

Be Wary of School Choice Program Assessments

School choice advocates and opponents are widely guilty of making too much of most school choice programs; actual and proposed. That and my truth in labeling core principle are what originally drove me into school system reform studies, and eventually led to my critically-acclaimed 2001 book, *The School Choice Wars*. Because I widely condemned misrepresentation of school choice programs and proposals, *The School Choice Wars* earned endorsements from Milton Friedman, the National Education Association, and Martin Wooster, a famously tough *Washington Times* book review author. Widespread misrepresentations continue.

Believing what is not so about false or misleading claims about past and ongoing efforts to lower the cost of opting out of the assigned public school could have serious, global consequences. 'School choice' is shorthand for 'reducing the cost of opting out of the assigned school.' Misleading claims can make useful policy changes politically incorrect. For example, several prominent analysts that are not opposed to using school choice as a transformation catalyst cited studies of ongoing US school choice programs to justify their conclusion that school choice cannot drive transformational reform. That conclusion is certainly premature and probably wrong. The current US programs and the most widely cited foreign programs provide no basis to reach that conclusion, or to reach a conclusion that school choice can be the needed catalyst for transformational reform. No doubt the desire to mislead is the reason for some of the misrepresentations. However, most are honest mistakes born of a combination of narrow expertise, inertia, and passion.

So, my aim here is to describe some little-known/understood key elements of widely cited school choice policy changes. That will help immunize you against misleading hype and unwarranted condemnation, and you will know when someone else misrepresents the

conditions created by those programs. I will describe the misrepresentations, but I won't name the mis-representers. My aim is to correct claims, not people.

Hope, plus insufficient grasp of market fundamentals, is the leading reason for misleading claims about school choice programs. After 22 years of evolution, Milwaukee's tuition voucher program comes closer to fostering competition and market forces than any other US program. To cash vouchers, eligible schools must accept them as full payment, and until 1998 the schools had to be non-profit. That ban on co-payment creates price control at a level around half the per pupil funding of the Milwaukee Public Schools the private schools must compete against for teachers and other school inputs. That's probably why ending the ban on for-profit schools did not greatly increase their presence. Price control is a major difference between the Milwaukee school system and a typical US industry. Another major difference is that caps on the number of customers (voucher users) and restrictions on customer income (low income) limit 'market' entry.

The key elements of genuine competition and market accountability are low start-up barriers, profit-loss, and scarcity-driven price change. In Milwaukee, the latter is absent, and the other two are severely undermined. So, the Milwaukee program may be doing some great things for the Milwaukee system, but it is wrong to assert that its outcomes do more than hint at effects likely from genuine competition or true market accountability. By the way, I want to make clear that I do not oppose the Milwaukee program. It may be all that is politically feasible. I oppose claiming that it is a test of factors not present there.

New Zealand has a widely mentioned program. It offers minimal public school choice; no prices, no profits, centrally-controlled entry, and tight restrictions on instructional content. If New Zealand were a US state, its school choice policy would probably qualify as weak (D or F) charter law; certainly no basis for robust competitive behavior. But the

program is widely touted for introduction of competition, choice, and even some mentions of “marketization.” None of that was true even during the 1990s before the initial loosening of some restrictions was scaled back. For example, the 1991 program ostensibly created public school open enrollment, but schools were not allowed to differ much in what was taught, or how, and the more popular schools were not expanded or replicated, and the least popular schools were not closed. Teacher salaries are centrally determined in New Zealand, so loss of students had consequences most teachers appreciate; smaller, more homogenous classes, and less material to grade; hardly motive for assertive, competitive behavior. Because the minimal loosening of restrictions in the 1990s did not produce the desired academic gains, but created some alleged inequities and annoying and embarrassing problems like shunning of some schools, New Zealand partially re-imposed attendance zones.

Sweden, Chile, and the Netherlands are mentioned often, especially Sweden and Chile. All three have universal voucher programs, though not necessarily in all regions. All three define schools eligible for public funding in great detail, including their personnel policies and instructional content. For example, in Sweden, all schools must teach the national curriculum, which consumes ~95% of the school hours. Schools can only differ in how they teach the national curriculum, and in the use of 5% of the instructional time. Sweden also prohibits co-payment, so pedagogical choice is limited to instructional approaches that can be delivered for less than the voucher amount. However, Sweden does allow for-profit schools. Sweden and Chile fund private schools at significantly lower levels than public schools, which matters a bit less in Chile because co-payment is allowed, though taxed to subsidize low income family co-payments.

The Netherlands has school choice within a mostly private, but very uniform system, achieved partly through content regulation, but also through price control. For-profit schooling exists only in the tiny, unsubsidized private sector; less than one percent of total enrollment. Only not-for-profit Dutch schools qualify for government funding. So, Dutch schooling is definitely not delivered in a market environment. There is little opportunity for the schools to differ, and little incentive from them to assertively differentiate themselves.

Of course, this brief overview of school choice in Milwaukee, New Zealand, Chile, the Netherlands, and Sweden barely scratches the surface of what's out there, but it adequately highlights the key factors to be on the lookout for. Genuine, consequential competition exists through school choice programs to the extent that schools depend on customer choice to be financially feasible, the existence of scarcity-driven dynamic price signals (no price control – shared financing allowed) to inform and motivate consumer and entrepreneur choice, and the opportunity to realize a profit.