

**SCHOOL  
VOUCHERS:  
EXAMINING  
THE EVIDENCE**

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# **SCHOOL VOUCHERS: EXAMINING THE EVIDENCE**



By Martin Carnoy

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**ECONOMIC POLICY INSTITUTE**

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**Martin Carnoy**, a professor of education and economics at Stanford University, has written extensively about education, labor markets, and the changing international economy. Some of his recent books include *The New Global Economy in the Information Age* (with M. Castells, S. Cohen, and F. H. Cardoso), *Decentralization and School Improvement* (with Jane Hannaway), *Faded Dreams: the Economics and Politics of Race in America*, and, most recently, *Sustainable Flexibility: Work, Family, and Community in the Information Age*, published by Harvard University Press and the Russell Sage Foundation. He is also the editor of the *International Encyclopedia of the Economics of Education*. Prof. Carnoy came to the School of Education at Stanford in 1969, where he helped build the International and Comparative Education Program.

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## Executive summary

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School vouchers have been in the limelight for a decade. The basic argument is that giving parents public funds to send their children to private schools will stimulate innovation and competition among schools. Although vouchers lack broad public support, parents in low-income inner cities are more likely to favor alternatives to traditional public education, and this interest has stimulated small pilot programs in a few urban school districts. Such programs have the potential to inform public debate about vouchers' strengths and weaknesses, but they have been evaluated mainly by researchers who openly and actively support vouchers. Yet the media tend to report results from these analyses without necessary caveats and alternative views. Now that the push for vouchers has reached the federal government through President Bush's education initiative, the urgency for a balanced perspective has become more important than ever.

Do school vouchers improve student performance? A review of the evidence finds that vouchers' effects on student achievement are almost certainly smaller than claimed by pro-voucher researchers. Although programs in many cities were designed to be like randomized-trial medical experiments—with high validity and reliability—common problems in implementation may have compromised validity and produced misleading results. Moreover, the results are marked by broad inconsistencies across grades, academic subjects, and racial groups.

Recent highly publicized research involving Florida schools also highlights the difficulty in attributing test score gains to vouchers, since many of these programs involve not only vouchers but also school grading systems and others variables at the same time. The same researchers who found large effects from earlier voucher programs also found large voucher effects in Florida. But a closer look reveals that most of the gains could have been caused by the school grading system, not vouchers. In three states with school grading systems—Texas, North Carolina, and Florida before vouchers—low-performing schools (sometimes referred to as “F” schools) produced gains quite similar to those of the Florida voucher program. Thus, the “scarlet letter” effect from identifying low-performing schools is as plausible an explanation for the test score gains as is the voucher threat.

Identifying the effects of programs is a challenging task, especially for vouchers. As the evidence slowly comes in, a balanced analysis suggests that voucher effects may exist, but they are significantly smaller than voucher proponents would have the public and the media believe.

# Introduction

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School vouchers have been in the limelight for almost a decade, mainly at the state and local level. But with George Bush's candidacy and his election to the presidency, they have now become a national issue. At the same time, voucher advocates have produced new reports claiming that students using vouchers improve their academic performance and that the threat of the availability of vouchers leads to improved student performance in public schools. The results of these reports have been widely—and largely uncritically—circulated in the press. They give the impression that vouchers are the solution to the educational woes of minority students in “failing” public schools. The problem is real, but do these studies support their claims? The empirical findings on the educational effects of vouchers deserve a closer look.

The idea of public funding of private schools is not new, nor does it belong exclusively to conservative free market reformers. In the 1960s and early 1970s, academics on the left, such as Christopher Jencks (1966), argued that vast differences between the quality of public schooling for inner-city blacks and suburban whites could not be resolved within the structure of a residentially segregated public education system. Jencks argued for a policy concept introduced by Milton Friedman (1955) more than a decade earlier. Friedman proposed to offer public funds to families that could be used only for education but in any educational institution, public or private. Such “vouchers” would serve to give families increased choice of the kind of education their children received. Friedman saw vouchers as a way to break the “monopoly” of the public sector over education and increase consumer choice, hence economic welfare. Jencks saw vouchers as a way of improving educational opportunities for a historically discriminated-against group within American society. Both shared a distrust of the state—Friedman of the bureau-centric state interfering with “democratic” markets, Jencks of the class/race-centric state reproducing inequality through public education. But conditions may have changed in the last 40 years. While there is still a glaring gap between achievement of black and white students, the gap has

been considerably narrowed. In the last decade the progress seems to have stopped, but it is unclear what the causes of the continued gap might be.<sup>1</sup> The voucher issue therefore has two different political origins. One is a conservative, free market ideology that prefers private to public provision of any services, and the second is the practical demand of low-income parents for better schooling, public or private. Even if private schools were no more effective than public schools, market reformers would insist that vouchers make parents and children better off because of choice and competition, and that private school choice should be made available to all parents, regardless of income. But the demand in inner cities for better schooling is based not on free market ideology but on academic results.

Whatever the origin of their support for vouchers, advocates have been attempting to support two claims: first, that private schools supported by public funds actually can do a better job than public schools of educating the children most at-risk of school failure, whether because vouchers are a route to smaller classes and better teachers, or because private schools are superior in other respects; and second, that vouchers increase incentives for public schools to improve by threatening low-performing public schools with the loss of students to competing private schools.

In the last few years, the leading proponent of the idea that private schools are demonstrably more effective at educating low-income African American students and an effective mechanism for improving public education has been Harvard Professor Paul Peterson. The research support for these claims is controversial, in large part because the Peterson group's statistical analysis seems always tilted to favor a positive result for vouchers. The history of such tilting is no longer just support generated for the alleged greater effectiveness of private education; it has also carried over into the claims regarding vouchers as a stimulus to better public schooling. In February 2001, Jay Greene, now a researcher at the Manhattan Institute, published a short paper assessing the impact of the Florida voucher plan on "failing" schools. All of these studies bear extremely close scrutiny.

This study reviews the recent empirical research in these two areas: (1) the effect of vouchers on student achievement, particularly for low-income minorities enabled to go to private schools; and (2) the effect of the threat of vouchers on low-performing public schools.

Among its findings:

- Research on the effect of vouchers in Milwaukee and Cleveland showed anywhere from no effects to small effects of vouchers for mainly African American students. Studies in Cleveland suggest that the achievement gains after two years in existing religious schools for voucher students

were higher in one subject, science. Voucher students in for-profit private schools did significantly worse than non-voucher students in one study, but did better and then worse according to another. The much larger size of the voucher in Milwaukee (about \$5,500 currently) than in Cleveland (maximum \$2,500) also suggests that, whether test scores in private schools are higher or not, a larger voucher induces many more families to transfer their children to private schools and induces more private schools to offer educational services to low-income students.

- Research in Dayton, New York, and Washington (conducted and evaluated by voucher proponent Paul Peterson and his colleagues) show no significant test score gains for Hispanic and white voucher recipients, but it did find gains for African Americans that were statistically significant overall in New York and Washington and marginally significant in Dayton (in reading only). But several methodological issues make these comparisons of achievement gains problematic. These issues include the inability to ensure that participants are available for follow-up evaluation; the inability to explain differences in outcome by grade/age and ethnic cohort; inconsistent inclusion and exclusion of data on students who experience either large gains or large drops in test scores.
- Findings that the threat of vouchers for students in “failing” (F) public schools caused math and writing gains among Florida’s lowest-performing schools to increase significantly more than the gains of higher-performing schools are plagued by methodological problems. The research tends to overestimate the effect of being designated an F school, and it offers no evidence that the higher estimated test-score gain by an F school should be attributed to the threat of vouchers.