89 private schools, which was only 1.9 percent of all schools (Carnoy 332). While the number of schools quadruped to 637, the growth was minuscule compared to the 6,000 public schools (Bergstrom and Sandstrom 6). The difference between the two types of schools suggests the voucher plan benefited a small group of people.

While the small class sizes improved efficiency, the increased demand for efficiency resulted in many public schools cutting expensive services to students with physical and learning disabilities. For example, research from the Stockholm School Administration showed one-fourth of all special education teachers in Stockholm were eliminated by the reform movement (Carnoy 334). This elimination suggests the efficiency demands harmed the public schools.
Evidence is mixed about how equal the voucher program distributed benefits. Increases in private school occurred mostly in larger cities. For example, Taby, an urban suburb of Stockholm, had the largest share of students in private primary and secondary schools with nearly 23 percent. Another urban town called Danderyd had the largest share of private secondary schools with over 32 percent. Martin Carnoy suggests only a few private schools were established in rural areas where vouchers could benefit low-income families (Carnoy 334). Bergstrom and Sandstrom, however, maintain private schools have expanded into impoverished areas. The fourth largest share of students in private primary and secondary schools occurred in the mainly poor rural town of Alvkarleby (Bergstrom and Sandstrom 7). Many private schools also charged additional funds on top of the voucher, an average of about $200 from 1994-95 (Carnoy 334). These fees prevented impoverished groups from attaining the school’s benefits.

Due to the mixed results, it is difficult to decide whether the Swedish voucher system has improved the quality of education and cost effectiveness or just increased disparity between public and private institutions. There is little evidence of student performance in private and public schools, preventing a comparison of school achievement. Cost comparisons are also negligible; a 1994-1995 study showed each institution cost about $7100 per student (Carnoy 333).

The success of the system can be attributed to its decentralized structure. With less bureaucracy, the municipalities could fund independent schools easily. The reform did not create new private schools but provided an environment to promote their development. Overall the regulation on grants to private schools provides public and private schools equal economic conditions (Bergstrom and Sandstrom 4).
VI. Chile

In 1981, Chile implemented a voucher system similar to Sweden, which decentralized decision making for public education to cities. Key features of the program included deregulating and subsidizing private schools, eliminating national teacher unions as bargaining units, and removing a standardized national curriculum (Carnoy 316).

One result of the program was a decrease in spending on education. In 1985 for example, federal contributions were 5.3 percent of the Gross National Product (GDP). Five years later, the total had fallen to 3.7 percent (Carnoy 317). This spending cut resulted in a decline in the real value of the voucher towards the end of the 1980s. Wealthier communities met this decline by spending more on public schools. Private schools reacted by adding additional tuition, which only upper and middle class families could afford. As a result, the inequality between high and low income schools increased.

Another effect of Chile’s program was students moved away from public schools to private ones. In 1979, 82 percent of basic school students attended public schools while only 14 percent attended private ones. By 1994, 57 percent of students attended public schools while nearly 44 percent attended private ones (Carnoy 318). Looking closer at these numbers reveals potential equality issues between low and upper income students. In 1992, 72 percent of children of families in the lowest 40 percent income bracket attended public schools; of those in the top 20 percent, only 25% attended public institutions (Carnoy 318). This research shows wealthier students tended to enroll in private schools more often than low income ones did and suggests wealthier families were benefiting more often from the voucher program than other families.
A third result was an increase in student achievement. From 1990-1992, fourth grade average Spanish scores increased for all public and private schools (Carnoy 326). Looking at the overall achievement differences between public and private schools shows students in private schools tended to achieve higher scores than public schools. However, low-income students generally succeed more often in public schools. This research suggests students from wealthy areas were more likely to succeed under Chile’s voucher system than low-income students. It should also be noted the increase occurred at the same time the government increased spending on education for all schools. Prior to this policy change, nationalized test scores fell for the majority of students in public schools.

VII. Conclusion

Differences

There are key differences between Chile and Swedish culture that must be considered before deciding the effectiveness of a universal voucher system. One distinction in the Swedish program is “religious schools” have little role, accounting for only 14 percent of all independent schools compared to the United States where they make up the majority (Bergstrom and Sandstrom 8). The Swedish voucher system favored non-religious schools. This data is important, considering in the United States, religious institutions make up the majority of private schools.

Another difference is there are no formal limitations on how private schools are managed or owned in Sweden. For example, corporations are allowed to own private schools and operate nearly 30 percent of Sweden’s independent schools (Bergstrom and Sandstrom 8). Allowing business to influence American education could possibly add
controversy to an already highly debated issue. A difference between Chile and American political culture is Chile implemented their program following a long dictatorship. The political culture was open to change and supported the implementation of a voucher system. The United States’ federal government has been established for two hundred years and might not be as open to radical change.

Lessons

While the United States is very different from Sweden and Chile, many lessons can still be learned from them. One lesson to be learned from Chile’s example is the free market does not eliminate the need for government involvement in education. The expected rise in achievement only occurred after the federal government added additional funding. This outcome suggests schools need government support whether there is a voucher program or not. The voucher plan left many low-income students worse off in private schools than they were before (Carnoy 330). The government must continue to fund education of all levels for a voucher program to be successful.

The Swedish example shows the potential for local government and choice education to improve American education. When the Swedish government removed the centralized system, it placed most of the power and authority over education in cities. Giving parents the power to choose education and removing federal bureaucracy allowed for a voucher system to be effective.

Overall

The Swedish and Chile voucher system experienced mixed results, suggesting universal voucher system effectiveness depends on a multitude of factors including a
country’s educational culture, government structure, and how it is implemented. For a voucher system to be effective in the United States, it must be well funded, implemented carefully, and have a strong accountability function to detect problems (La Cour 15). The different levels of success in Sweden and Chile’s voucher programs show how important rules and government structure are in determining success.

However, there is still not enough empirical research to decide the fate of a voucher system in America. More research is needed to guide the political debate before a decision can be made (Goldhaber 2). The following questions must still be addressed: how do parents make decisions regarding education, how does spending differences affect a voucher system’s success, and how does governing structure influence their success. Future studies should examine the effectiveness of a voucher system in one of the United States’ larger cities such as Milwaukee, which has an established voucher program. Only then would the United States have a better idea how a universal voucher system would affect education. Then, researchers could decide whether it can be a successful tool in improving education.

Works Cited

Carnoy, Martin. "National Voucher Plans in Chile and Sweden: Did Privatization Reforms make for Better Education? " Comparative Education Review (August,


