

Executive Summary Background

No. 2332

November 4, 2009

Revised and updated November 12, 2009



Published by The Heritage Foundation

School Choice in America 2009: What it Means for Children's Futures

Lindsey Burke

In 2009, more students than ever are benefiting from school choice. Today, millions of America's students exercise public-school choice, attend private schools, and are schooled at home. Policies that strengthen parental choice in education have been enacted at the state and national levels, which has led to a steady increase in the percentage of families who exercise school choice.

This year, families are being served by private-school-choice initiatives in 15 states and the District of Columbia. The parents of more than 190,000 school children are making use of scholarships and vouchers to send their children to private schools—made possible by corporate and individual tax credits for tuition and for donations that fund scholarships. Millions of children are also taking advantage of other school-choice policies such as public-school choice, charter schools, virtual education, and homeschooling.

Despite the proliferation of school-choice options, nearly three-quarters of American children remain in government-assigned public schools—too many of which fail to provide children with even basic education and safety.

Congress and state legislators should enact policies that will ensure that every family has this opportunity.

School Choice in America. Researchers have found that such programs increase academic

achievement, student safety, and parental involvement. School-choice policies have a positive impact on school systems by increasing efficiency through competition and by saving taxpayer resources.

So far in 2009, four states—Arizona, Florida, Indiana, and Iowa—have implemented policies that expand private-school-choice options to families.

In Arizona, Lexie's Law will allow students currently enrolled in special-needs or foster-scholarship programs to complete the school year thanks to corporate tax credits for donations made to the scholarship program. Individuals are now able to deduct contributions from their paychecks, which will make it easier for people to plan their donations. In Florida, the state's tax-credit program for contributions to organizations that provide scholarships to low-income children was expanded in 2009, and now also includes foster children. Indiana has a new scholarship tax-credit program, and Iowa expanded the tax-credit program to include corporations in addition to individuals.

Unfortunately, not all of the past year's developments were positive for the parental school-choice

This paper, in its entirety, can be found at:
www.heritage.org/Research/Education/bg2332.cfm

Produced by the Domestic Policy Studies Department

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

movement. School-choice programs in Arizona, Wisconsin, and the District of Columbia (where the highly successful D.C. Opportunity Scholarship Program is being phased out) all experienced setbacks. These setbacks illustrate that there continues to be resistance to school choice.

Public elementary and secondary schools in the United States fail to educate millions of children who pass through them each year. Low academic achievement as evidenced through national assessments, low graduation rates, and the resulting negative impact on life outcomes are reasons for concern. The “achievement gap” between white and black students persists, and children from lower socioeconomic backgrounds continue to be poorly served by America’s public schools.

What Congress and State Policymakers Should Do. To improve educational opportunities for all children, federal, state, and local policymakers should expand school choice options for American families.

Specifically, Congress should:

- **Reform major federal programs like Title I and the Individuals with Disabilities Education Act to allow states to let parents choose the right school for their child and let federal funding follow the child;**
- **Restore state and local control in education by offering an alternative to No Child Left Behind (NCLB); and**
- **Reauthorize and expand the D.C. Opportunity Scholarship Program.**

State and local leaders should:

- **Strengthen private-school choice;**
- **Lift caps on charter schools and pass strong charter-school laws, that guarantee multiple authorizers, autonomy, and limited restrictions on charter growth;**
- **Expand other public-school-choice options;**
- **Expand online learning opportunities;**
- **Create and expand education savings options for parents; and**
- **Protect homeschooling.**

Conclusion

In 2009, 23 private-school-choice programs served families in 15 states and the District of Columbia. More than 190,000 children are benefiting from school choice options. All but four states allow public-school choice, charter schools are proliferating, and homeschooling is legal in every state. Online learning is flourishing as a viable alternative to the traditional “four walls” model of schooling, providing families with yet another educational option.

Despite these promising developments, millions of children remain trapped in low-performing, often dangerous government schools. State lawmakers, along with Members of Congress, must expand school choice to ensure that every child has the opportunity to attend a safe and effective school.

—Lindsey Burke is a research assistant in domestic policy studies at The Heritage Foundation.

Background

No. 2332

November 4, 2009

Revised and updated November 12, 2009



Published by The Heritage Foundation

School Choice in America 2009: What it Means for Children's Futures

Lindsey Burke

Abstract: *School choice—what does it mean for American's daily lives? It means that more and more parents are able to send their children to safer, better schools. It means that low-income and special-needs children across the country are attending a public or private school of their parents' choice. It means that students need not remain trapped in failing and dangerous schools—though too many students still are. Congress, as well as state and local policymakers, must enact policies that give all American children the opportunity to learn and achieve. This Heritage Foundation report details the latest school-choice facts and figures for the 2009–2010 school year.*

In 2009, more students than ever are benefiting from school choice. Today, millions of America's students exercise public school choice, attend private schools, and are schooled at home. Policies that strengthen parental choice in education have been enacted at the state and national levels, which has led to a steady increase in the percentage of families who exercise school choice.

This year, families are being served by various private-school-choice initiatives in 15 states and the District of Columbia. The parents of more than 190,000 school children are making use of scholarships and vouchers to send their children to private schools—made possible by corporate and individual tax credits for tuition and for donations that fund scholarships.¹ In addition to private-school-choice options, millions of children are also taking advantage of other school-

Talking Points

- Parental school choice is providing more children than ever with the opportunity to attend a safe and effective school.
- In 2009, 23 private-school-choice programs are benefiting families in 15 states and the District of Columbia. Millions of children are also benefiting from other school-choice policies, such as public-school choice, charter schools, virtual education, and homeschooling.
- More than 190,000 children are benefiting from a myriad of private-school choice programs, at least 1.5 million children are being homeschooled, and an estimated 1.4 million children attend a public charter school.
- School choice boosts parental satisfaction, improves students' academic achievement, and improves the efficiency and performance of the traditional public school system by promoting healthy competition.
- Yet, millions of children remain trapped in public schools that fail to meet even basic academic and safety standards. Nearly three-quarters of American children remain in government-assigned public schools.
- State lawmakers, along with Congress, should expand school choice to ensure that every child has the opportunity to get an education in a safe environment.

This paper, in its entirety, can be found at:
www.heritage.org/Research/Education/bg2332.cfm

Produced by the Domestic Policy Studies Department

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

choice policies, such as public-school choice, charter schools, virtual education, and homeschooling. Despite the proliferation of school-choice options, nearly three-quarters of American children remain in government-assigned public schools,² too many of which fail to provide a real education or even basic safety.

While many American families are now able to send their children to safer, better schools, Congress and state legislators should enact policies to ensure that every family has this opportunity.

School Choice in America

As of August 2009,

- Eight states—Florida, Georgia, Louisiana, Maine, Ohio, Utah, Vermont, Wisconsin—and the District of Columbia provide taxpayer-funded scholarships that allow children to attend private elementary and secondary schools of their parents' choice;
- Seven states—Arizona, Florida, Georgia, Indiana, Iowa, Pennsylvania, and Rhode Island—offer education tax credits to encourage businesses and individuals to make donations to organizations that provide tuition scholarships to students to attend private school;
- Four states—Illinois, Iowa, Louisiana, and Minnesota—offer tax deductions or credits for education-related expenses, including private-school tuition;
- In all, 15 states and Washington, D.C., currently have policies that support private school choice;

- Forty states and the District of Columbia have charter school laws, which allow for the creation of charter schools—public schools that are free from many of the regulations imposed on traditional public schools, but are held accountable to the same achievement measures as their traditional counterparts. This allows charter schools to be more flexible—and innovative—than traditional public schools;³
- Forty-six states have policies that permit public-school choice;⁴
- Homeschooling is legal in every state;⁵ and
- Millions of students take classes online.

Private-School Choice

Private-school-choice policies provide public support for parents to choose a private school for their children. Private-school-choice policies include vouchers and scholarship programs that let parents use a portion of their child's public-school funding to enroll in a private school. They also include tax credits or deductions that provide tax rebates or relief for the purchase of private-school tuition, or for making a donation to a charity that awards tuition scholarships. In 2009, eight states and the District of Columbia provided taxpayer-funded scholarships to children to attend private school. Ten states permitted education tax credits or deductions to enhance school-choice options. Following is an overview of the policies of the 15 states and the District of Columbia that allow private-school choice:

1) Arizona. Families in Arizona benefit from two different private-school-choice programs. Since 1997, the state has provided a dollar-for-dollar state

1. Author's calculations based on the approximate number of scholarship recipients in various states: 30,446 (AZ); 43,789 (FL); 2,696 (GA); 8,737 (IA); 640 (LA—New Orleans); 14,012 (ME—town tuitioning); 20,458 (OH); 53,000 (PA); 280 (RI); 583 (UT); 2,459 (VT—town tuitioning); 19,538 (WI—Milwaukee); and 1,715 (Washington, D.C.). Numbers based on information provided by state Departments of Revenue and state Departments of Education.
2. Michael Planty, William Hussar, Thomas Snyder *et al.*, "The Condition of Education, 2009," U.S. Department of Education, National Center for Education Statistics, 2009, at <http://nces.ed.gov/pubs2009/2009081.pdf> (October 23, 2009).
3. The Center for Education Reform, "Race to the Top for Charter Schools—Which States Have What It Takes to Win: Ranking and Scorecard 2009," 2009, at http://www.edreform.com/_upload/ranking_chart.pdf (October 19, 2009).
4. Education Commission of the States, "School Choice State Laws: State Comparisons," 2008, at <http://mb2.ecs.org/reports/Report.aspx?id=206> (October 19, 2009). Alabama, the District of Columbia, Maryland, North Carolina, and Virginia have not enacted open enrollment.
5. Home School Legal Defense Association, "State Laws," at <http://www.hslda.org/laws/default.asp> (October 19, 2009).

income-tax credit for individuals who make contributions to non-profit organizations that award private-school scholarships to students. This individual scholarship tax credit is currently capped at \$500. In 2009, more than 27,000 children received scholarships that were funded by the tax-credit program, whose 78,000 supporters donated a total of more than \$55 million.⁶ Moving forward, the individual scholarship-tax-credit program could increase in popularity. In July 2009, Governor Jan Brewer signed legislation that now allows individuals to deduct contributions directly from their paychecks, making it easier for people to plan their donations and will thus likely strengthen the tax-credit program.⁷

Families in the Grand Canyon state also benefit from the Corporate Scholarship Tax Credit Program, which allows corporations to take a dollar-for-dollar tax credit for donations made to private-school tuitioning organizations that provide scholarships to students. Scholarships provided through the state Corporate Scholarship Tax Credit Program—up to \$4,300 per child for kindergarten through eighth grade, and up to \$5,600 per child for grades nine through 12—are limited to families whose incomes are below 185 percent of the federal poverty line.⁸ In 2008, nearly \$12 million was contributed by corporations for tuition scholarships, with a total of 2,967 scholarships awarded for the 2008–2009 school year.⁹ Corporate tax credits in Arizona were capped at \$17.2 million for program

contributions in 2009. In March 2009, the Arizona Court of Appeals upheld the state constitutionality of the Corporate Scholarship Tax Credit Program in *Green v. Garriott*, rejecting a suit brought by the American Civil Liberties Union (ACLU).¹⁰

In 2009, eight states and the District of Columbia provided taxpayer-funded scholarships to children to attend private school.

Since 2006, Arizona had also offered two school-voucher programs for specific student populations: special-needs students and foster children. During the 2008–2009 school year, the Arizona Scholarships for Pupils with Disabilities program served 224 children, and the Displaced Pupils Choice Grant program served 255 foster children.¹¹

In 2009, both the special-needs scholarship program and the scholarship program for foster children were ruled unconstitutional in *Cain v. Horne* in another suit brought by the ACLU and other organizations. The court ruled that the programs violated the Arizona constitution, which prohibits the use of state funds to support religious schools.¹² Shortly thereafter, Governor Brewer signed Lexie's Law, which will allow students currently enrolled in the program to complete the school year thanks to corporate tax credits for donations made to the scholarship program.¹³ Lexie's Law created a new revenue source using tax credits for children who

-
6. "Individual Income Tax Credit for Donations to Private School Tuition Organizations: Reporting for 2008, Executive Summary," State of Arizona, Department of Revenue, Office of Economic Research and Analysis, April 2008, at <http://www.azdor.gov/Portals/0/Reports/private-school-tax-credit-report-2008.pdf> (October 23, 2009).
 7. Press release, "Arizona Governor Signs Laws to Strengthen Two School Choice Programs," Alliance for School Choice, July 14, 2009, at <http://www.allianceforschoolchoice.org/MediaCenter/PressReleases/index.cfm?ID=3594&blnShowBack=False&idContentType=115> (October 19, 2009).
 8. School Choice Arizona, Inc., "Frequently Asked Questions and Answers about the Arizona Corporate Scholarship Tax Credit," at <http://www.schoolchoicearizona.org/images/newPDFs/8-30-07faq-updated-new%20address.pdf> (October 19, 2009).
 9. "Individual Income Tax Credit for Donations to Private School Tuition Organizations: Reporting for 2008, Executive Summary," State of Arizona.
 10. Tim Keller, "Despite Legal Setback, School Choice Secured for Arizona Special Needs Kids," Institute for Justice, June 2009, at http://free.ij.org/index.php?option=com_content&task=view&id=2765 (October 19, 2009).
 11. Author e-mail correspondence with a representative from the Arizona Department of Education, September 1, 2009.
 12. Keller, "Despite Legal Setback, School Choice Secured for Arizona Special Needs Kids."
 13. *Ibid.*

had been eligible for state-funded scholarships served by these programs.¹⁴ In addition, a new tax-credit program was created by the Arizona legislature to provide tuition assistance to families participating in the foster scholarship program.¹⁵

2) Florida. Florida offers two private-school-choice programs. The McKay Scholarship Program, which began in 1999, provides scholarships for a private school of choice to children with disabilities. According to the Florida Department of Education, 20,530 students received scholarships to attend a private school in 2008. In all, the McKay program awarded \$133 million in scholarships during the 2008–2009 school year.¹⁶ The scholarship amount is based on the amount a child’s assigned public school would have spent, or the cost of private-school attendance, whichever is less.¹⁷ During the 2008–2009 school year, scholarships averaged \$7,295 per child and were used at 897 participating private schools.¹⁸

Florida also offers tax credits to corporations that contribute money to private-school scholarships for students with disabilities. The Corporate Tax Credit Scholarship Program, also known as “Step Up for

Students,” which began in 2001, allows corporations to take a dollar-for-dollar tax credit for contributions to scholarship-funding organizations (up to 75 percent of their state income tax liability).¹⁹ For fiscal year 2009, tax credits were capped at \$118 million for the program.²⁰ Last year, 23,259 students attended 988 different private schools using scholarships funded by the Corporate Tax Credit Scholarship Program.²¹ During the 2008–2009 school year, the average scholarship was \$3,950.²² In 2009, the tax-credit program was also expanded to give the dollar-for-dollar credit to insurance companies.²³ In 2008, the program was expanded to extend scholarship eligibility to foster children.²⁴

3) Georgia. Georgia has two private-school-choice programs. In 2007, Governor Sonny Perdue signed the Georgia Special Needs Scholarship (GSNS) program into law. GSNS provides scholarships for a private school of choice to students with disabilities. The amount of each scholarship is equal to what was allotted for the child’s public school education, or for the amount of tuition at the child’s chosen private school, whichever is less.²⁵ During the 2008–2009 school year, 1,596 students received scholarships for 145 different private schools under

14. Friedman Foundation for Education Choice, “School Choice Legislation,” *The School Choice Advocate*, August 2009.

15. Arizona Department of Education, “Displaced Pupils Choice Grant Program,” June 2009, at <http://www.ade.az.gov/displacedpupilgrants> (October 19, 2009).

16. Office of Independent Education and Parental Choice, “John M. McKay Scholarship Program: June 2009 Quarterly Report,” Florida Department of Education, June 2009, at http://www.floridaschoolchoice.org/Information/McKay/quarterly_reports/mckay_report_june2009.pdf (October 19, 2009).

17. U.S. Department of Education, “Education Options in the States,” 2008.

18. Office of Independent Education and Parental Choice, “John M. McKay Scholarships for Disabilities Program,” Florida Department of Education, February 2009, at http://www.floridaschoolchoice.org/Information/McKay/files/Fast_Facts_McKay.pdf (October 19, 2009).

19. U.S. Department of Education, “Education Options in the States.”

20. Office of Independent Education and Parental Choice, “Corporate Tax Credit Scholarship Program: February Quarterly Report 2009,” Florida Department of Education, February 2009, at http://www.floridaschoolchoice.org/Information/CTC/quarterly_reports/ctc_report_feb2009.pdf (October 19, 2009).

21. *Ibid.*

22. Office of Independent Education and Parental Choice, “Corporate Tax Credit Scholarship Program,” Florida Department of Education, February 2009, at http://www.floridaschoolchoice.org/Information/CTC/files/ctc_fast_facts.pdf (October 19, 2009).

23. “School Choice Legislation,” *The School Choice Advocate*.

24. Geoffrey Goodman, *School Choice Yearbook 2008–09*, Alliance for School Choice, 2009, at http://www.allianceforschoolchoice.org/UploadedFiles/ResearchResources/Yearbook_02062009_finalWEB.pdf (October 19, 2009).

25. *Ibid.*

School Choice Programs for the 2009–2010 School Year

State	Program	Year Enacted	Overview	People Served
Arizona	Individual Scholarship Tax Credit	1997	Dollar-for-dollar state income-tax credit for individuals who make contributions to non-profit organizations that award private-school scholarships to students.	27,000
	Corporate Scholarship Tax Credit	1997	Dollar-for-dollar tax credit for corporations that make donations to private-school tuitioning organizations.	2,967
Florida	McKay Scholarship Program	1999	Scholarships for children with disabilities to attend a private school of their parents' choice.	20,530
	Corporate Tax Credit Scholarship Program	2001	Dollar-for-dollar tax credit to corporations that contribute money to private-school scholarships for students with disabilities.	23,259
Georgia	Georgia Special Needs Scholarship Program	1997	Private-school scholarships for students with disabilities.	1,596
	Georgia Tax Credit for Private School Costs and Scholarship Donations	2008	Tax credits to individuals and corporations for donations to Georgia Student Scholarship Organizations.	1,100
Illinois	Education Expenses Credit	2000	Tax credits for education expenses.	238,119
Indiana	School Scholarship Tax Credit	2009	Tax credits for contributions to scholarship-granting organizations.	*
Iowa	School Tuition Organization Tax Credit	2006	Income-tax credits for contributions scholarship organizations.	8,737
	Tax Credits for Educational Expenses	1987	Tax credits for educational expenses, including expenses incurred at private schools.	192,000
Louisiana	Louisiana Student Scholarships for Educational Excellence Program	2008	Scholarships for low-income New Orleans children to attend private school.	640
	Elementary and Secondary School Tuition Deduction Program	2008	50 percent tax deduction for families for educational expenses incurred at public or qualified private schools.	**
Maine	Town Tuitioning Program	1873	Scholarships for students whose town has no public school to attend a public or private school in another area.	14,012
Minnesota	K-12 Education Credit Program	1955	Tax credits for educational expenses.	56,372
	K-12 Education Deduction Program	1997	Tax deductions for private-school expenses.	230,000
Ohio	Cleveland Scholarship Program	1996	Scholarships for low-income Cleveland children to attend private school.	6,273
	Autism Scholarship Program	2004	Scholarships for children with autism to attend private school.	1,500
	Educational Choice (EdChoice) Scholarship Program	2006	Scholarships for children in low-performing schools to attend private school.	12,685
Pennsylvania	Educational Improvement Tax Credit (EITC) Program	2001	Tax credits for corporations that contribute to scholarship-granting organizations.	53,000
Rhode Island	Business Entity Scholarship Tax Credit Program	2008	Tax credits for corporations that contribute to scholarship-granting organizations.	280
Utah	Carson Smith Special Needs Scholarship Program	2005	Scholarships for students with special needs	583
Vermont	Town Tuitioning Program	1869	Scholarships for students whose town has no public school to attend a public or private school in another area.	2,459
Washington, D.C.	D.C. Opportunity Scholarship Program	2004	Scholarships for low-income students to attend private school.	1,715
Wisconsin	Milwaukee Parental Choice Program	1990	Scholarships for students in Milwaukee to attend private school.	19,538

* Scholarships will be available beginning in 2010. ** Deductions will be available beginning in 2009.

Sources: Heritage Foundation interviews with representatives from states' departments of education and departments of revenue.

Table I • B 2332 heritage.org

the special-needs program.²⁶ Scholarships averaged \$6,331 per child.²⁷

In 2008, Governor Perdue signed into law the Georgia Tax Credit for Private School Costs and Scholarship Donations program, which allows both individuals and corporations to receive dollar-for-dollar tax credits for donations to Georgia Student Scholarship Organizations (SSOs), which provide scholarships to children for a private school of their parents' choice. Tax credits are capped at \$1,000 for individuals, at \$2,500 for married couples filing jointly, and at 75 percent of a corporation's income tax liability.²⁸ In 2008, Georgia individuals and corporations took more than \$5 million in tax credits for donations to scholarship-granting organizations. As of September 2009, nearly \$8.5 million in tax credits had been pre-approved by the Georgia Department of Revenue for 2009.²⁹ According to education analyst David Pusey of the Center for an Educated Georgia, 22 scholarship-granting organizations provided approximately 1,100 scholarships to students in 2009 through the tax-credit program.³⁰

4) Illinois. Since 2000, parents have received tax credits for education expenses in the Prairie State. Parents can take a tax credit of up to 25 percent for education-related expenses, including private-

school tuition and book fees up to \$500.³¹ This allows for the maximum \$500 credit when education expenses reach \$2,250. In 2007, 238,119 taxpayers received an average credit of \$295.³² More than \$71 million was taken in tax credits in fiscal year 2007.³³

5) Indiana. In June 2009, Indiana Governor Mitch Daniels signed into law a new scholarship-tax-credit program. The program provides tax credits of 50 percent of each dollar contributed to organizations that grant scholarships to children for a private school of their parents' choice. The program was capped at \$2.5 million annually.³⁴ Scholarships are targeted at low- and middle-income families, and will be available beginning in 2010.³⁵

6) Iowa. Iowa has two private-school-choice programs: a state income-tax credit for tuition expenses, and a scholarship tax credit to encourage contributions to scholarship-granting organizations. Residents of the Hawkeye State may receive tax credits for educational expenses, including expenses incurred at private schools for tuition and textbooks. Parents can take a tax credit of 25 percent for educational expenses, up to \$1,000 per child. More than 192,000 taxpayers received education tax credits in 2007, totaling \$15.3 million.³⁶

26. Kathy Cox, "2008–2009 Georgia Special Needs Scholarship Program (GSNS) Preliminary Data Report," Georgia Department of Education, November 18, 2008, at <http://public.doe.k12.ga.us/DMGetDocument.aspx/Preliminary%20Report%20-%202008-2009%20Georgia%20Special%20Needs%20Scholarship%20Preliminary%20Report%20report%20sent%20to%20Legis%20120508.pdf?p=6CC6799F8C1371F6BADFFC8A157ABE2D880C32F1122808204D72B0FE7DEE905E&Type=D> (October 19, 2009).

27. *Ibid.*

28. U.S. Department of Education, "Education Options in the States."

29. Author phone conversation with a representative from the Georgia Department of Revenue, September 10, 2009.

30. Author phone conversation with David Pusey, Center for an Educated Georgia, Georgia Family Council. September 10, 2009.

31. U.S. Department of Education, "Education Options in the States."

32. *Ibid.*

33. Author phone conversation with a representative from Illinois Department of Revenue, September 1, 2009.

34. School Choice Indiana, "Indiana School Scholarship Tax Credit Plan," 2009, at <http://www.inscholarshiptaxcredit.com/faqs.htm> (October 19, 2009).

35. School Choice Indiana, "Indiana School Scholarship Tax Credit: Summary and Frequently Asked Questions," June 2009, at <http://www.inscholarshiptaxcredit.com/> (October 23, 2009).

36. Iowa Department of Revenue, "2007 Iowa Individual Income Tax Annual Statistical Report," 2007, at <http://www.iowa.gov/tax/educate/07increp.pdf> (October 19, 2009).

In addition to the tax credits for educational expenses, since 2006, the School Tuition Organization Tax Credit program has allowed taxpayers to receive an individual income tax credit for contributing to nonprofit organizations that provide scholarships to private schools.³⁷ Taxpayers receive a tax credit worth 65 percent of their donation to the organization that provides scholarships to children from families with incomes below 300 percent of the federal poverty line.³⁸ There is currently a \$7.5 million cap on the aggregate amount of the tax credits.³⁹ During the 2007–2008 school year, 8,737 scholarships were awarded to Iowa students to attend a private school of their parents' choice.⁴⁰ In 2009, the Iowa legislature expanded the tax-credit program to include corporations in addition to individuals.⁴¹

7) Louisiana. In June 2008, Louisiana Governor Bobby Jindal signed a new private-school-choice program into law, which went into effect for the 2008–2009 school year.⁴² The Louisiana Student Scholarships for Educational Excellence Program provides scholarships for New Orleans children in kindergarten through third grade from families with incomes below 250 percent of the federal poverty line. Each school year, an additional grade level will be added to the program, beginning with the addition of fourth grade for the 2009–2010 school year. For the 2008–2009 school year, the maximum scholarship amount was \$7,138,

with a total program appropriation of \$10 million.⁴³ In 2008, its first year of operation, 640 scholarships were awarded.⁴⁴

In 2008, Louisiana also created the Elementary and Secondary School Tuition Deduction program. Louisiana families can now take a 50 percent tax deduction for educational expenses incurred at public or qualified private schools, as well as qualified homeschooling expenses, up to \$5,000 per student.⁴⁵ For Louisiana parents with foster children, a full deduction may be taken for educational expenses, including tuition and fees.⁴⁶ The tax deduction program goes into effect later this year; therefore, data on participation are not yet available.

8) Maine. Since 1873, students from rural towns in Maine have taken advantage of the state's "town tuitioning" program, which provides scholarships for students to attend a public or private school in an area other than where they live, if their town lacks a public school.⁴⁷ A 1981 Supreme Court ruling prohibited religious private schools from participating in the program. During the 2007–2008 school year, 14,012 students used the town tuitioning program to attend a public or private school of choice.⁴⁸ Rural towns that send students to other districts or to private schools pay tuition directly to the school that receives the incoming student. Approximately 38 percent of students at private schools in Maine were admitted through the town tuitioning program.⁴⁹

37. U.S. Department of Education, "Education Options in the States."

38. Dan Lips, "School Choice: Policy Developments and National Participation Estimates in 2007–2008," Heritage Foundation *Background* No. 2102, January 31, 2008, at <http://www.heritage.org/Research/Education/bg2102.cfm>.

39. U.S. Department of Education, "Education Options in the States."

40. Goodman, *School Choice Yearbook*, 2008–09.

41. "School Choice Legislation," *The School Choice Advocate*.

42. *Ibid.*

43. *Ibid.*

44. Goodman, *School Choice Yearbook*, 2008–09.

45. U.S. Department of Education, "Education Options in the States."

46. *Ibid.*

47. *Ibid.*

48. *Ibid.*

49. The Friedman Foundation for Educational Choice, "School Choice Programs: Town Tuitioning Program," June 2008, at <http://www.friedmanfoundation.org/schoolchoice/ShowProgramItem.do?id=23> (October 19, 2009).

9) **Minnesota.** Minnesota residents can use the K–12 Education Credit Program, which provides tax credits for educational expenses in order to enhance existing school-choice options. A tax credit is available for qualified K–12 educational expenses up to 75 percent of the amount spent. The amount of the credit is reduced based on the number of students qualifying per family in those families whose incomes exceed \$33,500. In 2006, 56,372 families took advantage of the tax credit program, claiming an average of \$265.⁵⁰

In Minnesota, families of all income levels can take part in the K–12 Education Deduction Program, which provides tax deductions for private-school expenses.

Families of all income levels can take part in the K–12 Education Deduction Program, which provides tax deductions for private-school expenses. Parents may subtract up to \$1,625 for children through grade six, and up to \$2,500 per child in grades seven through 12. Approximately 230,000 families took advantage of the tax deduction program in 2007.⁵¹ Minnesota parents cannot claim the same expense for both a tax credit and a tax deduction.

10) **Ohio.** Ohio currently has three private-school-choice programs. Since 1996, disadvantaged children in Cleveland have been eligible for private-school scholarships, which are distributed through a lottery system. To be eligible for a scholarship, children must be from families with an annual income below 200 percent of the federal poverty line. Scholarships are worth 90 percent of tuition, up to \$3,450. The landmark *Zelman v.*

Simmons-Harris Supreme Court case upheld the constitutionality of the Cleveland scholarship program in 2002. During the 2007–2008 school year, 6,273 students received scholarships totaling more than \$18 million.⁵²

Since 2004, the Autism Scholarship Program has also been available to families in Ohio. Qualifying students can receive up to \$20,000 to attend a public or private school of choice to better meet their needs. According to the Ohio Department of Education, during the 2008–2009 school year, more than 1,500 children received scholarships through the Autism Scholarship Program.⁵³

Since 2006, students attending certain low-performing schools have been eligible to receive scholarships to attend private schools. To qualify for an Educational Choice (Ed Choice) scholarship, students in the Buckeye State must attend or be assigned to a school placed on “academic watch” or “academic emergency” for two out of the past three years.⁵⁴ The scholarships are worth up to \$4,500 for children in kindergarten through grade eight, and up to \$5,300 for students in grades nine through 12. During the 2009–2010 school year, scholarships were provided to 12,685 students to attend a private school of their parents’ choice—a 20 percent increase over the previous year.⁵⁵

11) **Pennsylvania.** Since 2001, Pennsylvania has offered businesses a tax credit to encourage charitable donations that fund tuition scholarships through the Educational Improvement Tax Credit (EITC). Under the EITC, corporations receive tax credits for contributions to scholarship organizations worth 75 percent of the amount contributed. However, companies may receive a credit worth 90 percent of their contribution if they pledge to contribute the same amount for two consecutive

50. U.S. Department of Education, “Education Options in the States.”

51. Minnesota Department of Revenue, Tax Research Division, “State of Minnesota Tax Expenditure Budget: Fiscal Years 2008–2011,” February 2008, at http://www.taxes.state.mn.us/legal_policy/other_supporting_content/2008_tax_expenditure_links.pdf (October 19, 2009).

52. *Ibid.*

53. Author phone conversation with a representative from the Ohio Department of Education, September 3, 2009.

54. Lips, “School Choice: Policy Developments and National Participation Estimates in 2007–2008.”

55. Press release, “EdChoice Voucher Awards Reach New High—Increase 20%,” School Choice Ohio, September 1, 2009, at http://www.schoio.org/PressReleases/SCO_pressReleases_09012009.html (October 19, 2009).

years.⁵⁶ The amount of tax credits available for contributions is capped at \$75 million during the 2009 fiscal year. Nearly 53,000 students received scholarships during the 2008–2009 school year worth approximately \$1,200 each.⁵⁷

12) Rhode Island. During the 2008–2009 school year, more than 280 students received scholarships to attend a private school of their parents' choice thanks to the Rhode Island Business Entity Scholarship Tax Credit Program, which began in 2007. Businesses can receive a tax credit of 75 percent of their contribution to a scholarship-granting organization. To encourage consistency in donations, businesses that match 80 percent of their prior year's donation are eligible to receive a 90 percent tax credit in the second year. Donations are capped at \$100,000.⁵⁸ Scholarships may be awarded to students from families below 250 percent of the federal poverty line. The scholarship program is capped at \$1 million.⁵⁹

13) Utah. Since 2005, Utah has awarded scholarships to students with special needs through the Carson Smith Scholarship for Students with Special Needs program. Students with disabilities may receive a voucher worth up to \$6,442.50 to attend a private school of choice. During the 2008–2009 school year, 583 students received scholarships to attend a private school.⁶⁰

14) Vermont. Since 1869, Vermont has had a “town tuitioning” program similar to Maine's, which provides scholarships to students from rural areas of Vermont that do not have public schools. Students who receive a tuitioning scholarship may attend a non-religious private school of choice.

Like the tuitioning program in Maine, the Vermont program requires the town sending the student to pay the tuition to the school that receives the student.⁶¹ The tuitioning program, which began in 1869, had 2,459 participants during the 2006–2007 school year.⁶²

15) Wisconsin. During the 1990–1991 school year, Wisconsin began offering Milwaukee students the opportunity to receive a scholarship to attend a private school of choice. During the first year of the Milwaukee Parental Choice Program (MPCP), 337 students received scholarships.⁶³ The program has increased dramatically, and, during the 2008–2009 school year, 19,538 students received a voucher for up to \$6,607 to attend a private school of choice.⁶⁴ The MPCP remains the largest urban school-choice program in the country.

Washington, D.C. In 2004, President George W. Bush signed the D.C. School Choice Incentive Act of 2003, creating the D.C. Opportunity Scholarship Program, which provides scholarships of up to

The D.C. Opportunity Scholarship Program provides scholarships of up to \$7,500 to students from low-income families to attend a private school of their parents' choice.

\$7,500 to students from low-income families to attend a private school of choice. Since 2004, families earning less than 185 percent of the federal poverty line have been eligible for the scholarships, with the average income of scholarship families being less than \$23,000 in 2009.⁶⁵ During the

56. U.S. Department of Education, “Education Options in the States.”

57. Author phone conversation with an analyst from the Pennsylvania Department of Community and Educational Development, Tax Credit Division, September 3, 2009.

58. U.S. Department of Education, “Education Options in the States.”

59. *Ibid.*

60. Author phone conversation with a representative from the Utah State Office of Education, September 3, 2009.

61. The Friedman Foundation for Educational Choice, “School Choice Programs: Town Tuitioning Program.”

62. U.S. Department of Education, “Education Options in the States.”

63. Lips, “School Choice: Policy Developments and National Participation Estimates in 2007–2008.”

64. Goodman, *School Choice Yearbook, 2008–09*.

65. Lips, “School Choice: Policy Developments and National Participation Estimates in 2007–2008.”

2008–2009 school year, 1,715 students attended 49 private schools in the District of Columbia.⁶⁶

Public-School Choice

In addition to private-school choice, many states now offer families the opportunity to choose the best public schools for their children. The National Center for Education Statistics reports that 73.2 percent of children attend an assigned public school, down from 80 percent since 1993. Sixteen percent of students attended a public school of choice in 2007, compared to just 11 percent in 1993.⁶⁷

The Education Commission of the States also reports that open enrollment policies are flourishing. Only four states—Alabama, Maryland, North Carolina, and Virginia—have not enacted some form of open enrollment.⁶⁸ Open-enrollment policies can be either *intra*-district, allowing students to choose from schools within their assigned district, or *inter*-district, allowing students to choose schools from outside their assigned district. Some states have mandatory open-enrollment policies that require districts to participate, while other states have voluntary policies, allowing districts to choose whether to participate in a public-school-choice option.⁶⁹

Some school districts have reformed their school-funding systems to provide families with greater ability to choose which school their child attends within the public system. According to education analyst Lisa Snell, at least 15 school districts now employ the weighted student formula, allowing education funding to follow a child directly to the public school of the parents' choice.⁷⁰ Districts

in Baltimore, Los Angeles, Boston, and Chicago, among others, as well as the entire state of Hawaii, have implemented the weighted student formula.⁷¹

Many students are also eligible to transfer to a different public school under federal law, at least in theory. Under No Child Left Behind, students in low-performing schools that fail to meet adequate yearly progress (AYP) benchmarks for two consecutive years are eligible to transfer to another public school of their parents' choice. But the most recent data available from the U.S. Department of Education reports that while 5.2 million children were eligible for a transfer during the 2004–2005 school year, only 48,000 did so (less than 1 percent).⁷² Low transfer rates may be a result of lack of information about the transfer option due to late notification or failure to inform parents. In addition, lack of space in higher-performing public schools contributed to the low transfer figures.⁷³

Charter Schools. The proliferation of charter schools has contributed to the increase in the number of children attending a chosen public school. Charter schools, which are publicly funded, are free from many of the rules and bureaucracy governing traditional public schools. Charter schools are held accountable by certain performance standards set by their governing authority.⁷⁴ However, charter schools generally operate with greater freedom from government regulations than traditional public schools. Charter schools are innovative and provide parents an alternative to their assigned public school.

66. Washington Scholarship Fund, "WSF Programs and Services: D.C. Opportunity Scholarship Program," 2007, at <http://www.washingtonscholarshipfund.org/programs/index.html> (October 19, 2009).

67. Planty *et al.*, "The Condition of Education 2009."

68. Education Commission of the States, "Open Enrollment: 50-State Report," State Notes, 2008, at <http://mb2.ecs.org/reports/Report.aspx?id=268> (October 23, 2009).

69. *Ibid.*

70. Lisa Snell, "Weighted Student Formula Yearbook," Reason Foundation, April 2009, at <http://reason.org/files/wsf/yearbook.pdf> (October 19, 2009).

71. *Ibid.*

72. Institute of Education Sciences, "National Assessment of Title I: Final Report, Summary of Key Findings," NCEE 2007–4014, U.S. Department of Education, revised January 2008, at http://ies.ed.gov/ncee/pdf/20084014_rev.pdf (October 19, 2009).

73. Lips, "School Choice: Policy Developments and National Participation Estimates in 2007–2008."

74. *Ibid.*

The Center for Education Reform reports that an estimated 1.4 million children are attending charter schools in 40 states and the District of Columbia this year.⁷⁵ During the 2008–2009 school year, more than 4,600 charter schools were in operation, representing 4.8 percent of all public schools.⁷⁶ Charter schools are a growing presence in many school districts across the country. The National Alliance for Public Charter Schools reports that 54.5 percent of children in New Orleans attend a public charter school, followed by 30.6 percent of students in the District of Columbia, and 28 percent of students in Southfield, Michigan.⁷⁷ Major cities, such as Dayton, Ohio; Phoenix, Arizona; Kansas City, Missouri; and San Antonio, Texas, all have well in excess of 20 percent of students attending public charter schools. As of August 2009, only 10 states—Alabama, Kentucky, Maine, Montana, Nebraska, North Dakota, South Dakota, Vermont, Washington, and West Virginia do not have charter school laws.⁷⁸

Homeschooling. Homeschooling is legal in every state and gives families the opportunity to take their children out of the traditional public- or private-school setting, allowing parents or instructors to teach their children at home. Homeschooling has experienced a significant rise in popularity in recent years. Nearly 3 percent of school-age children (1.5 million students) were homeschooled in 2007, an increase of 36 percent since 2003, and an impressive 74 percent increase since 1999.⁷⁹ Homeschooling is one of the fastest-growing

schooling trends in the United States, along with the charter-school movement.⁸⁰ Homeschooling continues to proliferate because it provides parents with an additional choice in their children's education. Growth trends suggest that homeschooling will continue to be a popular alternative to traditional

Homeschooling continues to proliferate because it provides parents with an additional choice in their children's education.

public schooling for American families. The ability for parents to provide moral or religious instruction, a safe environment, and to provide instruction that meets their children's needs contribute to the many reasons families cite for choosing to homeschool.⁸¹

Virtual Education. John Chubb and Terry Moe, authors of the recently published *Liberating Learning: Technology, Politics, and the Future of American Education*, write that virtual education allows students to be “freed from the geographic constraints of districts and brick-and-mortar buildings.”⁸² The authors also assert that all students can have access to a wide range of course work, from remedial to advanced, and that students will have more interaction with teachers. In addition, Chubb and Moe suggest that virtual education gives parents greater inclusion in the education process, and that virtual education can reduce cost for schools.⁸³

75. The Center for Education Reform, “Charter Connection,” at http://www.edreform.com/Issues/Charter_Connection (October 19, 2009).

76. National Alliance for Public Charter Schools, “Public Charter Schools Dashboard: Schools Overview, 2008–2009 National,” at <http://www.publiccharters.org/dashboard/schools/page/overview/year/2009> (October 19, 2009).

77. National Alliance for Public Charter Schools, “Charter Schools Market Share: 2007–2008, District of Columbia,” at <http://www.publiccharters.org/dashboard/schools/page/mkt/state/DC/year/2008> (October 19, 2009).

78. *Ibid.*

79. National Center for Education Statistics, “1.5 Million Homeschooled Students in the United States in 2007,” U.S. Department of Education, December 2008, at <http://nces.ed.gov/pubs2009/2009030.pdf> (October 19, 2009).

80. Lindsey Burke, “Homeschooling Sees Dramatic Rise in Popularity,” Heritage Foundation *WebMemo* No. 2254, January 28, 2009, at <http://www.heritage.org/Research/Education/wm2254.cfm>

81. *Ibid.*

82. “Virtual Schools: Will Education Technology Change the Nature of Learning?” *Education Next*, Winter 2009, at http://media.hoover.org/documents/ednext_20091_42.pdf (October 19, 2009).

Virtual education and the proliferation of online learning are also providing greater educational choice for families. Most states now offer some form of online learning—from remedial course work to Advanced Placement classes—providing access to courses that would otherwise be inaccessible to many students. Participation in online learning programs is growing at an estimated rate of 30 percent annually, and during the 2008–2009 school year, there were more than 1 million course enrollments.⁸⁴ According to the International Association for K–12 Online Learning, 44 states offer online learning to students.⁸⁵ During the 2007–2008 school year, 75 percent of public school districts offered virtual education through fully online or blended courses.⁸⁶

The Florida Virtual School (FLVS) is an example of an online learning program that provides a popular and effective learning alternative to a growing number of students in the Sunshine State. FLVS is a state-led, supplemental school, where most students attend traditional public schools, but supplement their course work with classes through the virtual school. The Florida Virtual School enrolled about 84,000 students in 168,000 courses during the 2008–2009 school year.⁸⁷ From July 2008 to February 2009, the FLVS hired more than 300 new full-time teachers.⁸⁸ The Florida Virtual School is also producing academic results for students. A report by Florida TaxWatch Center for Educational Perfor-

mance and Accountability found that students in the Florida Virtual School outperformed their peers in traditional public school on the Advanced Placement (AP) exam. FLVS students scored an average school of 3.05 on AP exams versus an average score of 2.49 for public-school students.⁸⁹

Education Savings Accounts. Education savings accounts (ESAs) and tax incentives for contributions to such accounts provide another measure to enhance parental choice in education. The federal Coverdell Education Savings Account program allows parents to contribute to a tax-free account for K–12 or higher-education expenses, including summer school, tutoring, and public-school enrichment, as well as toward private-school tuition.⁹⁰ The Coverdell program was established in 1997 and expanded in 2001, allowing parents to contribute up to \$2,000 annually to accumulate tax-free interest.⁹¹

To date, no state has yet offered a state tax deduction or credit for contributions to Coverdell Education Savings Accounts. However, 32 states offer tax deductions or credits for contributions made by individuals to “529 plans,” which allow families to save and earn interest tax-free for eligible higher-education expenses.⁹² States could give families more savings options by offering similar tax incentives for contributions made to ESAs, which allow savings for both K–12 and higher-education expenses.

83. *Ibid.*

84. John Watson and Butch Gemin, “Policy and Funding Frameworks for Online Learning,” International Association for K–12 Online Learning, July 2009, at http://www.inacol.org/resources/promisingpractices/NACOL_PP-FundPolicy-lr.pdf (October 19, 2009).

85. *Ibid.*

86. Anthony G. Picciano and Jeff Seaman, “K–12 Online Learning: A 2008 Follow-Up of the Survey of U.S. School District Administrators,” The Sloan Consortium, January 2009, at http://www.sloan-c.org/publications/survey/pdf/k-12_online_learning_2008.pdf (August 10, 2009).

87. *Ibid.*

88. *Ibid.*

89. Florida TaxWatch Center for Educational Performance and Accountability, “Final Report: A Comprehensive Assessment of Florida Virtual School,” October 2007, at [http://www.inacol.org/resources/docs/FLVS_Final_Final_Report\(10-15-07\).pdf](http://www.inacol.org/resources/docs/FLVS_Final_Final_Report(10-15-07).pdf) (October 19, 2009).

90. Lips, “School Choice: Policy Developments and National Participation Estimates in 2007–2008.”

91. Internal Revenue Service, “Coverdell Education Savings Accounts,” 2008, at <http://www.irs.gov/newsroom/article/0,,id=107636,00.html> (October 19, 2009).

92. FinAid, “Section 529 Plans,” 2009, at <http://www.finaid.org/savings/529plans.phtml> (October 19, 2009).

Private-School Choice Progress 2008–2009

Private-School Choice: Developments in 2008.

School-choice policies garnered significant attention in state legislatures across the country in 2008. According to the Alliance for School Choice, parental school-choice bills were introduced in 44 states during the 2007–2008 legislative session.⁹³ School-choice bills passed one legislative chamber in five states—Maryland, Indiana, Ohio, Oklahoma, and Virginia; a school-choice bill passed two legislative chambers in six states—Arizona, Florida, Georgia, Louisiana, Pennsylvania, and Utah.⁹⁴ School-choice legislation has been enacted in Georgia and Louisiana.

So far in 2009, four states—Arizona, Florida, Indiana, and Iowa—have implemented policies that expand private-school-choice options.

In 2008, two states created new school-choice programs. In Georgia, Governor Sonny Perdue signed into law the Georgia Tax Credit for Private School Costs and Scholarship Donations program which allows both individuals and corporations to receive tax credits for donations to Georgia Student Scholarship Organizations, which provide scholarships to children to attend a private school of choice.⁹⁵ In Louisiana, Louisiana Governor Bobby Jindal signed the Louisiana Student Scholarships for Educational Excellence Program into law.⁹⁶ The private-school-choice program provides scholarships for low-income New Orleans children in kindergarten through grade three to attend a private school of choice. In 2008, Louisiana also passed the Elementary and Secondary School Tuition Deduction

program, which provides Louisiana families tax deductions for educational expenses incurred at public or qualified private schools.⁹⁷

Private-School Choice: Developments in 2009.

So far in 2009, four states—Arizona, Florida, Indiana, and Iowa—have implemented policies that expand private school choice options to families.

Arizona. In July, Governor Jan Brewer signed legislation that allows students currently enrolled in either the special-needs scholarship program or the scholarship program for foster children to maintain their scholarships. Governor Brewer signed Lexie's Law, which will allow students currently enrolled in the program to complete the school year thanks to corporate tax credits for donations made to the scholarship program.⁹⁸ This created a new revenue source using tax credits for children who had been eligible for state-funded scholarships served by these programs.⁹⁹ In July Governor Brewer also signed legislation that now allows individuals to deduct contributions directly from their paychecks, which will make it easier for people to plan their donations and, therefore, will likely strengthen the tax credit program.¹⁰⁰

Florida. In Florida, the state's tax credit program for contributions to scholarship-granting organizations that provide scholarships to low-income children was expanded in 2009. A new budget provision passed by a bipartisan coalition of state legislators will now allow insurance companies to also take the dollar-for-dollar tax credit.¹⁰¹ The scholarship program was expanded in 2009 to extend participation to foster children.

Indiana. In June 2009, Indiana Governor Mitch Daniels signed a new scholarship tax-credit program into law. The program provides tax credits for

93. Goodman, *School Choice Yearbook, 2008–09*.

94. *Ibid.*

95. U.S. Department of Education, "Education Options in the States."

96. *Ibid.*

97. *Ibid.*

98. *Ibid.*

99. "School Choice Legislation," *The School Choice Advocate*.

100. Press release, "Arizona Governor Signs Laws to Strengthen Two School Choice Programs."

101. "School Choice Legislation," *The School Choice Advocate*.

donations to scholarship-granting organizations that provide scholarships to children to attend a private school of their choice. The scholarships will be available beginning in 2010.¹⁰²

Iowa. In Iowa, the state's tax-credit program, which provides tax credits to individuals for contributions to scholarship-granting organizations, was expanded. The Iowa legislature expanded the tax-credit program to include corporations in addition to individuals.¹⁰³

School-Choice Setbacks in 2009

Unfortunately, not all of the past year's developments were positive for the parental school-choice movement. School-choice programs in Arizona, Wisconsin, and the District of Columbia all experienced setbacks.

Arizona. While Arizona expanded its education tax-credit program, its special-needs scholarship program and scholarship program for foster children were overturned, dealing a significant blow to parental school-choice in the Grand Canyon State. The Supreme Court ruling in Arizona highlights the significant legal challenges that private-school-choice policies face in some states. In an effort to block funding to Catholic schools in the late 1800s, Maine Senator James G. Blaine proposed amending the U.S. Constitution to prohibit money from going to "sectarian" schools. Although the amendment failed, many states amended their own constitutions to disallow state education dollars to support religious education. According to the Institute for Justice and the American Legislative Exchange Council, "the U.S. Supreme Court has recognized the Blaine Amendments' 'shameful pedigree' of religious and anti-immigrant discrimination, and the Arizona Supreme Court described them as 'a clear manifestation of religious bigotry' in upholding a

tax-credit scholarship program."¹⁰⁴ Blaine amendments are contained in 37 state constitutions.¹⁰⁵

Wisconsin. The Milwaukee Parental Choice Program (MPCP) experienced setbacks in 2009. As part of Governor Jim Doyle's biennial 2009–2011 Wisconsin state budget enacted in June, the maximum voucher amount that parents may receive was reduced by 2.5 percent to \$6,442.¹⁰⁶ Despite attempts by the Democrat-controlled state legislature to cap enrollment at 19,500 children, the governor's budget maintained the current 22,500 cap.

District of Columbia. In March, the Omnibus Appropriations Act of 2009 was signed into law, and included language that requires the scholarship program to be fully re-authorized by Congress and authorized by the D.C. city council. In May, Representative John Boehner (R-OH) introduced the Preserving D.C. Student Scholarships Act of 2009 (H.R. 2556), which would reauthorize the D.C. Opportunity Scholarship program. The bill, which has seven co-sponsors, was referred to the House subcommittee on Federal Workforce, Post Office, and the District of Columbia in June. In July,

As of August 2009, no new students may be admitted into the D.C. Opportunity Scholarship Program, phasing out the scholarships over the coming years.

Senator Joseph Lieberman (I-CT) introduced the Scholarships for Opportunity and Results (SOAR) Act of 2009 (S. 1552) to re-authorize the scholarship program.

Local support for the scholarship program is strong. According to a July 2009 survey by the

102. School Choice Indiana, "Indiana School Scholarship Tax Credit," June 2009, at <http://www.inscholarshiptaxcredit.com/> (October 19, 2009).

103. *Ibid.*

104. Richard D. Komer, "School Choice and State Constitutions: A Guide to Designing School Choice Programs," The American Legislative Exchange Council, April 2007, at http://www.alec.org/AM/Template.cfm?Section=School_Choice_Guide&Template=/CM/HTMLDisplay.cfm&ContentID=9173 (October 23, 2009).

105. *Ibid.*

106. Wisconsin Department of Public Instruction, "Summary of 2009 Wisconsin Act 28: Final 2009–11 Budget With Vetoes," July 2009, at <http://dpi.wi.gov/pb/pdf/act28budsum.pdf> (October 19, 2009).

Friedman Foundation for Educational Choice and The Heritage Foundation, three-quarters of D.C. residents have a favorable view of the scholarship program. A full 79 percent of parents with school-age children are against ending the scholarships.¹⁰⁷

In June, a majority of the members of the D.C. city council signed a letter sent to Mayor Adrian Fenty and Education Secretary Arne Duncan. The letter expressed the city council's strong support for the D.C. Opportunity Scholarship Program, and its desire to see the program continue.

But as of August 2009, no new students may be admitted into the program, phasing out the scholarships over the coming years. As a result, the U.S. Department of Education withdrew the scholarships of 216 previously admitted children.

The Benefits of School Choice

A growing body of research on school choice has emerged, thanks to the proliferation of school-choice programs across the country. Researchers have studied the impact of school-choice policies on students, families, and school systems, and have found that such programs increase academic achievement, student safety, and parental involvement. In addition, school-choice policies have a positive impact on school systems by increasing efficiency through competition, and by saving taxpayer resources.

Parental Satisfaction. School choice has repeatedly been shown to increase the level of parents' satisfaction with their children's education. In August 2008, the U.S. Department of Education released an evaluation of parent and family involvement in school, with a particular emphasis on parental satisfaction. The report, based on a survey of parents after the 2006–2007 school year was completed,

found considerably higher levels of satisfaction among parents with children in chosen public schools and private schools than among parents with children in assigned public schools.

School choice has repeatedly shown to increase parents' satisfaction with their children's education.

Eighty-two percent of parents in private schools and 63 percent of parents in a chosen public school reported being "very satisfied" with their children's school, as opposed to just 55 percent of parents with children in assigned public schools. Similarly, 84 percent of parents whose children attend private schools and 67 percent of parents whose children attend chosen public schools were "very satisfied" with their school's academics, compared with just 58 percent of parents whose children attend assigned public schools. With regard to school discipline and order, only 58 percent of parents whose children attend assigned public schools reported being "very satisfied," compared to 83 percent of parents whose children attend private schools and 63 percent of parents of children in chosen public schools.¹⁰⁸

In December 2008, researchers at the University of Arkansas released findings from an evaluation of satisfaction among parents of students in the D.C. Opportunity Scholarship program. The qualitative assessment found that families were overwhelmingly satisfied with the scholarship program. Parents reported satisfaction because they had the autonomy to choose their children's school, and because of their children's newfound success.¹⁰⁹

-
107. Paul DiPerna and Dan Lips, "Fork in the Road: Where Does the District Go in K–12 Education?" Public report jointly released by The Alliance for School Choice, The Friedman Foundation for Educational Choice, The Heritage Foundation, and six other groups, July 2009, at <http://www.friedmanfoundation.org/downloadFile.do?id=375> (October 19, 2009).
108. Kathleen Herrold and Kevin O'Donnell, "Parent and Family Involvement in Education, 2006-07 School Year, From the National Household Education Surveys Program of 2007," U.S. Department of Education, August 2008, at <http://nces.ed.gov/pubs2008/2008050.pdf> (October 19, 2009).
109. Thomas Stewart *et al.*, "Family Reflections on the District of Columbia Opportunity Scholarship Program," University of Arkansas School Choice Demonstration Project, January 2009, at http://www.uaedreform.org/SCDP/DC_Research/2009_Final.pdf (October 19, 2009).

Academic Achievement. Researchers have also demonstrated the positive effect of school choice on children's academic achievement. As part of the legislation creating the D.C. Opportunity Scholarship program, Congress mandated an evaluation of the program's effectiveness. In March 2009, the U.S. Department of Education released results of the federally mandated evaluation. According to the evaluation, which examined student progress over three years, voucher recipients had made significantly more progress in reading than their peers who were not awarded a scholarship.¹¹⁰ The evaluation found that scholarship students were 3.1 months further ahead in reading than their peers who had not received a voucher.¹¹¹

In a Senate hearing on the scholarship program, education researcher Patrick Wolf, who authored the federally mandated evaluation, noted that his evaluation used the most rigorous research method possible:

To ensure that parent motivation does not bias studies of school choice programs, researchers over the past decade have focused on evaluating them using experimental research designs called Randomized Control Trials (RCTs). With an RCT design, a group of students that all qualify for a voucher or scholarship program and whose parents are equally motivated to exercise school choice are subject to a scholarship lottery. The students who win the lottery become the experimental "treatment" group. The students who lose the lottery become the experimental control group. Since only a school voucher and mere chance distinguish the treatment students from their

control counterparts, any subsequent difference in student outcomes for the treatment students can be reliably attributed to the voucher intervention... Because of the rigor of experimental designs they are often dubbed the "gold standard" for policy evaluations and are widely used to evaluate the efficacy of medical drugs and procedures prior to such treatments being made available to the public.¹¹²

Wolf went on to explain in the hearing that if the trends seen in the evaluation continued, a child entering the program in kindergarten would, over the course of his or her academic career, be reading two and a half years ahead of a child who did not receive a scholarship.¹¹³

The evaluation of the D.C. Opportunity Scholarship program adds to the growing empirical evidence that suggests that vouchers improve participating students' academic achievement. In a 2008 article for the *Brigham Young University Law Review*, Wolf examined the literature on the efficacy of school vouchers. Wolf states, "Of the ten separate analyses of data from 'gold standard' experimental studies of voucher programs, nine conclude that some or all of the participants benefited academically from using a voucher to attend a private school. The evidence to date suggests that school voucher programs benefit many of the disadvantaged students and parents that they serve."¹¹⁴

Positive Effect of Competition. Competition created by school-choice programs produces positive gains for public schools, not only for those students participating in a choice program. Academic and empirical studies have demonstrated academic improvement of public schools as a result of the

110. Patrick J. Wolf *et al.*, "Evaluation of the DC Opportunity Scholarship Program: Impacts After Three Years," U.S. Department of Education, March 2009, at <http://ies.ed.gov/ncee/pubs/20094050/pdf/20094050.pdf> (October 19, 2009).

111. Shanea Watkins and Dan Lips, "D.C. Opportunity Scholarship Program: Improving Student Safety," Heritage Foundation *WebMemo* No. 2437, May 13, 2009, at http://www.heritage.org/Research/Education/wm2437.cfm#_ftn2.

112. Patrick J. Wolf, "Written Testimony for the Hearing, 'The D.C. Opportunity Scholarship Program: Preserving School Choice for All,'" Senate Committee Hearing on Homeland Security and Governmental Operations, May 13, 2009, at http://hsgac.senate.gov/public/_files/051309Wolf.pdf (October 19, 2009).

113. *Ibid.*

114. Patrick J. Wolf, "School Voucher Programs: What the Research Says about Parental School Choice," *Brigham Young University Law Review*, No. 2, April 2008, at <http://lawreview.byu.edu/archives/2008/2/90WOLFFIN.pdf> (October 19, 2009).

competitive pressure placed on those systems by school choice programs.

Education researchers Jay Greene and Marcus Winters examined evidence on the impact of the McKay Scholarship Program in Florida, which provides scholarships to students with disabilities to attend a private school of their parents' choice. The McKay Scholarship program was examined to

Competition created by school-choice programs produces positive gains for public schools, too, not just for the students participating in a choice program.

determine the impact of the voucher program on the math and reading scores of those disabled students who remained in the Florida public school system.¹¹⁵ The authors' findings suggest that exposure to the McKay Scholarship Program "increased the ability of public schools in Florida to produce education gains for disabled students."¹¹⁶ Furthermore, the authors found that "rather than being harmed, public schools respond to the challenge of exposure to school choice by improving the education they provide."¹¹⁷

In February 2009, education researcher Greg Forster conducted a review of every available empirical study concerning the effect vouchers have on academic achievement in public schools. Forster found that vouchers have a positive impact on public schools, and that "no empirical study has ever found that vouchers had a negative impact on pub-

lic schools."¹¹⁸ He determined that the positive benefit to public schools is due to the fact that "competition from vouchers introduces healthy incentives for public schools to improve."¹¹⁹

Positive Fiscal Impact. School-choice programs have also been shown to save money for the districts and cities in which they are implemented. The Friedman Foundation estimates that school-choice programs across the country saved \$422 million for school districts and trimmed state budgets by \$22 million from 1990 to 2006.¹²⁰ On average, the amount provided to students for scholarships to private schools is lower than what it costs to educate them in public school, saving money for states and school districts, that allow children to transfer out of their assigned public schools.¹²¹ The D.C. Opportunity Scholarship program awards scholarships of \$7,500, while \$15,800 is spent on each pupil in traditional D.C. public schools.¹²²

Why School Choice Is Necessary

Public elementary and secondary schools in the United States fail to adequately educate millions of children who pass through them. Low academic achievement as evidenced through national assessments, low graduation rates, and the resulting negative impact on life outcomes are reasons for concern.

Test Scores. According to the National Assessment of Educational Progress (NAEP), the term basic "denotes partial mastery of the knowledge and skills that are fundamental for proficient work at a given grade."¹²³ The U.S. Department of Education reports that 18 percent of fourth graders and 29

115. Jay P. Greene and Marcus A. Winters, "The Effect of Special Education Vouchers on Public School Achievement: Evidence From Florida's McKay Scholarship Program," Manhattan Institute *Civic Report* No. 52, April 2008, at http://www.manhattan-institute.org/html/cr_52.htm (October 19, 2009).

116. *Ibid.*

117. *Ibid.*

118. Greg Forster, "A Win-Win Solution: The Empirical Evidence on How Vouchers Affect Public Schools," *School Choice Issues in Depth*, January 2009, at <http://www.friedmanfoundation.org/downloadFile.do?id=357> (August 13, 2009).

119. *Ibid.*

120. Susan L. Aud, "Education by the Numbers: The Fiscal Impact of School Choice Programs, 1990-2006," *School Choice Issues in Depth*, April 2007, at <http://www.friedmanfoundation.org/friedman/downloadFile.do?id=243> (October 19, 2009).

121. Lips, "School Choice: Policy Developments and National Participation Estimates in 2007-2008."

122. Institute of Education Sciences, "Digest of Education Statistics 2008," U.S. Department of Education, NCES 2009-020, March 2009, at <http://nces.ed.gov/pubs2009/2009020.pdf> (October 19, 2009).

percent of eighth graders scored “below basic” in math in 2007 on the NAEP.¹²⁴ Similarly, 33 percent of fourth graders and 26 percent of eighth graders scored “below basic” in reading in 2007.¹²⁵

In the United States, the “achievement gap” between white and black students persists. For example, 23 percent of white fourth grade public school students scored “below basic” in reading, compared to 54 percent of black fourth graders.¹²⁶ In 2007, 19 percent of white eighth grade students scored below basic in math, compared to 53 percent of black eighth graders.¹²⁷

In the United States, the achievement gap between white and black students persists.

Children from poorer socioeconomic backgrounds continue to be ill served by America’s public schools. In the 2007–2008 school year, 50 percent of fourth-grade students eligible for free and reduced-price lunches scored “below basic” in reading, compared with 21 percent of students not eligible for free or reduced-price lunches.¹²⁸

Graduation Rates. In addition to subpar academic achievement, dropout rates from the U.S. public school system are also indicative of a system

that is failing to meet the needs of its students. Graduation rates in some of the nation’s largest cities are below 50 percent: In the Los Angeles, California, Unified School District, only 47 percent of students graduate; in Atlanta, Georgia, only 48 percent of freshmen graduate in four years; and in Detroit, Michigan, a mere 43 percent of students graduate high school.¹²⁹

The U.S. Department of Education reports that nationally, 73.2 percent of students graduated from high school during the 2005–2006 school year.¹³⁰ Graduation rates were considerably lower among minority students. During the 2005–2006 school year, the average freshman graduation rate was 61 percent for Hispanic students and 59 percent for black students—a rate considerably lower than that of their white peers, who had an 81 percent graduation rate.¹³¹ Graduation rates among minority students have an impact on future economic success, with dropouts imposing tremendous societal costs and burdens on taxpayers. Employment rates hover around an astonishingly low 30 percent for black male high school dropouts between the ages of 22 and 30.¹³²

School Safety. Not only are academic outcomes a driving factor in the need to allow parents to choose the most effective school for their children;

123. National Center for Education Statistics, “Digest of Education Statistics: 2008, Appendix B: Definitions,” U.S. Department of Education, at http://nces.ed.gov/programs/digest/d08/app_b.asp (October 23, 2009).

124. National Center for Education Statistics, “The Nation’s Report Card: Mathematics 2007,” U.S. Department of Education, NCES 2007–497, 2007, at <http://nces.ed.gov/nationsreportcard/pdf/main2007/2007494.pdf> (October 19, 2009).

125. National Center for Education Statistics, “The Nation’s Report Card: Reading 2007,” U.S. Department of Education, NCES 2007–496, 2007, at <http://nces.ed.gov/nationsreportcard/pdf/main2007/2007496.pdf> (October 19, 2009).

126. *Ibid.*

127. “The Nation’s Report Card: Mathematics 2007.”

128. “The Nation’s Report Card: Reading 2007.”

129. Jun Tang *et al.*, “Characteristics of the 100 Largest Public Elementary and Secondary School Districts in the United States: 2006–07, Statistical Analysis Report,” National Center for Education Statistics, U.S. Department of Education, NCES 2009–342, June 2009, at <http://nces.ed.gov/pubs2009/2009342.pdf> (October 19, 2009).

130. Robert Stillwell and Lee Hoffman, “Public School Graduates and Dropouts from the Common Core of Data: School Year 2005–06,” National Center for Education Statistics, U.S. Department of Education, January 2009, at <http://nces.ed.gov/pubs2008/2008353rev.pdf> (October 19, 2009).

131. *Ibid.*

132. Stuart M. Butler, William W. Beach, and Paul L. Winfree, “Pathways to Economic Mobility: Key Indicators,” Economic Mobility Project, 2008, at http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/PEW_EMP_Chartbook_12.pdf (October 19, 2009).

school safety is also a key concern. This is certainly the case in the District of Columbia, where in the 2007–2008 school year, there were 912 incidents of violent crime in the public school system. More than 11 percent of children were threatened with a weapon in D.C. schools that same year—a number well above the national average.¹³³

Social Mobility and Life Outcomes. Economist Henry Levin estimates that high school dropouts are associated with \$192 billion in lost earnings and cost the United States an estimated \$50 billion annually in lost income tax revenue alone.¹³⁴ In addition, he found that a 1 percent increase in high school graduation rates for males would save \$1.4 billion annually in reduced crime costs, and that high school graduates live more than nine years longer than high school dropouts.¹³⁵

High school graduation is a necessary prerequisite for college admission. Heritage Foundation economists Stuart Butler, William Beach, and Paul Winfree estimate that a student with a bachelor's degree will earn 70 percent more than someone with only a high school diploma. “Having a college degree is a major factor in determining who will move up the economic ladder and who will not.”¹³⁶ Failure at the elementary and secondary levels precludes students from future academic success, and results in a lifetime of financial strain.

What Congress—and State and Local Policymakers—Should Do

To improve educational opportunities for all children, federal, state, and local policymakers should expand school choice options for American families.

What Congress Should Do. The federal government's involvement in setting education policies should be limited. The federal government provides

approximately 9 percent of education funding, with states and localities providing for the remaining funding. Despite its limited 9 percent share, and despite the fact that the U.S. Constitution does not mention “education” or grant Congress the explicit power to fund or regulate public education, the federal government has assumed an increasingly large role in education regulation and oversight.

While state and local governments should continue to have the primary responsibility for public education management and governance, federal policymakers have an opportunity to improve educational options for American students by reforming existing programs to provide more school choice options.

In order to improve American education, Congress should strengthen parental school choice. Specifically, Congress should:

- **Reform major federal programs like Title I and the Individuals with Disabilities Education Act to allow states to let parents choose the right school for their child and let federal funding follow the child,** creating an incentive for schools to provide a quality education in order to attract students and putting families in charge of their educational choices;
- **Restore state and local control in education by offering an alternative to No Child Left Behind (NCLB).** States are in a better position than the federal government to develop policies that meet students' needs and, so far, have done much more to expand school-choice options. State and local leaders are more responsive to the needs of taxpayers, making them inclined to implement policies that best meet the needs of local families. The No Child Left Behind law is likely to be considered for re-authorization in 2010, providing Members of Congress with an

133. David B. Muhlhausen, Don Soifer, and Dan Lips, “School Safety in Washington, D.C.: New Data for the 2007–2008 School Year,” Heritage Foundation *WebMemo* No. 2609, September 10, 2009, at <http://www.heritage.org/Research/Education/wm2609.cfm>.

134. “The Societal Costs of Inadequate Education,” Columbia University Teachers College Symposium, October 24–26, 2005, at http://www.mea.org/tef/pdf/social_costs_of_inadequate.pdf (August 19, 2009).

135. *Ibid.*

136. Butler, Beach, and Winfree, “Pathways to Economic Mobility: Key Indicators.”

opportunity to reform the law significantly. Congress should reform NCLB to allow states to opt out of the agreement in exchange for increased transparency and accountability. These states would be granted greater control over how their federal education dollars are spent. The existing parental school choice option in NCLB should also be strengthened.

- **Re-authorize and expand the D.C. Opportunity Scholarship Program** to provide low-income families in the District of Columbia with a lifeline out of a failing and dangerous public school system. Re-authorization of the D.C. Opportunity Scholarship Program—the only federally funded school-choice program in the country—would signal general support for parental school choice in Congress.

What State and Local Policymakers Should Do.

Despite growing federal involvement, states and localities still have primary authority over the funding and governance of K–12 education. For their part, state and local leaders have opportunities to change policies and give families the right to choose the best school or education setting for their children.

In order to improve American education, state and local leaders should:

- **Strengthen private-school choice** by enacting or expanding programs like private-school scholarships, vouchers, or education tax credits for tuition or scholarship donations;
- **Lift caps on charter schools** and pass strong charter-school laws to encourage a vibrant charter sector that allows innovation and replication of high-quality charter schools that serve students' needs;

- **Expand other public-school choice options** to ensure that families have maximum choice within the traditional public-school system;
- **Expand online learning opportunities** to give students more options for receiving quality instruction;
- **Create and expand education savings options for parents** by expanding Coverdell Education Savings Accounts and by offering families incentives for K–12 education savings, such as those offered for post-secondary education; and
- **Protect homeschooling** and implement policies that empower more families to homeschool.

Conclusion

More parents than ever are exercising school choice. In 2009, 23 private-school-choice programs served families in 15 states and the District of Columbia. More than 190,000 children are benefiting from school-choice policies, such as private-school scholarships, special-needs scholarships, and corporate and individual tax credits. All but four states allow public-school choice, charter schools are proliferating, and homeschooling is legal in every state. Online learning is flourishing as a viable alternative to the traditional “four walls” model of schooling, providing families with yet another educational option.

Despite these promising developments, millions of children remain trapped in low-performing and often dangerous government schools. State lawmakers, along with Members of Congress, must expand school choice to ensure that every child has the opportunity to attend a safe and effective school.

—Lindsey Burke is a research assistant in domestic policy studies at The Heritage Foundation.