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NEW
Updated Edition

RHETORIC Versus REALITY

**What We Know and
What We Need to Know
About Vouchers and
Charter Schools**

**Brian Gill
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SUMMARY

In today's context of widespread dissatisfaction with America's public education system, a variety of reforms have been proposed to improve educational outcomes. One of the most controversial proposals is to provide parents with a financial grant, or "voucher," for use at any public or private school. Proponents argue that students using vouchers would be able to attend more-effective and more-efficient schools; that the diversity of choices available would promote parental liberty and, if properly designed, benefit poor and minority youth; and that the competitive threat vouchers pose would induce public schools to improve. Everyone would then be better off. In what has become a fiercely contentious and highly political debate, opponents claim that vouchers would destroy public schools, exacerbate inequities in student outcomes, increase school segregation, breach the constitutional wall between church and state, and undermine the fabric of democracy by promoting narrow, particularistic forms of schooling.

Another proposal for education reform, less controversial among policymakers and the public, is to establish "charter" schools—i.e., schools of choice that are funded by public money but are self-governing, operating outside the traditional system of public-school governance under a quasi contract, or "charter," issued by a governmental agency such as a school district or a state education authority. A few voices have been raised in opposition to charter schools, expressing concerns about their possibly leading to stratification in student placement and balkanization in curriculum. For the most part, however, charter schools have achieved considerable popular-

ity across the political spectrum, with policy arguments centering on the terms and conditions of public oversight—collective bargaining provisions, applicability of assessment and accountability programs, admissions policies, etc. Advocates argue that charter schools will serve as laboratories for pedagogical innovation, provide havens for students who have been poorly served by traditional public schools, promote parental involvement and satisfaction, improve academic achievement, and save public education.

Conceptually and structurally, vouchers and charters challenge the “common school” model that has been the basis for the American public-education system for most of the nation’s history. Opponents fear that privatizing the governance and operation of schools will undermine their public purposes; supporters believe that autonomously operated voucher and charter schools can serve the public purposes of the educational system even though they are not owned and operated by government. Policymakers need empirical information on the effects of vouchers and charters if they are to assess their merits and resolve this dispute.

This book has four aims. First, we identify and articulate the range of empirical questions that ought to be answered to fully assess the wisdom of policies promoting vouchers or charter schools, thereby establishing a theoretical framework that accounts for the multiple purposes of public education. Second, we examine the existing empirical evidence on these questions, providing a broad assessment of what is currently known about the effects of vouchers and charters in terms of academic achievement and otherwise. Third, we discuss the important empirical questions that are as yet unresolved and consider the prospects for answering them in the future. Fourth, we explore the design details of voucher and charter policies, concluding with recommendations for policymakers considering their enactment.

The empirical evidence discussed in this report is derived from an exhaustive review of the existing literature on vouchers and charter schools, from studies of other forms of school choice in the United States and abroad, and from comparative studies of public and private schools.

DEFINING THE RELEVANT EMPIRICAL ISSUES

This book seeks to define the full range of questions that policymakers should ask about the empirical effects of school choice. Deriving those questions and assessing the wisdom of a voucher or charter law require a full understanding of the varied goals that a system of schooling should promote. We divide the major goals and empirical questions into five broad outcome dimensions constructed to reflect the explicit and implicit goals present in the arguments of both the supporters and the opponents of educational choice and in the philosophical positions of those who have supported a public role in education over the last two centuries:

- *Academic achievement:* Will vouchers/charters promote the academic skills, knowledge, and attainment of their students? How will they affect the achievement of those who remain in assigned public schools?
- *Choice:* What is the parental demand for vouchers/charters? Will they induce a supply response that makes a variety of desirable school options available? What do voucher/charter parents think of their children's schools?
- *Access:* Will voucher/charter programs be available to those who presently lack such options, notably low-income (frequently nonwhite) residents of inner cities? Will they provide any options for students with special needs?
- *Integration:* Will vouchers/charters increase or reduce the integration of students across and within schools and communities by race/ethnicity and socioeconomic status?
- *Civic socialization:* Will vouchers/charters contribute to the socialization of responsible, tolerant, democratically active citizens, or will they promote intolerance and balkanization?

WHAT IS KNOWN FROM THE EXISTING EMPIRICAL EVIDENCE

Our evaluation of the existing evidence indicates that many of the important empirical questions about vouchers and charters have not

yet been answered. Indeed, it would be fair to say that none of the important empirical questions has been answered definitively. Even the strongest evidence is based on programs that have been operating for only a short period of time with a small number of participants, so serious questions about generalizability remain. Nevertheless, the evidence is converging in some areas. In particular:

Academic Achievement

- Small-scale, experimental privately funded voucher programs targeted to low-income students suggest a possible (but as yet uncertain) modest achievement benefit for African-American students after one to two years in voucher schools (as compared with local public schools).
- For children of other racial/ethnic groups, attendance at voucher schools has not provided consistent evidence of either benefit or harm in academic achievement.
- Achievement results in charter schools are mixed, but they suggest that charter-school performance improves after the first year of operation. None of the studies suggests that charter-school achievement outcomes are dramatically better or worse on average than those of conventional public schools.

Choice

- Parental satisfaction levels are high in virtually all voucher and charter programs studied, indicating that parents are happy with the school choices made available by the programs. In the experimental voucher programs that have been studied for two successive years, levels of parental satisfaction declined slightly in the second year but remained substantially higher than those of public-school comparison groups.

Access

- Programs explicitly designed with income qualifications have succeeded in placing low-income, low-achieving, and minority students in voucher schools.

- In most choice programs (whether voucher or charter), however, students with disabilities and students with poorly educated parents are somewhat underrepresented.
- Education tax subsidy programs are disproportionately used by middle- and upper-income families.

Integration

- In communities where public schools are highly stratified, targeted voucher programs may modestly increase racial integration in that they put minority children into voucher schools that are less uniformly minority without reducing integration in the public schools.
- Limited evidence suggests that, across the nation, most charter schools have racial/ethnic distributions that probably fall within the range of distributions of local public schools. In some states, however, many charter schools serve racially homogeneous populations.
- Evidence from other school-choice contexts, both in the United States and abroad, suggests that large-scale unregulated-choice programs are likely to lead to some increase in stratification.

Civic Socialization

- Virtually nothing is yet known empirically about the civic socialization effects of voucher and charter schools.

WHAT IS NOT KNOWN

The brevity of our list of knowns should send a note of caution to policymakers and to supporters and opponents of choice. For most of the key questions, direct evaluations of vouchers and charter schools have not yet provided clear answers, and the list of unknowns remains substantially longer than the list of knowns. In particular:

Academic Achievement

Unknowns in the realm of academic achievement include, first of all, an explanation for the (possible) voucher advantage for African-American students. In addition, the academic effectiveness of charter schools must be examined in a larger number of states over a longer period of time. Long-term effects on academic skills and attainment in both voucher and charter programs are as yet unexamined. Moreover, there is little information that would permit the effectiveness of vouchers and charters to be compared with other, more conventional reforms, such as class-size reduction, professional development, high-stakes accountability, and district-level interventions. Finally, the systemic effects—positive or negative—of both voucher and charter programs have yet to be clearly identified. Whether the introduction of vouchers/charters will help or harm the achievement of students who stay in conventional public schools remains for the moment entirely unknown. This is perhaps the most important achievement issue, because most students are likely to be “nonchoosers” and remain in conventional public schools.

Choice

The most important unknown related to parental liberty concerns the quality and quantity of the schools made available by voucher and charter programs. The number of high-quality alternatives that different varieties of voucher and charter programs will produce is for the moment highly speculative.

Access

Critical unanswered questions about access to voucher and charter schools relate to the variability that would result from different kinds of programs. The characteristics of voucher students in existing programs differ from those of charter students, and the characteristics of charter students vary across states. Other programs might differ further still in the access they provide to different groups of students. In particular, many types of vouchers may be used disproportionately by middle- and upper-income families.

Integration

The effects of voucher and charter programs on the sorting of students across schools have not been well explored. Studies have produced extensive amounts of demographic data on the students participating in voucher and charter programs, but very few of them provide school-level information—on both voucher/charter schools and local public schools—that is linked to information on individual students, which is essential to understanding dynamic integration effects. Even a direct comparison of school-level integration in voucher/charter schools and in conventional public schools does not explain how the introduction of a voucher/charter policy changes levels of integration across schools. A full understanding of integration effects requires a clear assessment of all possible counterfactuals. Where would students of different racial/ethnic groups be in the absence of vouchers/charters? Different answers to this question imply very different effects for vouchers and charters. Would they attend local public schools? Would they pay tuition at racially homogeneous private schools? Would their families move to the suburbs to enable them to attend racially homogeneous public schools? Would they be schooled at home? Unfortunately, no studies of vouchers or charters have undertaken the kind of dynamic analysis needed to provide clear answers.

Civic Socialization

Despite the fact that civic socialization is commonly recognized as a critical public purpose of the educational system, next to nothing is known about the relative effectiveness of voucher, charter, and conventional public schools in socializing students to become responsible citizens. The best evidence available is far short of that available for assessing each of the other outcome dimensions, for two reasons: existing measures of civic socialization are thin, and they have been applied only to broad comparisons of public and private schools, rather than to schools actually participating in voucher and charter programs. This slim evidence provides little support for the view that existing private schools are on average any worse than public schools at socializing citizens.

IMPLICATIONS FOR POLICY

The Significance of Scale

Specific variations in the details of voucher/charter policies are likely to make a big difference in many of the empirical outcomes. Program scale is one variable likely to be especially important.

Nearly all of the existing empirical evidence on the effects of vouchers and charters comes from relatively small-scale programs. Many existing voucher programs are “escape valves”—i.e., targeted to a small number of at-risk children. For these programs, most of the evidence is neutral or somewhat favorable: they provide valued new choices to low-income families and may provide achievement benefits to African-American students. Although little is known about empirical effects with respect to integration and civic socialization, it seems likely that escape-valve programs would not result in major harm to either. Nor does it seem likely that they have larger financial costs. In brief: in some contexts—such as high-poverty cities with substantial African-American populations, or communities that have underperforming public schools—targeted voucher programs may produce discrete benefits. Such programs will not be the silver bullet that will rescue urban education, but they are unlikely to produce the negative consequences that voucher opponents fear.

Evidence on existing charter laws is harder to summarize, because variation across states is dramatic in terms of both the provisions of the laws and the observed empirical effects. Existing charter schools frequently satisfy a parental demand and are producing mixed but promising academic results. Other effects are ambiguous or unknown.

The implications of the existing findings for larger-scale choice programs, however, are unclear. Using evidence from small voucher/charter programs to infer the outcomes of large-scale choice programs is not easy, for several reasons. First of all, the voucher experiments providing some of the best evidence on achievement effects are “black boxes”—i.e., they do not allow a look “inside” to explain the mechanisms that produce what appears to be an achievement advantage for low-income African-American students who use vouchers. The possible explanations for the observed achievement difference are wide ranging, and different explanations have pro-

foundly different implications for whether the effect is reproducible in a larger-scale program. If, for example, these voucher students benefited only because the program put them in classrooms with high-achieving peers, then the effect might disappear in a larger-scale program that puts large numbers of low-achieving students in voucher classrooms together. Similarly, if the experimental advantage is attributable to a context of underperforming public schools, then a universally available alternative might show no advantage when compared to a broader range of higher-performing public schools. Other mechanisms that could explain the experimental findings may be more easily duplicated on a larger scale. Until the source of these findings is known, however, there is no way to know whether they apply to larger-scale programs.

Similar issues arise with respect to achievement in charter schools. The existing studies show mixed results, with some agreement that academic achievement is lowest in the first year of a charter school's existence. Programs that seek to open large numbers of new charters should not expect high achievement in the short term.

The empirical effects on the dimensions of access and integration will almost certainly differ for large-scale programs. Most existing voucher programs serve low-income or other at-risk students because they are explicitly designed to do so, with eligibility tied to income or to performance of the local public school. Universally available voucher programs, by contrast, may disproportionately benefit highly educated and upper-income families that have the means to take advantage of them, particularly if the programs are funded at low levels and permit supplemental tuition payments. This is especially likely to be true of education tax subsidies that provide support for private-school tuition through income-tax credits, deductions, or exclusions. Similarly, large-scale choice programs (whether voucher or charter) are more likely to undermine school-level integration than are escape-valve vouchers that put low-income children in existing private schools.

The economic costs of large-scale voucher/charter programs are also highly unpredictable. They depend not only on the program's design details, but also on the "take-up rate"—i.e., the number of students who switch schools to participate in the program. Costs will go up if students switch into higher-cost schools, but costs could actually

decline if students switch from higher- to lower-cost schools. The existing escape-valve programs provide little guidance on what the take-up rate of universally available programs would be.

But even if the findings of small-scale programs are theoretically generalizable, programs in the process of scaling up may encounter unexpected difficulties. Scaleup often results in a distortion of the original conditions that made treatment effective. Newly established voucher/charter schools may or may not be as effective as pre-existing private schools. High-quality, nonprofit providers (including religious institutions) may lack the capacity and incentive to expand, and the supply may be filled largely by for-profit school operators, whose effectiveness is as yet unknown.

Vouchers and charters may in some respects be relatively easy to scale up, however, because they are not programmatic and can be uniquely sensitive to local needs and desires. They are fully compatible with all programmatic reforms in that they are chosen and implemented at the school level rather than imposed from above. In consequence, they may bypass at least a few of the implementation and scaleup problems that have undermined various types of educational reforms over the past 30 years. Whether they will succeed in doing so—and in producing the achievement, access, liberty, integration, and civic socialization outcomes desired from America's schools—remains to be seen.

A Note on Universal-Choice Systems

The most ambitious voucher/charter programs would replace the existing system of educational governance and finance with an entirely new system in which all schools are autonomous and every family must choose a school. Direct evidence on such programs is very limited, however, because they have never been fully implemented in the United States.

Universal-choice systems would, of course, encounter many of the implementation challenges described above. In addition, because such proposals would directly change the entire educational system, they have the potential to create larger effects—both positive and negative—than do other varieties of programs. Systemic effects

would not merely stem indirectly from competition or from “cream skimming” (i.e., the drawing away of high-achieving students), but would follow directly from the changes to all public schools. These proposals therefore could create either the greatest benefit or the greatest harm. Care in the design details might permit construction of a universal-choice program that could avoid negative consequences and perhaps produce substantial benefits—but predicting such benefits depends for now on theory rather than existing evidence.

Considerations in Policy Design

Despite the large number of remaining uncertainties about the empirical effects of vouchers and charters, it is possible to provide some guidance on how to intelligently design the details of voucher/charter programs. Policymakers considering voucher or charter laws can maximize program benefits and mitigate harm through thoughtful policy design. We consider a series of questions that address the relationship between policy details and empirical effects in each of the five key outcome dimensions. Because tradeoffs among desired outcomes may sometimes be necessary, the ideal design depends to some extent on how policymakers value the various outcomes promoted by the educational system. Nevertheless, the relationship among outcomes is sometimes complementary rather than competitive: a few of the same policy prescriptions can serve multiple purposes.

The following prescriptions should be considered tentative rather than definitive. They are promising policy options based on plausible inference from the available evidence.

How might policymakers maximize the likelihood that voucher/charter schools will be academically effective?

- Include existing private and parochial schools
- Enforce requirements for testing and information dissemination
- Do not skimp on resources

How might policymakers maximize the likelihood that systemic effects on nonchoosers will be positive rather than negative?

- Establish communication among schools
- Impose consequences on schools that do not perform at acceptable levels
- Give public schools the autonomy to act competitively
- Require open admissions
- Require all students to choose

How can policymakers ensure that a substantial number of autonomous schools will be available?

- Permit existing private and parochial schools to participate
- Provide generous funding
- Avoid overregulation
- Create multiple chartering authorities, including but not limited to the local school board

How can policymakers ensure that autonomous schools will serve low-income and special-needs students?

- Actively disseminate information about schools
- Target specific students
- Forbid tuition add-ons
- Provide generous funding
- Use a direct funding method rather than funding through the income-tax system
- Provide supplemental funding for students with special needs
- Require open admissions

How can policymakers promote integration in programs of autonomous schooling?

- Require open admissions

- Target communities with racially homogeneous public schools
- Include existing private and parochial schools
- Reward integration financially

How can policymakers ensure that voucher/charter schools will effectively socialize their students to become responsible citizens of our democracy?

- Disseminate information about mission, values, curriculum, and outcomes

CONCLUSION

Our review of the evidence leaves us without a crisp, bottom-line judgment of the wisdom of voucher and charter programs. Prudent observers will note that, at the current scale of things, many important questions cannot be answered at all, notably those concerning total demand, supply response of educational providers, and school characteristics and performance at scale—or final impact on public schools in the new equilibrium. Moreover, in important respects—notably civic socialization—the effects of current or proposed autonomous schools are virtually unknown. And design is crucial: autonomous school policy can be targeted or not, regulated or not, generously funded or not, inclusive of existing providers or not. Each of these policy levers has important implications for student outcomes. A program of vigorous research and experimentation is called for, but not one confined to choice programs. Better information on the performance of conventional public schools and alternative reform models is needed as well. In the meantime, political decisions will undoubtedly be made, for and against vouchers and charter schools. They will be informed by good evidence, one hopes, but will not be fully justified by it for many years to come.