

# The Fiscal Meaning of Vouchers

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# 1. Recent Surge in Universal/Near-Universal Programs

- **New Hampshire**, Education Freedom Account Program, up to 300% of federal poverty threshold, August 2021
- **Arizona**, Empowerment Scholarship Account Program, September 2022
- **West Virginia**, Hope Scholarship Program, October 2022
- **Tennessee**, Education Savings Account Program, November 2022, up to 200% of federal poverty threshold
- **Utah**, Utah Fits All Scholarship Program, January 2023
- **Iowa**, Students First Act, January 2023
- **Florida**, Universal Education Savings Account, March 2023
- **Arkansas**, Education Freedom Account, April 2023
- **Indiana**, Choice Scholarship Program (2011), from up to 300% to up to 400% of federal poverty threshold, April 2023
- **Alabama**, Creating Hope & Opportunity for Our Children (CHOOSE) Act, March 2024
- **Louisiana**, Louisiana Giving All the Opportunity to Rise (LA GATOR), May 2024

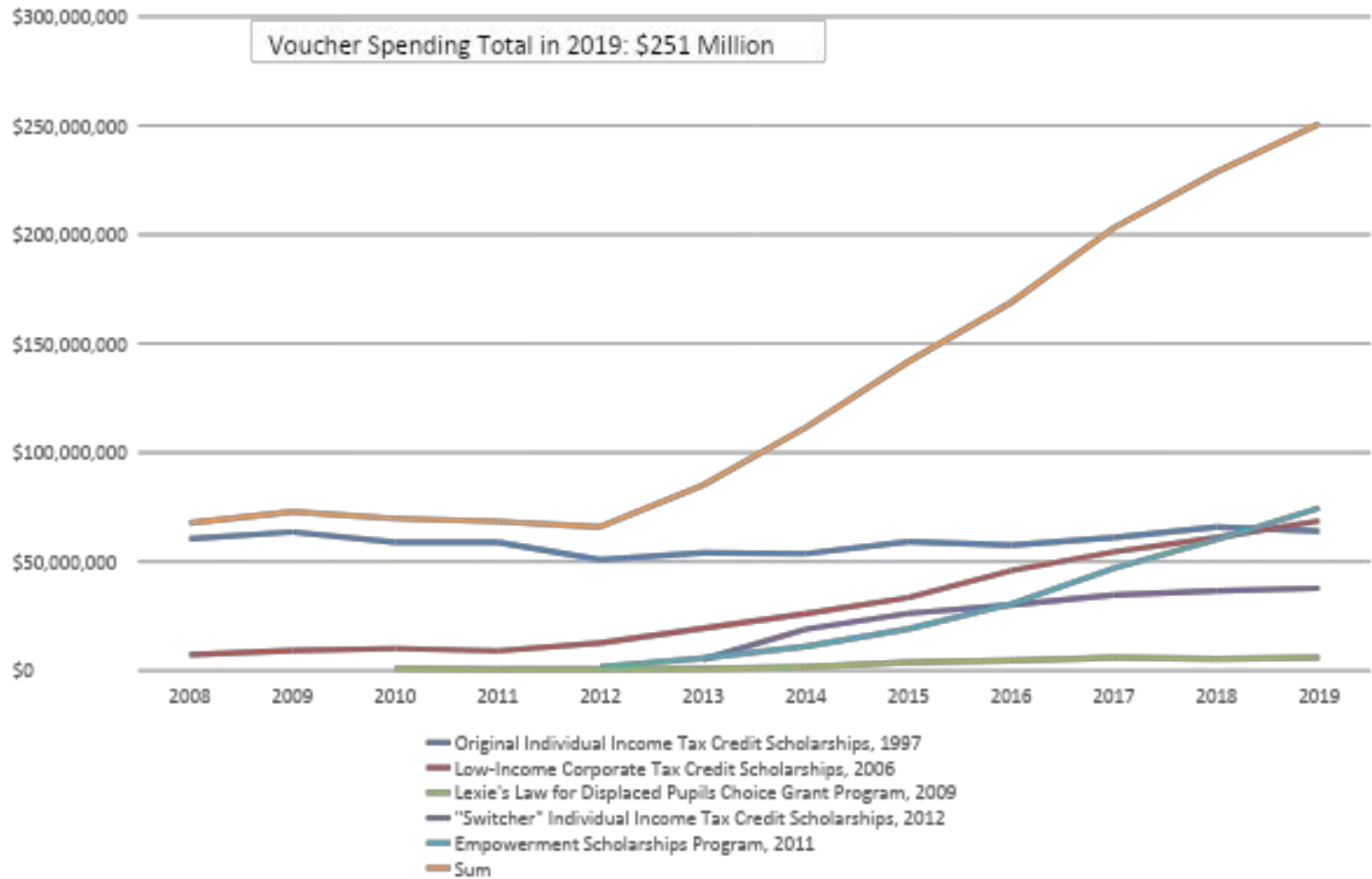
## 2. Steady Growth of Individual Programs

- **Milwaukee** and the Camel's Nose:
  - 1990: Participation in the Milwaukee Parental Choice Program (MPCP) capped at 1% of total district enrollment; family income could not exceed 175% of the federal poverty level; only nonsectarian private schools could take part; enrollment of voucher students at schools capped at 49%
  - 1995: Cap on participation lifted to 15% of total district enrollment; income threshold lifted to 220% of the federal poverty level; religious schools included; cap for enrollment of voucher students at schools lifted
  - 1998: Inclusion of religious schools deemed constitutional by the Wisconsin Supreme Court
  - 2005: Cap on participation lifted to 22% of total district enrollment
  - 2011: Cap on participation eliminated; income threshold lifted to 300% of the federal poverty level; program replicated in Racine
    - Democratic State Rep. **Annette "Polly" Williams**: "It was never supposed to get this big." Former MPS Superintendent **Howard Fuller** echoed Williams
  - 2023: 29% of students in Milwaukee using vouchers

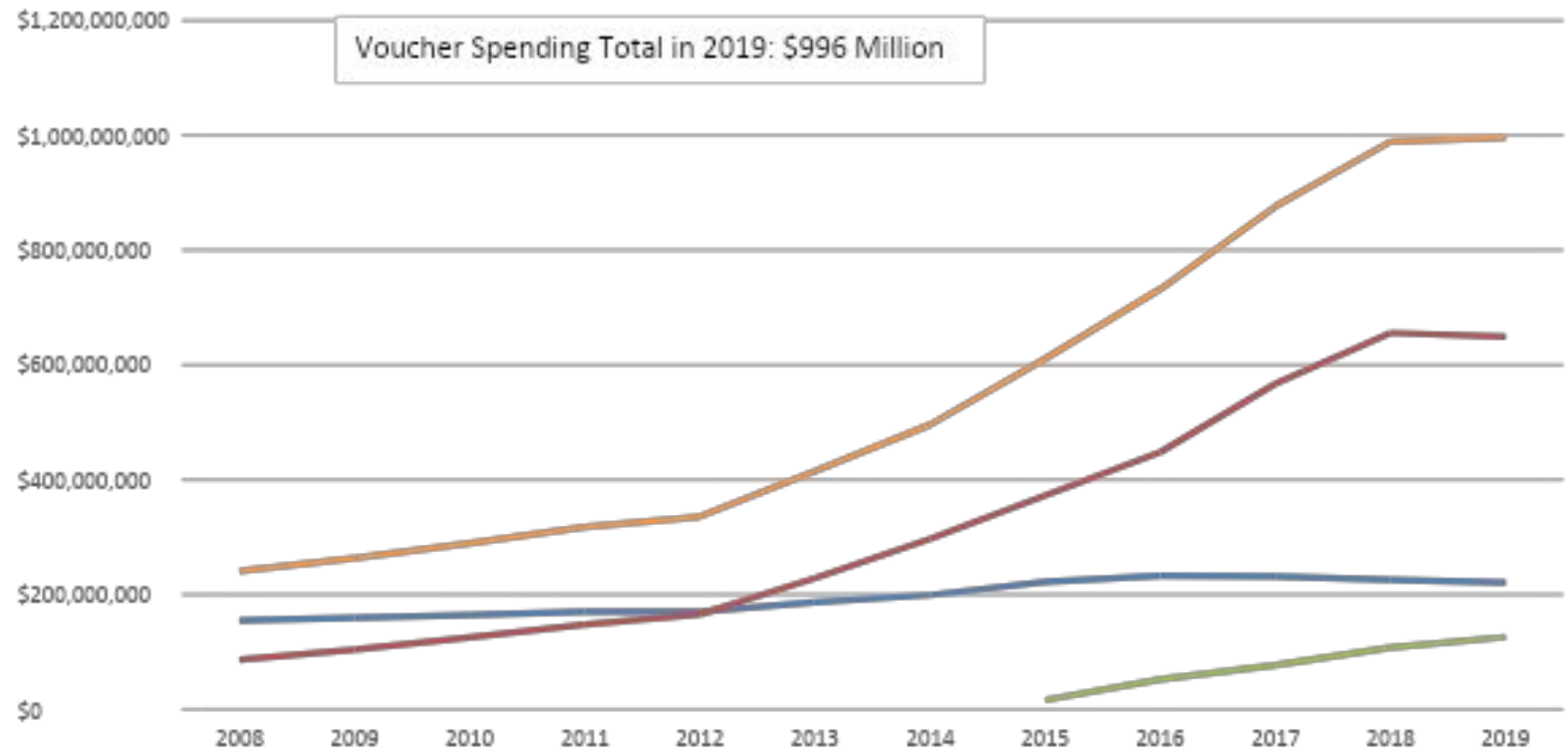
### 3. Combination of More \$ for Vouchers and Less for Public Schools (spending calculated in inflation-adjusted dollars)

|                         | Voucher $\Delta$ | Per-Pupil Public $\Delta$ | 49 Others        | Effort Index       |
|-------------------------|------------------|---------------------------|------------------|--------------------|
| <b>Arizona, 08-19</b>   | 270% $\uparrow$  | 6% $\downarrow$           | 9.5% $\uparrow$  | 38 $\downarrow$ 50 |
| <b>Florida, 08-19</b>   | 313% $\uparrow$  | 12% $\downarrow$          | 9.6% $\uparrow$  | 18 $\downarrow$ 48 |
| <b>Georgia, 09-19</b>   | 883% $\uparrow$  | 1.9% $\downarrow$         | 5.6% $\uparrow$  | 8 $\downarrow$ 31  |
| <b>Indiana, 12-19</b>   | 796% $\uparrow$  | 1.5% $\downarrow$         | 10.8% $\uparrow$ | 31 $\downarrow$ 32 |
| <b>Wisconsin, 08-19</b> | 119% $\uparrow$  | 0%                        | 9.4% $\uparrow$  | 14 $\downarrow$ 25 |

## Arizona, Voucher Spending, 2008-2019



## Florida, Voucher Spending, 2008-2019



— John M. McKay Scholarships for Students with Disabilities Program, 1999 — Corporate TCS Program, 2001 — Gardiner Scholarship Program, 2014 — Sum

## 4. Origins of Universal/Near-Universal Vouchers

- **Milton Friedman**, “The Role of Government in Education,” in Robert Solo, ed., *Economics and the Public Interest* (1955): “[T]he denationalization of education would widen the range of choice available to parents.... [Let government funds in the form of vouchers] be made available to parents regardless where they send their children—provided only that it be to schools that satisfy specified **minimum** standards—and a wide variety of schools will spring up to meet the demand.”
  - Friedman used the word **minimum** 12 more times in this essay to describe taxpayer obligations as well as school standards

## 4. Origins of Universal/Near-Universal Vouchers

- **Lewis Powell** and the battle of messaging: Confidential Memorandum: Attack on the American Free Enterprise System (1971), aka The Memo (see Hedrick Smith, *Who Stole the American Dream?* [2012])
  - American Enterprise Institute (1938)
  - Bradley Foundation (1948)
  - ALEC (1973)
  - Heritage Foundation (1973)
  - CATO Institute (1977)
  - Alliance for School Choice (1990), renamed American Federation for Children Growth Fund (2004)
  - Milton & Rose D. Friedman Foundation for Educational Choice (1996), renamed EdChoice (2016)
  - Charter School Growth Fund (2004)



## 5. Implications of Universal/Near-Universal Vouchers

- Beyond erosion of common ground and insufficient regulation, significant fiscal concerns:
  - **Fixed costs, variable costs, and cuts for district schools:**
    - Robert Bifulco & Randall Rebeck, “Fiscal Impacts of Charter Schools: Lessons from New York,” *Education Finance & Policy* (2014)
    - Gordon Lafer, “Breaking Point: The Cost of Charter Schools for Public School Districts,” *In The Public Interest* (2018)
    - Samuel E. Abrams, “Exit, Voice, and Charter Schools,” *La Revista Jurídica de la Universidad de Puerto Rico* (2019)
    - Helen Ladd & John Singleton, “The Fiscal Externalities of Charter Schools: Evidence from North Carolina,” *Education Finance & Policy* (2020)
  - **Tuition topping-up** at private schools accepting vouchers
  - **Pressure of ESAs on rural schools** and thus rural community life

## 5. Implications of Universal/Near-Universal Vouchers

- **Short-term spike in costs** to cover students already in private schools:
  - Vouchers as much about "double taxation" as they are about choice and cutting costs
- **Long-term decline in costs**, as intended by Friedman and disciples, as vouchers meant to cost taxpayers less
- **Implicit very long-term growth in costs**, as unregulated private schools (and pods and homeschools) stand to underprepare students in all subjects, especially math and science
- **Limits:** because of inferior wages and benefits and little, if any, job security, private schools stand to struggle to staff classrooms