

RESEARCH BRIEFS

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What are Voucher Schools?

The original idea for voucher schools came from an article written by the economist Milton Friedman in the 1950s. Friedman frequently reiterated his claim that public schools should be made private in later articles and advocacy efforts. As a libertarian, Friedman believed that unregulated markets are the best mechanism to organize society, including education.

The philosophy stands in contrast to Keynesian economics which holds that the public sector has an important role to play in maintaining a healthy economy and that unregulated markets alone are an insufficient means to organize society. Libertarianism, nevertheless, continues to be embraced by certain interest groups seeking to expand for-profit markets in the public sector.

Vouchers never took hold nationally, despite repeated attempts at state and federal levels during the 1980s. They were introduced in Milwaukee, Wisconsin, in 1990 through the state budget process. No standalone piece of legislation to enact vouchers was debated or passed by the Legislature.

Voucher proponents want the state to provide money for a voucher that is used to subsidize private schools that students attend. Vouchers represent a dramatic transformation of school funding where advocates ultimately want the state to fund only voucher amounts, withdrawing entirely support for traditional public schools. In essence, vouchers take money away from public schools to provide a subsidy to the owners and organizations that run private schools.

Early voucher supporters in Wisconsin did not explicitly call for such a radical transformation of school funding but focused on student improvement instead. They claimed that choice as a singular factor—bereft of any changes in curriculum or teaching practice; and devoid of additional resources, educational services or opportunities for children—would bring about educational improvement.

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Voucher schools can charge tuition to higher income recipients. They do not have to hire certified teachers, and in certain instances can employ teachers without a college degree. In Wisconsin, voucher students did not participate in statewide assessments between 1990 and 2010, when the law changed to require testing. Since then, results show that economically disadvantaged students statewide vastly outperform voucher students in reading and math at every grade level, and Milwaukee Public School (MPS) students outperform voucher students overall as well.

The number of voucher students in Milwaukee grew from 300 in 1990, to 25,811 students in 2013-14. And the number of voucher schools grew from 7 in 1990, to 110. Enrollment increased as young children became school aged, and as legislative tinkering allowed students *already attending* private schools to be granted vouchers. Changes in income eligibility for participation also expanded enrollment through time.

Many efforts to expand vouchers through the years—including creating local advocacy groups, publishing non-peer reviewed research, and paying legal fees for out-of-state attorneys to argue before the Wisconsin Supreme Court in favor of expanding the program to religious schools—were funded by the arch-conservative Bradley Foundation.

And many pro-voucher elected officials—from legislators to governors and Supreme Court justices—received significant funding and support for their election efforts from out-of-state pro-voucher interest groups during the last twenty years.

The cost of the Milwaukee voucher program grew from \$.7 million in 1990 to \$155 million in 2012, and the Legislative Fiscal Bureau reports “the net aid reduction for Milwaukee Public Schools related to the choice program was \$53.6 million.” The voucher program expanded to Racine and later, in the 2013-14 legislative session, to the state of Wisconsin as a whole.

How are the schools funded?

Funding for voucher schools is complex because the original program changed through time and there are now four different programs: the Milwaukee Parental Choice Program, the Racine program, the statewide voucher program enacted in 2013, and the new statewide program proposed for the 2015-2017 biennium.

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Funding for the Milwaukee program originally came directly from MPS. This scheme created a new voucher tax as the district was forced to go to local taxpayers to reclaim funding lost to private schools. A short-lived variation on this funding mechanism arose, which reduced state aid for other school districts, but communities statewide began to protest as their aid was sent to private schools. In response, the legislature passed Act 16 in 2001 to divide voucher costs between just MPS (45 percent) and the State, which funded 55 percent of the program.

Successive legislative sessions attempted to ameliorate the negative effects of voucher funding on local taxpayers. The legislature enacted, for example, a new “high poverty” funding stream for MPS to further offset voucher losses. More recently the legislature created a new sliding scale to increase state support for MPS through 2024. Originally MPS was forced to provide high levels of local funding for private schools; now that amount is diminishing as state general funding increases.

In contrast to the Milwaukee program, the newly enacted statewide voucher program is completely funded by a separate state budget appropriation: voucher money is taken directly out of the general budget, not from state aid for public schools. Under state budget proposals just released for 2015-17, the few students already in the statewide voucher program will continue to be funded in the same manner going forward.

Under the same 2015-17 budget proposal, however, all new students entering an expanded statewide voucher program will, if enacted, be funded in a different manner. Funding for these voucher participants will once again be taken directly from the public school district in which those students reside. Unlike the original Milwaukee program, however, *school districts will no longer be able to make up for revenue lost to private schools.*

If five students attend private school, for example, the public school district loses state aid for those five students. As the number of private school participants increases in a given public school district, state aid for the public school is permanently reduced with the money going to subsidize private schools instead.