



# School Choice Basics

# Cascade Policy

School reformers increasingly realize the need for a new approach to education, one that empowers parents and teachers with greater opportunities to meet the needs of students. Broadly defined, these proposals are called *school choice*.

This brochure provides an overview of education reform and outlines the most common choice proposals. For more information refer to *The case for choice in schooling*, published by Cascade Policy Institute and available at [www.cascadepolicy.org](http://www.cascadepolicy.org) or by calling (503) 242-0900.

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# History lesson

## AN OVERVIEW OF AMERICAN SCHOOLS

In early America the vast majority of schools were independent of government control. There were many varieties of private schools, both secular and religious; some received minimal local tax support and others were entirely financed through tuition. Free schools were established by philanthropists to meet the educational needs of the poor.

In the mid-1800s the idea to create government funded “common schools” gained popularity. The movement arose as wave after wave of immigrants arrived in America and was motivated in part by a desire to establish cultural and religious order among immigrant children. Whether intentional or not, the loss of parental control was one outcome.

Challenges to private schooling reached a peak in 1922 when Oregon voters passed the Compulsory Education Act, strongly supported by the Ku Klux Klan, as a way to eliminate Catholic schooling. The Act required all children ages 8 to 16 to attend government—and only government—schools. Seventeen other states were considering similar legislation until a 1925 U.S. Supreme Court decision declared the law unconstitutional.

Private education continued, but with a much smaller market share. Today 90 percent of students nationwide and 93 percent in Oregon attend government schools.

The move toward a standardized government school system has produced varied results. Many children receive an acceptable education, but a large number do not. Unfortunately, the current education system has segregated people by income, creating a gulf of learning opportunities that is simply too wide for many parents to cross.

School choice bridges these gaps by empowering all parents, particularly low-income parents, with the freedom and opportunity to choose a better education for their children.



## Modern reform approaches

The United States began a path towards significant reform of the public education system shortly after the 1983 publication of *A Nation at Risk*, a landmark report by the National Commission on Excellence in Education that outlined many of the problems in American schools. High dropout rates and low test scores highlighted the need for changing the education system. Education reforms can generally be classified into the following three categories.

### REGULATIONS

Regulatory reforms include extending instructional time, tightening teacher certification requirements, and imposing national or state standards and testing. In Oregon the cornerstone regulatory reform was the 1990 Education Act for the 21<sup>st</sup> Century, which initiated statewide assessment tests.

Additional regulations are a politically expedient and often popular means of addressing a problem, but they have failed to turn around a large-scale decline in education. Worse, increased regulations limit the flexibility and effectiveness of schools by replacing the professional judgment of educators with that of politicians.



## RESOURCES

Resource reforms include increased funding, new textbooks, wiring schools for Internet access, renovating or updating school facilities, reducing class size and other measures related to financial expenditures. There are frequent calls for more money, however dramatic funding increases have not led to improved student performance. Nationally, inflation-adjusted per pupil spending doubled between 1970 and 1997, but average SAT scores declined by 27 points.

In Oregon, inflation-adjusted per pupil spending in 1966-67 was \$3,354. Today, education is the largest item in the Oregon state budget; state and local expenditures amount to more than \$3.5 billion per year, or over \$7,000 per student. Despite increased funding, the state reports that only about one in three high school seniors passed the tests necessary to receive a Certificate of Initial Mastery in 2001.

The reason why spending more money has not improved education is best explained by Albert Shanker, former president of the American Federation of Teachers:

*It's time to admit that public education operates like a planned economy, a bureaucratic system in which everybody's role is spelled out in advance and there are few incentives for innovation and productivity. It's no surprise that our school system doesn't improve: It more resembles the communist economy than our own market economy.*



## INCENTIVES

Where regulations and resources have failed, policy-makers are increasingly turning to incentive-based reforms.

To give schools greater incentive and ability to meet the needs of their students, many education reformers now advocate decentralization, empowering local principals and teachers, and increased competition through school choice plans that allow parents to control the spending of education funds for their children.

Choice proposals remove the financial and political barriers that prevent families from choosing the safest and best education for their children. Schools will no longer have a captive audience based on neighborhood assignment. Instead, they will attract students through voluntary enrollment. Underachieving schools will be forced to improve or lose students and ultimately go out of business.

Through school choice, families will no longer have to wait for a remote, slow-moving political process to produce positive change. Parents will be able to “vote with their feet” to select the best public or private schools for their children.



# Glossary of terms

**SCHOOL CHOICE COMES IN MANY FORMS, THE MOST PROMINENT OF WHICH ARE DEFINED BELOW.**

**Charter schools** are government schools that attract students through voluntary enrollment rather than geographic assignment. Charter schools receive funding from the state based on the number of students attending and typically operate with fewer regulations than traditional government schools.

*Examples: 37 states, including Oregon, charter schools*

**Vouchers** are forms of payment from government to an individual for the purchase of a particular good or service in the open market. Education vouchers can be used for all education expenses or just certain ones such as tuition, transportation, etc. Food stamps, Medicaid, the G.I. Bill and Pell Grants for higher education are all forms of vouchers.

- **Means-tested vouchers** allow only low-income families to direct government education funds for use at the public, private or religious schools of their choice.  
*Examples: Milwaukee, Cleveland*
- **Failing school vouchers** allow parents whose children attend schools considered failing by the government to direct education funds to the school of their choice.  
*Examples: Florida*
- **Universal vouchers** allow all parents to direct government education funds for use at schools of their choice.  
*Examples: Currently none*



**Education tax credits/deductions** provide parents with tax relief to offset the cost of selecting alternative government or private schools for their children. These may be granted for any or all expenses, including tuition, textbooks, transportation and extracurricular fees. Credits are dollar-for-dollar refunds for approved expenses; deductions lower a family's taxable income.

*Examples: Arizona, Illinois, Iowa, Pennsylvania, Florida, Minnesota*

**Universal tuition tax credits** allow any taxpayer—individual or business—to contribute to the education of any K-12 student and receive a dollar-for-dollar credit against taxes owed. Incentives for businesses and individuals help ensure that scholarship funds are available for students whose parents do not pay income taxes.

*Examples: Currently none*

**Private scholarship programs** use charitable donations rather than government funds to help parents send their children to a school of choice. Some programs cover a portion of tuition costs, requiring a family contribution, and some are only available to low-income families.

*Examples: More than 50,000 students have benefited from nearly 100 private scholarship programs across the country. The Children's Scholarship Fund – Portland, facilitated by Cascade Policy Institute, is one example.*



# Frequently asked questions

## **Will school choice improve racial and economic diversity in schools?**

Yes. Many urban private schools already reflect greater diversity than their government counterparts because student bodies are determined by parents of every background seeking the best educational opportunities. By contrast, government schools are often the most segregated because they draw students from neighborhoods that are already stratified.

## **Will parents make good education decisions?**

Yes. Common sense and experience tell us that most parents make good decisions for their children. For example, parents exercise responsibility in deciding their children's housing, food, health care, clothing, and religion. High demand for private scholarship programs and other choice options demonstrates that families are motivated to select a better education for their children.

New resources such as online report cards about schools are already becoming available to help parents compare the public and private schools in their areas. As the American education system continues to provide more options and competition, information sources similar to *Consumer Reports* can be expected to develop.

## **Will school choice drain money from public schools?**

No. In fact, many choice programs increase per pupil state education funding. Students who exercise choice receive either a credit or voucher worth less than the state's current per pupil funding, leaving the government school system with more money per pupil and fewer students to educate.

Government schools are the highest priority in Oregon's state budget, accounting for nearly half of the state's general fund spending. School choice will make the education system more financially efficient and responsible with its resources.

## **Will school choice benefit teachers?**

Yes. In addition to competing for students, schools will compete for teachers in a liberalized education market. Teachers will be able to choose from a greater number of employers and find the most fulfilling work environment.

Evidence shows that teachers who work in private schools are more satisfied than those in government schools. Private school teachers typically enjoy increased freedom to teach, greater school discipline, and higher parental involvement.



## **Does school choice violate separation of church and state?**

No. Because the primary purpose of school choice is to allow parents more control over education, not to support religion, choice plans are likely constitutional.

Across the country courts have ruled in favor of school choice plans, both vouchers and tax credits. Well-established voucher programs for food, medicine and higher education have all been ruled constitutional, even if people use their vouchers at religious institutions.

## **Can private schools meet new levels of demand?**

Yes. Many private schools currently have the capacity to accommodate new students. School choice plans will create demand to encourage existing schools to expand and new schools to open.

Additionally, some plans allow for gradual implementation so that private and public schools can adjust to new levels of demand over time. To provide for a smoother transition for example, school choice proposals could initially apply only to low-income students.







# Resources

**Cascade Policy Institute  
Children's Scholarship Fund – Portland**  
Portland, Ore.  
(503) 242-0900  
[www.cascadepolicy.org](http://www.cascadepolicy.org)

**Black Alliance for Educational Options**  
Washington, D.C.  
(202) 544-9870  
[www.baeso.org](http://www.baeso.org)

**Cato Institute**  
Washington, D.C.  
(202) 842-0200  
[www.cato.org](http://www.cato.org)

**Center for Education Reform**  
Washington, D.C.  
(800) 521-2118  
[www.edreform.com](http://www.edreform.com)

**Henry Hazlitt Foundation/Heartland Institute**  
Chicago, Ill.  
(312) 494-9440/(312) 377-4000  
[www.schoolreformers.org](http://www.schoolreformers.org)

**Milton and Rose Friedman Foundation**  
Indianapolis, Ill.  
(317) 681-0745  
[www.friedmanfoundation.org](http://www.friedmanfoundation.org)

**Thomas B. Fordham Foundation**  
Washington, D.C.  
(202) 223-5452  
[www.edexcellence.net](http://www.edexcellence.net)



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