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The Case for School Choice

Models from the United States, New Zealand, Denmark, and Sweden

by Claudia Rebanks Hepburn

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Executive Summary

Canadian Education in a Global Context

The Canadian system of public education is inefficient and inadequate: 33 percent of Canadian high-school graduates are functionally illiterate; 27 percent of Canadian adolescents drop out of high school with no diploma. The academic achievement of our students is mediocre compared to that of their peers in other countries. Public-opinion polls show that confidence in the system is at a 30-year low. If it is not to become obsolete, Canadian education needs to be redesigned.

Over the past 30 years, our Ministries of Education have tinkered with a variety of reforms, including smaller classes and higher salaries, in an effort to improve the public education system. In doing so, they have tripled the real cost of education. Despite their variety and expense, these reforms have failed to improve student achievement, and failed to solve the problem of mounting public frustration with the education system.

Other countries have much to teach us. United States, New Zealand, Denmark, and Sweden have pioneered systems of public education that are characterized by accountability and parental choice. The tools they have used are charter schools, vouchers, tax credits, and school assessments. Evidence suggests that if the Canadian education system supported greater parental choice, student achievement would improve. It certainly has done elsewhere.

In the United States and New Zealand, researchers have measured the effects of the school choice on student learning and parental satisfaction. In both countries, evidence suggests that the new policy instruments are having a statistically significant impact on both. In all four countries, United States, New Zealand, Denmark, and Sweden, school choice is responsible for a wide range of benefits: greater responsiveness of schools to parental concerns, greater awareness of educational issues, and a more dynamic, innovative and equitable education system.

The United States

Three school-choice movements have developed in the United States over the past decade: charter schools, educational vouchers, and tax credits. They have been rigorously analyzed and a growing body of research documents their impact on student learning.

Charter schools have been dubbed America's research and development centers for education and they have won the approval of many teachers who had once resisted them. Students at charter schools are making greater academic progress than their peers because charter schools are more innovative, focused, energetic, and responsive to their students' needs.

Voucher programs, growing in number and popularity across the United States, are demonstrating three facts about education. First, many lower-income families rejoice at the opportunity vouchers give them to move their children into better schools. Second, students who use vouchers learn more than they would have if they had stayed in government schools. Third, government schools respond to vouchers by improving the quality and variety of programs they offer to the majority of children who remain.

For the first time in education history, researchers studying the effects of vouchers have been able to control for the effects of selectivity on student test scores. That is, researchers were able to make sure that the students who used vouchers were not brighter and did not have more motivated parents or more advantageous family backgrounds than did the students at government schools to whom they were compared. The studies were thus able to determine that the improvement in voucher-student test scores was due to the voucher and not to the students' greater aptitude for learning. This is a landmark in education research. It predicts the impact that systemic education reform might have on the student population as a whole if parental choice became more widely available.

The most powerful example of this comes from a Harvard study of New York City's School Choice Scholarship Program (SCSP). Low-income students randomly selected from applicants to SCSP out-performed their control-group peers in both reading and math by statistically significant margins after only a year in their new school. Voucher parents were more satisfied with the education, student safety and attendance, and with the relative absence of fighting, cheating, vandalism, and racial conflict within their chosen schools. Dan McKinley, the executive director of another private voucher program, explains why: "this is about children who need help getting into the schools that are best for them" (Williams1997: B4).

New Zealand

Ten years ago, New Zealand restructured its education system: it transformed government-administered schools into locally managed charter schools, created a new, autonomous public agency to assess them, and established a small voucher program for low-income students. Research concludes that schools have become more innovative, focused, energetic, and responsive to the needs of students since they became charter schools. Teachers and principals believe that the impact of the reforms on teaching content, teaching style, and children's learning has been overwhelmingly positive. Thanks to the new system, teachers, principals, parents, and communities have each gained a new sense of responsibility for children's schooling.

Among parents of voucher students, 97 percent report to be satisfied or very satisfied with the education their children are receiving at an independent school.

Denmark

Denmark's education system has always maintained the parents' right to choose their children's education. In Denmark, all children, regardless of their parents' income, have access to publicly funded vouchers. One result is that Denmark has an unparalleled diversity of independent schools. Another is that, because government schools are motivated by competition to respond to parental concerns, the government schools are well respected. School choice has improved both the quality and the public perception of government schools.

Sweden

In 1991, Sweden created a voucher program that enabled families to send their children to any school, government-run or independent, without paying fees. The policy has stimulated a rapid growth in innovative independent schools and encouraged municipal schools to respond to parental concerns. School choice has also united politicians, nearly all of whom now support vouchers.

Implications for Canada

In Canada, public frustration with the education system has been building for a generation, but the educational establishment has yet to propose a viable solution to the problem. International evidence suggests that public vouchers, private vouchers, or charter schools offer plausible answers. If we reject these solutions, it seems probable that Canadian education will continue to cost more and yield less.

Introduction

Public Schooling in Canada

Public education is one of the most contentious social issues in Canada today. Canadian education is not just inefficient but seriously inadequate. Statistical evidence of poor student performance coupled with the deterioration of public confidence suggests that, if it is not to become obsolete, public education must be redesigned.

Dropout rates, literacy levels, and academic achievement are signals of the dismal state of Canadian education today. Indicators published by the Organisation for Economic Cooperation and Development (OECD) show that 27 percent of Canadian adolescents drop out of high school—a higher rate than in any other OECD country. Of those young adults who have completed high school in the past decade, 33 percent are insufficiently literate to cope in contemporary society (OECD 1998a: 49–50; OECD 1998b: 98). International testing data indicate that the achievement of Canadian students in mathematics and science is mediocre compared to the achievement of their peers in other industrialized countries (TIMSS International Study Center 1997).

Public sentiment reinforces the statistical evidence that the education system is not serving Canadians well. Public opinion polls show that confidence in the education system is at a 30-year low (Guppy and Davies 1997). Tangible proof of this is the growing number of children withdrawn by their parents each year from government schools: the percentage of families choosing independent (private) schools has doubled over the past 25 years, while the popularity of home schooling is unprecedented and growing rapidly (Guppy and Davies 1997: 4). Groups of parents, educators, and business people calling for educational reform have also burgeoned across the country. They include, among dozens of others, the Society for the Advancement for Excellence in Education in British Columbia, the Collegium for Work and Learning in Toronto, Organization for Quality Education in Waterloo, Ontario and PARENT in Nova Scotia. Each group calls for major reforms to address the urgent need for improvement of public education.

This is not the first time Canadians have sought to improve the education system. Over the past 30 years, education ministers have enacted a panoply of reforms: smaller classes, "destreaming,"[1] more arts, more technology, more basics, more money for teachers, more education for teachers. These reforms contributed to more than a tripling in the real cost of public schooling per student between 1960 and 1982 (Easton 1988: 41), but despite their variety and expense, they failed to improve either public satisfaction with the system or student achievement.

Why did they fail? Perhaps the reforms were superficial and did nothing to solve systemic problems. This is the answer arrived at by several other countries faced with the same problem, and it appears to apply in the context of Canadian education. Canada's provincial systems of education, like most others established in the last century, are founded on a highly centralized structure. Schools have little autonomy and are not accountable for their effect on student learning. Parents have little say in the education their children receive. The public is provided with little information about how their schools are performing. This is not the case everywhere.

The Restructuring of Public Education

In the past decade, several western countries have restructured their education policies and redefined the roles of education's stakeholders. In these countries, public education no longer means government-*supplied* education but, rather, government-*facilitated* education.

The United States, New Zealand, Denmark, and Sweden are four countries that have redefined the roles of government, schools, and families in the delivery of education. Each country has increased the educational options available to school-aged students and made it easier for parents to move their children from one school to another. They have also made it possible for educators to run publicly funded schools outside the jurisdiction of the school

boards. One country is facilitating public accountability by publishing school assessments, which help parents make informed decisions about which school to choose for their children. Another gives taxpayers the option to direct a portion of their educational taxes to defray tuition costs for low-income families who seek, but could not otherwise afford, independent schooling.

By encouraging innovation and accountability, these countries have rejected the entrenched system of state-run education. Nevertheless, their new policies are not identical. The policy instruments enacted by the United States, New Zealand, Denmark, and Sweden represent several competitive-market models. Each one was designed to address issues of parental control and the accountability of educators, issues that are also of concern to Canadians. The instruments they use are charter schools, education vouchers, tax credits and the publishing of school assessments.

The Case for School Choice examines the implementation and effect of educational innovations in the United States, New Zealand, Denmark and Sweden. It concludes with a discussion of the potential risks and rewards of applying these innovations to Canada's provincial education systems.

The United States has witnessed the development of a variety of educational policies over the last decade, supported by grass-roots movements and politicians from both political parties. *The Case for School Choice* describes the development of charter schools, public vouchers, private vouchers, and tax credits, and evaluates these innovations by reviewing research documenting their effects on learning and parental satisfaction.

In 1988, New Zealand's government undertook a dramatic reform of its education system. Nationwide, it replaced the old system of district school boards and student catchment areas with autonomous charter schools, an Educational Review Office, and a voucher program for low-income students.

In Denmark, the public education system has always maintained the parents' right to determine how and where their children should be educated. The Danish government provides vouchers to all students who wish to attend independent schools. This has resulted in a significant and diverse independent-school sector that has become a supporting pillar of the Danish education system.

Educational reforms have swept Sweden over the past eight years. Since 1991, the Swedish Ministry of Education has offered vouchers to all students, subject to the availability of places in independent schools. The variety of educational choices is increasing dramatically as independent schools open and government schools begin to respond to parental concerns. The percentage of students in independent schools is small (3 to 4 percent) but growing rapidly to satisfy the large, unmet demand for school choice.

The discussion of each country includes the origins of the education reforms, a description of the policy instruments and their implementation, and some conclusions about their effects. In every case, where education has been removed from the management of government, it has improved. The new policies have resulted in greater public awareness of educational issues, greater responsiveness of schools to parental concerns, and a more dynamic, innovative, and accountable education system. The research carried out in the United States and New Zealand documents the effects these policies have had on the students' results, parental satisfaction, and school characteristics. *The Case for School Choice* presents these findings and supplements them with the views of educators, education scholars and public administrators involved in the reforms, who were interviewed by the author between October 1997 and January 1998.

Canadian governments, like those of Denmark, Sweden, New Zealand and the United States, need to address the fact that centrally managed education monopolies are no longer able to meet society's educational demands. A structural overhaul will provide no quick fixes. It may, however, pave the way for those educators with initiative, energy, and vision to serve students, parents, and their communities more satisfactorily. Canadian policy makers addressing the task should consider these new policy instruments—charter schools, vouchers, tax credits, and school report cards—as new ways to serve the public's educational interests.

Definition of Terms

Throughout the report, the term "independent school" refers to a school that is not run by the municipal school board. It includes schools that are autonomous from the state system of education, whether for religious, cultural, philosophical or pedagogical reasons. In the countries considered, different degrees of public funding and regulation govern these schools. They may receive all, some, or none of their funding from public and private sources. In some countries, heavy regulations prohibit autonomy in their hiring practices, student selection, ability to raise funds and set curriculum, while in others they enjoy greater freedom in some or all of those areas. The term "private" school is avoided because of its common association in Canada with schools whose clientele is restricted largely to the upper-middle

class. This is not a characteristic of independent schools in the countries or states under consideration where school choice policies are functioning

"Municipal" or "government" schools refer to schools owned and administered by elected school boards and controlled by a central ministry. The term "public school" is not used synonymously because that term implies an inherent, vested partnership with "public education". *The Case for School Choice* argues that "public education" should refer to a variety of organizational structures, which offer the public diverse and accountable educational options for their children.

The term "charter schools" is used to refer to schools in the United States, Alberta, and New Zealand that are publicly funded but governed autonomously. In the United States, these schools are granted a charter by the state board of education, the local school board, or, in rare cases, an independent sponsor to provide an education clearly distinct from that offered by the local school board. They have some freedom from regulation, and may be closed if they fail either to attract sufficient students or to achieve the goals set out in their charter. The term is also used to refer to the new breed of "public school" in New Zealand, schools that used to be run and funded by the municipality and are now publicly funded, parent-governed schools with their own charters.

"Education voucher" and "voucher" are used to refer to educational funding, either public or private, that follows the student to the school of his parents' choice. In its simplest form, a voucher would be worth the total number of dollars dedicated to education divided by the total number of students in the school system. In various public voucher systems, factors that affect the voucher's amount may include a student's age, socio-economic condition, minority status, or learning disability; a school's size, location, record of achievement, and its teachers' experience may also be considered. Private voucher programs are usually less complex and offer a uniform amount per child or a percentage (usually between 50 and 90 percent) of the typical independent-school tuition. Parents must provide evidence of financial need in order to qualify and may apply the funds to any independent school of their choice. The term voucher is thought by some to have negative connotations and has sometimes been replaced, particularly in the United States, by the term "educational scholarships."

The United States

No country in the developed world needs school choice more than the United States. By grade eight, American children rank last among all the major industrialized countries in mathematics and science (Martin 1997), and the longer students stay in school, the worse the disparities become. The statistics are far worse than the national average among the low-income and minority populations in inner cities. Most inner-city children have no alternative but to attend some of the world's worst schools, many of which fail to graduate more than half of incoming high-school students and *do* graduate many who, after 12 years of schooling, are still illiterate and innumerate. It is no exaggeration to call this a national crisis, which decades of centralist reforms have done nothing to alleviate.

History

New paradigms of public education are developing in the United States from a collection of reform movements, each with growing numbers of proponents, in states across the union, each challenging the hegemony of the government monopoly and leading towards legislative change. These movements differ from those school-choice movements in other countries, where major popular support developed *after* changes in legislation. In the United States, changes in public policy have generally been instigated by the popular support of grass-roots actions for education reform. The continuous growth of these movements has been fostered by concerned business people, charitable foundations and non-profit groups, teachers, civil rights activists, politicians, and hundreds of thousands of parents.

Support for school choice in the United States is not linked to any social or demographic group—its proponents are poor, middle-class, and rich; black, white, and Hispanic; Republican, Democrat, and independent. Its growth has been slower than in the other countries because, until recently, the popular ground-swell has lacked financial and political clout. Because advocates of school choice represent a variety of social, economic, cultural, and political perspectives, they have never before united on a political issue. Its opponents, conversely, have been well financed, well organized, and cohesive. These opponents include the two national teachers' unions, the National Education Association (NEA) and the American Federation of Teachers (AFT)—groups that do not distinguish between publicly controlled schools and public education.

The school-choice movements began to form a decade ago in response to the declining quality of public education in the United States.[2] Of particular concern was the state of education in the inner cities, where children from minority and low-income families in government schools seldom finish high school, learn to read, or acquire the basic skills needed to earn a living (Fuller 1997). Each movement began with the recognition that the management of education by municipal monopolies rather than by parents is deeply flawed. Central authorities imposed increasingly rigid and detailed regulations, which cost ever more and produced even worse results. The initiatives that developed from these movements all focus on parental choice and educator accountability.[3] They were charter schools, public vouchers, private vouchers, and education tax incentives.

American school-choice initiatives are particularly useful for this study because they have been carefully evaluated. Several well-regarded American universities and institutes have undertaken detailed, scientific studies of the effects of these reforms on student learning. For the first time in education history, researchers studying the effects of vouchers have been able to control for the effects of selectivity on student test scores. That is, researchers were able to make sure that the students who used vouchers were not brighter and did not have more motivated parents or more advantageous family backgrounds than did the students at government schools to whom they were compared. The studies were thus able to determine that the improvement in voucher-student test scores was due to the voucher and not to the students' greater inherent aptitude for learning. This is a landmark in education research. It

predicts the impact that systemic education reform might have on the student population as a whole if parental choice became more widely available.

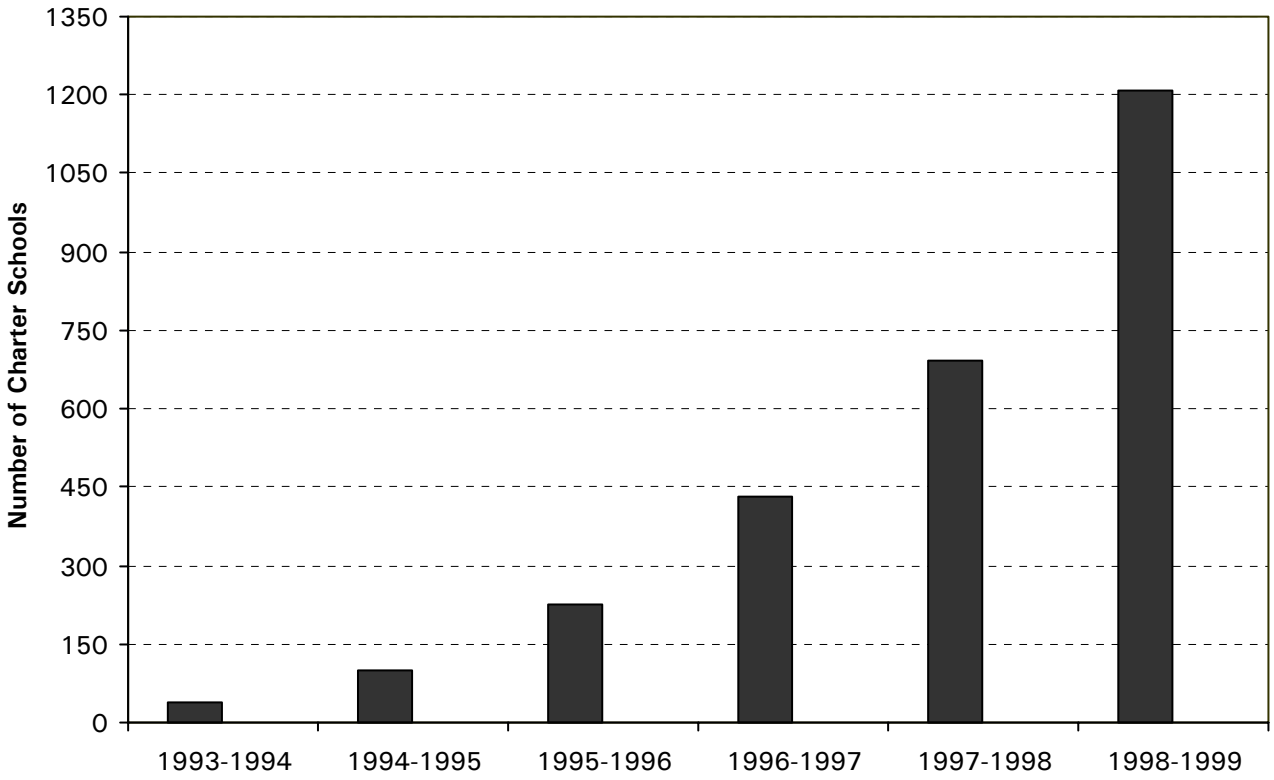
The Charter School Movement

Charter schools are a means of encouraging school diversity and choice within the publicly controlled system. A public sponsor, usually the state board of education or the local school board, grants the school a charter to supply a clearly defined educational program. Publicly funded, these schools cannot charge tuition, and their charters are subject to periodic renewal by the public sponsor. The best charter schools are much like tuition-free independent schools: they are exempt from many of the local and state regulations governing municipal schools, they have fiscal and legal autonomy, and they can hire and fire teachers as they see fit, regardless of certification. Like independent schools, they will close if parents do not actively support them. Strong legislation sometimes guarantees charter schools funding per student equal to municipal schools and a sponsor that grants and renews charters on sound, objective grounds. However, financial and political conditions are often more challenging for charter schools. The laws governing their establishment vary: some states provide start-up grants, on-going technical assistance, or both; many states do not. In some states, existing non-sectarian independent schools have been allowed to convert to charter status (Finn, Manno, and Bierlein 1996: 48).

The charter school movement has grown exponentially since Minnesota enacted charter legislation in 1991 (see figure 1). By the spring of 1999, there were 1,205 charter schools in operation across the country, serving more than 300,000 students, more than tripling the numbers of schools and quadrupling the number of students in two years (US Department of Education 1998; Center for Education Reform 1999).

Growth has not been evenly spread. States that provide charter schools with autonomy and support have a strong and rapidly growing charter school movement; in other states, the education monopoly has paid only lip service to choice, agreeing to charter schools in principle but denying them in practice. As a comprehensive survey by the Hudson Institute stated, "some state laws are more generous in bestowing the charter designation than in actually

Figure 1 Number of Charter Schools in the United States, 1993/1994–1998/1999



Sources: The United States Department of Education 1998; Center for Education Reform 1999.

liberating schools to make key decisions about programs, staff, and resources" (Finn *et al.* 1996:16). Not surprisingly, the states with strong charter legislation, that is, policies that encourage distinctive schools, have 100 times the number of charter schools of states with weak legislation (Finn *et al.* 1996: 47).

As of August 1999, 37 states had charter legislation and several more were considering it. There were charter schools operating in 27 of these states (Center for Education Reform 1999). Arizona, with one of the strongest charter laws, leads the country with more than four percent of its students studying in charter schools. California, Michigan, Colorado, and Massachusetts also have strong legislation and a growing supply of these schools. California is the first state to have implemented districts where all publicly funded schools are charter schools: Pioneer District and the Kingsburg Joint Union Elementary School District in northern California. A few states, however, have such weak legislation that no charter schools have been established at all. Despite President Clinton's endorsement of this educational alternative, currently less than one percent of American students attend charter schools (Vanourek 1998).

The educational establishment in the United States was initially resistant to the concept of charter schools. Opponents feared that they would become schools for the social and economic elite. They predicted that charter schools would skim off the best students from government schools leaving only the most difficult pupils behind: the slow learners, those with behavioural problems, and the underachievers. Perhaps the teachers' unions feared that these new schools would demand more from teachers in exchange for inferior pay and worse teaching conditions. They certainly meant a loss of members for teachers' unions as union membership is not required for teachers in charter schools.

Charter School Accomplishments

A growing body of research on charter schools has succeeded in putting these fears to rest. A study conducted in 1997 by the United States Department of Education compared the demographic characteristics of charter schools with other government schools (see figure 2). It found

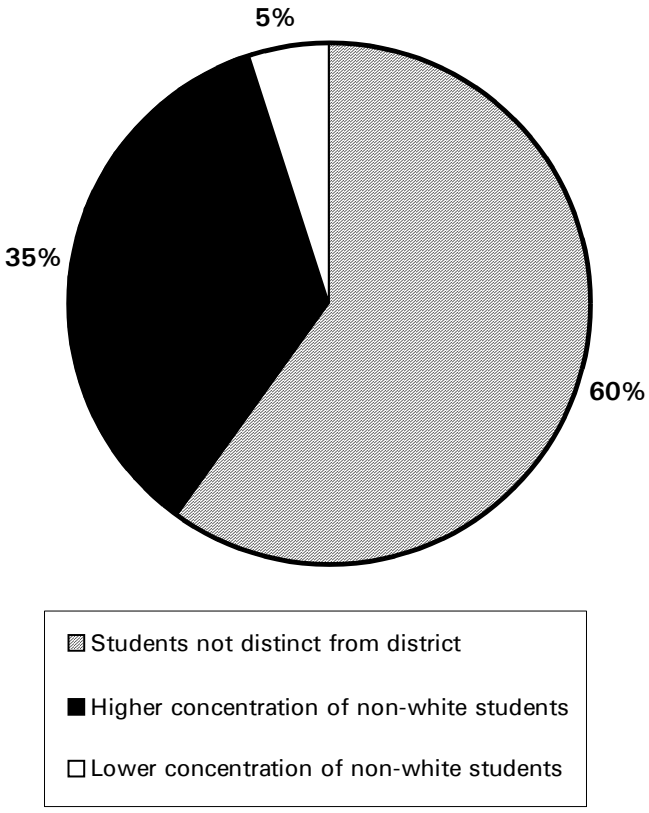
> no evidence to support the fear that charter schools as a group disproportionately serve white and economically advantaged students . . . Charter schools are similar to their districts on student racial/ethnic and income level characteristics, but about a third are more likely to serve students of color and low-income students. (U.S. Department of Education 1998: 7–8)

Also contrary to forecasts, charter schools are serving many disabled or impeded children.[4] The Hudson Institute's study finds that charter schools attract low-income children, children with learning and behavioral disabilities, and children at risk, who were often served inadequately by their municipal schools.

Parental satisfaction is manifested by the waiting-lists at nearly all charter schools and by the intention of the vast majority of parents to keep their children in charter schools as long as they are available (Vanourek *et al.* 1997: 8).

Studies find that charter schools provide a range of benefits for children and teachers. Perhaps the most significant finding is that students in charter schools make greater academic strides than do their peers in municipal schools. According to research conducted by the Center for School Change at the University of Minnesota, charter school students are making remarkable academic gains. The 20 charter schools in their multi-state sample administered at least two rounds of the same test to their students. They found that

Figure 2 Estimated Racial Distinctiveness of Charter Schools Compared to Surrounding Districts, 1996/1997



Source: United States Department of Education 1998: 9.

charter school students made gains of 1.3 to 2 years in various subjects (Cheung, Murphy, and Nathan 1998).

In only a few years, charter schools have won the approval of many teachers and have even gained the support of teachers' unions. When they switch from the existing government school system to charter schools, teachers sacrifice job security but are well compensated in other ways. The charter-school teachers interviewed for the study by the Hudson Institute stated that they preferred the more "familial school atmosphere, sensible management decisions, dedicated colleagues, and enhanced personal and institutional accountability" found in the charter schools (Finn *et al.* 1996: 4). Researchers at the Center for Market-Based Education at the Goldwater Institute found in a study of Arizona's charter schools that "most established charter schools set their salary schedules 5 percent higher than traditional public schools, with merit pay and pay for special skills raising the overall average to 6 percent higher" (Solomon and Gifford 1999). Performance-based incentives, flexibility, the teaching environment, and the opportunity to participate in important educational decisions attract teachers to charter schools.

Charter schools have also attracted a significant number of students back to "public" schooling. Four percent of students enrolled at charter schools had previously dropped out, eight percent came from independent schools, and two percent had been home-schooled (Finn *et al.* 1996: 3). Nearly all charter schools receive less money per pupil than other government schools, and some school districts even profit financially from them. Despite this, many superintendents and school boards feel threatened by the competition that charter schools present. (Finn *et al.* 1996: 4).

American charter schools have been aptly dubbed "America's educational research and development centers" (Manno *et al.* 1998: 2). It would be impossible to describe adequately the myriad educational innovations taking place between their walls. Many create new learning environments by organizing school time, spaces, and structures differently, in ways that meet their educational goals better than the usual timetable of 40-minute lessons, six-hour days, and nine-month years. Some, like the Livingston Technical Academy in Howell, Michigan, focus on school-to-work skills and combine technical and academic tuition with apprenticeship programs. Some focus on the arts or sciences, some on international studies, many on students with learning challenges or those at risk of dropping out of school. Nearly all charter schools have high expectations for their students and a clear educational philosophy, and demonstrate improved results by their students.

Not all charter schools have been successful. Twenty-nine have been closed for failing to meet minimum standards agreed upon in their charter (Pennar 1999). The closure of failing charter schools is unfortunate but if the movement is to live up to its promise of public accountability, closures will occasionally be necessary. Charter schools must be held rigorously to account if they are to maintain their integrity and offer the public an alternative more promising than existing government schools.

Though their numbers are small, their challenges great, and their eventual impact unknown, charter schools have already accomplished two important feats. They have brought to the United States a new generation of accountable, independent, government-funded schools; and they have broadened the common conception of public education. The following movements expand that conception further.

The Public Voucher Movement

The public voucher movement is a landmark educational reform. It may mean not only the end of the entrenched paradigm of public education but also, if its proponents are to be believed, provide a vital step towards racial equality, social integration, and urban economic renewal. The first two programs, Milwaukee and in Cleveland, demonstrate that, in practice, inner-city, public voucher programs live up to these expectations.

Milwaukee

Milwaukee Parental Choice Program (MPCP) is the oldest and longest-studied public voucher program in the United States. It was sponsored, in 1990, by African-American State Representative Polly Williams in response to high drop-out rates, disgraceful test scores and an unacceptable disparity in educational opportunity between Milwaukee's low-income and middle-income families.[5] The program initially allowed one percent of Milwaukee Public School (MPS) students from low-income families to attend independent, non-sectarian schools. Students applied to the participating independent schools and, once their family incomes were verified, were selected randomly by the schools for the places available. This voucher education cost the public less than half the cost of sending the students to a Milwaukee government school: US$2,729 per pupil for independent schooling rather than US$6,656 per pupil at MPS (Greene, Peterson and Du 1997: 13).[6]

The constitutionality of MPCP was challenged with a union-backed lawsuit, but the state's Supreme Court declared

the voucher program constitutional in 1991. Milwaukee's legislation establishing the public voucher program prohibits independent schools from enrolling more than half of their students with vouchers. This regulation, and the ongoing lawsuits imperiling the program's survival, discouraged the establishment of any new elementary schools. Choice was, therefore, at this time still limited to the few existing secular schools with capacity to meet the voucher demand.

In 1995, the Wisconsin legislature expanded Milwaukee Parental Choice Program from 1 percent to 15 percent of MPS students and, for the first time, allowed participants full choice of religious schools. Expansion was important because religious schools accounted for 90 percent of Milwaukee's established independent school capacity (Greene, Peterson and Du 1997: 9). Only days before the start of the new school year, a court injunction halted the program in response to an objection raised by the Milwaukee Teachers Education Association and the American Civil Liberties Union that government funding of religious schools was unconstitutional. Thousands of children would have lost their place at school had not a local private voucher program raised $1.6 million from private Milwaukee citizens and businesses in only a week. Thus the community enabled 4,650 children to start the new school year in their parents' choice of school without government assistance.

In August 1996 and August 1997, the Wisconsin Supreme Court twice upheld the injunction to prevent public vouchers being used at religious schools but, in early 1998, the Wisconsin Supreme Court voted to uphold the expanded Milwaukee Parental Choice Program, after giving careful consideration to its constitutionality.[7]

Research teams at the University of Wisconsin and Princeton University have closely studied MPCP. The team from the University of Wisconsin found that "[i]n all five years, parental satisfaction with choice schools increased significantly over satisfaction with prior public schools" (Witte, Sterr and Thorn 1995). Education reporter David Ruenzel noted five years into the program:

> the Milwaukee choice plan has ... deeply involved long-alienated parents in their children's schooling. This is of crucial importance, standing as a powerful retort to educators who have long suggested that parents burdened by social and economic problems could devote but minimal attention to educational issues. (Ruenzel 1995)

Findings based on a randomized experiment by researchers at Harvard and Princeton showed "statistically significant" efficiency gains (Greene, Peterson and Du 1997: 2). The evaluation by the team from Harvard found that academic improvement by students on the voucher program began in the first year of attending a choice school and increased the longer they were enrolled. Gains in mathematics scores were small in the first two years but greater in the third and fourth year at independent schools, while improvement in reading scores was significant at first and increased slowly but steadily in the following years (Greene, Peterson, and Du 1997: 17). The team from Princeton did not have access to reading-score data but found "the causal effect of private schools on yearly increases in math scores ... is about 2 percentage points a year" (Rouse 1996). Both studies recommended that more, and larger, choice programs be implemented and studied to confirm these results. The Cleveland public voucher program does just that.

Cleveland

The Cleveland Scholarship program, currently in its third year of operation, was the first publicly funded American voucher program to include both parochial and secular schools. The scholarship covers up to 90 percent of a student's tuition to a maximum of US$2,250, the equivalent of just over a third of the cost of sending a child to a Cleveland government school.[8] In its first year, the program provided educational vouchers for 1,996 low-income students,[9] chosen by means of a lottery. The planning and administration of the lottery was impeded by a lawsuit launched by the American Federation of Teachers and others, which was only resolved in favour of the voucher program two weeks before the school year commenced.

The study of the Cleveland program by Greene, Howell, and Peterson (1997a), like the research on Milwaukee's voucher program, is based on academic testing of students and interviews with parents. It shows two "very important" reasons parents applied for a voucher: first, parents sought "improved academic quality" in their children's education (85 percent); second, they looked for "greater safety" in their school environment (79 percent). Contrary to the prediction of the American Federation of Teachers, "religion" and "friends" were "very important" reasons to leave the government school for only a minority (Greene, Howell, and Peterson 1997a: 27, 53).

The report found that virtually all scholarship recipients were "far more satisfied" with independent schools than the families attending government schools, and more satisfied than those who were offered and declined a voucher.

It is interesting to note that this study also found that wealthier families were more likely to be satisfied with

government schools than were impoverished families.[10] No such difference was found among voucher recipients attending independent schools. Voucher programs, therefore, appear not only to increase parental satisfaction with schools but also to give children from different social and economic backgrounds better educational opportunities than does the present system of "public" schooling (Greene, Howell, and Peterson 1997b: 17).

Other Developments

These findings have contributed to a growing political interest in publicly funded vouchers across the United States. In June 1998, Puerto Rico approved the creation of a US$72.3 million public scholarship fund to enable students from preschool to university to attend the school of their choice (The blum Center for Parental Freedom in Education 1998). In April 1999, Florida passed a bill to provide US$4,000 vouchers to as many as 170,000 students in the state's worst municipal schools (*Investor's Business Daily* 1999b). Six other states and New York City are also currently considering the establishment of public voucher programs.

The Private Voucher Movement

Private voucher programs are being established across the United States to provide a small but growing percentage of impoverished families with a means to exit failing government schools. They advance a formula of "public education" that is financially and philosophically independent of the government sector. Privately funded vouchers are important to American education both because they are helping individual students and because they are focusing public attention on the need to improve the educational choices available to low-income families.

The History and Growth of Private Vouchers

Since 1991, when businessman J. Patrick Rooney launched the first program in Indianapolis, private vouchers have spread in size and significance to 41 cities across the country, with at least 15 new programs scheduled to begin in 1999 (National Scholarship Center 1998: 4). Participants are low-income families, almost always inner-city residents and predominantly minorities (National Scholarship Center 1998: 1; Dewey 1998).

A few voucher programs are funded by one major sponsor but the majority are supported by individuals, foundations, and corporations from the community. Private spending on vouchers is growing exponentially: in 1997/1998, it totaled US$11.6 million, and the cumulative private, spending on vouchers from 1991 to 1998 totaled US$45 million. In the last year, a great wave of private investment has swept the movement, bringing total commitments to $250 million by the end of 1998. In 1997/1998, 64,000 children applied for voucher places and there were enough places to serve 12,684 of them. The 1999/2000 school year will see the number of voucher places leap to over 50,000.

Participating independent schools charge tuition ranging from US$800 to US$6,000 and scholarship awards range from US$150 to US$4,000. Nearly all the programs require parents to contribute some portion of the tuition (National Scholarship Center 1998: 1).

As long as inner-city government schools continue to fail the majority of students, voucher programs are unlikely to raise enough funding to satisfy the demand among parents for independent schooling. As private voucher programs—and their waiting-lists, their funding, and the public's awareness of them—have grown, the education monopoly has begun to respond to the competition. When voucher programs allowed only one or two students in any government school to leave, the school boards ignored them. More recently, programs have found that by offering vouchers to every student in a small, specific group of underachieving, low-income students, they can spur improvement by threatening the municipal school board with a significant loss of students. In this way, they may help not only the students who accept the voucher, but also those who remain in the municipal school.

Three landmark voucher initiatives show the growth in scope and potency of the private voucher movement over the past two years. In 1997, a woman donated US$1 million to establish the first school-wide voucher program for every student at one failing government school in Albany, New York. In 1998, a charitable organization committed US$50 million to establish the first district-wide private voucher program in the Edgewood district of San Antonio, Texas. The same year, two men pledged US$100 million to establish the national Children's Scholarship Fund to cover tuition for low-income children in more than 40 cities and three whole states across the United States.

Giffen Memorial Elementary School

The first case is that of Virginia Gilder and the Giffen School in Albany, NY. In the early 1990s, Gilder sponsored a voucher program for students at several poorly performing municipal schools in upper New York State. Each summer, a few students at each of the schools won a voucher and transferred to an independent school. Meanwhile, the government

schools' dropout rates remained unacceptably high, their literacy and numeracy scores remained unacceptably low, and the school board made no apparent attempt to improve them. Gilder decided to focus her efforts on the worst school, Giffen Memorial Elementary.

At Giffen, only half of the grade-three students could read at the minimum state standard and their results deteriorated the longer they attended. Gilder offered every child at Giffen a scholarship of up to US$2,000 per year, or 90 percent of the cost of an independent school, for three to six years. Thirty-four percent of the low-income parents accepted her offer, even when asked to pay a share of the tuition. For the first time the school board was forced to account for and defend its use of public funds.

The story made national news (Lee and Foster 1997, among others) and roused the municipal school board to make some changes. The principal and 12 teachers were immediately replaced and the board invested US$125,000 in the school (Carroll 1997, Gilder 1998). The result was a better education both for the students who accepted a voucher and for those who remained at Giffen.

Gilder's donation inspired an explosion of interest and investment in private vouchers. Last year, The Children's Educational Opportunity Foundation of America (CEO America) and physician James Leininger pledged to raise at least US$50 million over the next ten years for the United State's first district-wide private voucher program, in the Edgewood school district of San Antonio, Texas. The same year, entrepreneurs John Walton and Ted Forstmann pledged a US$100 million challenge grant to establish the Children's Scholarship Fund (CSF) for students in 40 cities across the country.

The Edgewood-Horizon Project

In the first year of the Edgewood-Horizon Project (1998/1999), 837 of the district's 14,000 students took advantage of the voucher offer.[11] District officials predicted that the vouchers would skim off the cream of the students in government schools or prompt a mass exodus from government schools. They have been proven wrong. Test results show that the students taking up the voucher are neither the district's high academic achievers nor children of its social and economic elite. On average, voucher students leaving the government school district scored 4.8 in reading and 4.9 in mathematics on a nationally normed 10 point scale where 5 is considered average. The ethnic makeup of voucher students was 92 percent Hispanic, close to that of the district as a whole, and their average family income was US$13,492 (CEO America 1999).

The Edgewood school district has responded by trying harder to attract and keep students. The President of the school board, Manuel Garza said, "its not that we weren't aware that we needed to make changes, but [the program] does put added pressure on us . . . We need to make sure residents choose Edgewood schools first" (*Investors Business Daily* 1999). The Superintendent of Edgewood schools commented on the voucher program by saying, "this is the time not to stop improvement but to accelerate improvement" (*Waco Tribune-Herald* 1998). For the first time, Edgewood opened school doors to students from other districts, and 200 students transferred into the district. The district also hired a consultant to develop a constructive response to the challenge of competition but declined the offer from a private foundation to cover the expenses. Unfortunately, the school board voted not to cooperate with an independent evaluation of the Horizon program, undertaken and financed by Mathematica Policy Research of New Jersey. The superintendent of schools explained this decision by saying that she was "concerned that we can't control the conclusions drawn by outside organizations" (CEO America 1999).

Children's Scholarship Fund

The Children's Scholarship Fund (CSF) has taken the private voucher movement to a new level of size and significance. Less than nine months after its establishment, the US$100 million fund had raised an additional US$100 million in matching grants and US$55 million in additional donations. CSF plans to distribute 40,000 vouchers having a total value of US$170 million for the 1999/2000 school year: 35,000 of these vouchers will be distributed through local organizations established in 43 cities and three states while another 5,000 will be available to low-income children who apply from any other part of the country. CSF has made private vouchers a movement of national significance.

Assessment of Private Vouchers

The exponential growth of the private voucher movement reflects common recognition that independent schools often succeed in the same communities and with the same students failed by the government schools. It also suggests that there is a wide base of support for educational choices that are neither restricted by public approval nor regulated by government administration. The question that must then be answered is, do vouchers really improve the academic performance of students?

Long-standing research comparing government schools and independent schools indicates that the educational value added by independent schools is greater than that added by government schools (see Coleman, Hoffer, and Kilgore 1982; Powell, Farrar, and Cohen 1985; Chubb and

Moe 1990). New research on the academic achievements of voucher recipients in Milwaukee, Cleveland, and New York confirms this (Greene, Howell, and Peterson 1997a, 1997b; Greene, Peterson, and Du 1997; Peterson, Myers, Haimson, and Howell 1997; Peterson, Myers, and Howell 1998). The most convincing example comes from Harvard's study of the New York's School Choice Scholarship Program.

Evaluators from Harvard and Mathematica Policy Research used the private New York School Choice Scholarship Program to conduct the first "natural randomized experiment" on the effects of winning a voucher on students and their families. Data on the family background and academic ability of applicants were collected before a lottery allocated the applicants randomly to a voucher-winning group and a control group.

After only one year, voucher winners out-performed the control group by 2 to 6 percentile points. Parents of voucher students reported that they were much more satisfied with their children's education, and that students' safety, tardiness, vandalism, absenteeism, fighting, cheating and racial conflict were not such problems in their new schools as they were in the control group's schools. Voucher parents were nearly four times more likely to give their chosen school an "A" than were parents in the control group were (Peterson, Myers, and Howell 1998).

This research suggests that academic failure of low-income students is by no means inevitable. Independent schools succeed with students better than government schools do because they have "clear school goals, rigorous academic standards, strong leadership by the principal, teacher participation in decision-making, parental support and co-operation, and high expectations for student performance" (Chubb and Moe 1990: 16). These things are impossible to legislate and can only be cultivated when schools are allowed to be autonomous and accountable to the families they serve.

Privately funded vouchers give low-income parents the power to seek the education they want for their children. They encourage grass-roots action to promote public vouchers and prompt municipal schools to respond to community demands for better teaching, better learning environments and better academic results.

Education Tax Incentives

The American public has clearly become less satisfied with the government's management of education and is devising ways to regain control of schooling. Charter schools and voucher programs reflect this inclination, and so does the development of the United States' newest education policy instrument: tax credits. Tax credits for educational spending developed from the premise that taxpayers and parents should have some power to direct their school taxes to their preferred system of education. Tax incentives can be designed either to reduce the barrier to independent schooling for middle-income and lower-income students or to provide the families at the very bottom of the socio-economic ladder with the option of independent schooling for their children.

Growing numbers of politicians and groups supporting citizens' rights are advocating tax credits as an alternative to public vouchers. In Minnesota, Iowa, and Louisiana, tax incentives have been enacted to reduce the financial barrier to independent school enrolment, making it possible for a greater proportion of the population to afford independent schooling for their children. In Arizona, the tax-credit program encourages taxpayers to help low-income families afford the education of their choice. Other tax-credit proposals are currently being fought for in Colorado, Idaho, Virginia, Georgia, New York, Michigan, and Idaho. (For further information about these proposals, see the Blum Center for Parental Freedom in Education 1998.)

Arne Carlson, the Governor of Minnesota, was the first state governor to promote educational choice through tax incentives. His scheme has increased independent school enrolment in Minnesota by 20 percent over the past decade (Teasley 1997). Families with lower incomes (below US$33,500) can earn tax credits for educational expenses while families with higher incomes receive tax deductions for their children's learning expenses. School tuition, however, can only be deducted from income (Center for Education Reform 1997: 29). Small tax credits are available for tuition expenses for Louisiana and Iowa residents with dependent children.

Arizona's Tax Credit

Arizona takes the idea of claiming the educational expenses of one's own children a step further. Arizona families now get a tax credit for helping to expand the educational options of others' children. Since January 1999,[12] the state's residents have been able to claim an income-tax credit worth up to US$500 for donations to private voucher programs based in Arizona. If an Arizona taxpayer donates up to US$500 to a private voucher program, the full amount may be subtracted from the donor's state income-tax bill. Parents may not claim the credit for tuition paid for their own dependents.

For a donation to qualify, it must be given to a charity that can prove it administers vouchers efficiently and offers

them for use at more than one school. The tax incentive is estimated to result in donations to these charities of US$50 million each year and is likely to provide vouchers to 200,000 children per year (Hoff-Hay 1997). This will be a tremendous boost to the private voucher movement in Arizona, which had only raised funds for 140 vouchers before the tax credit was passed.

The Arizona tax credit ensures that each time a student transfers out of the government-school system with a tuition voucher, the children who are left behind also benefit. When a student leaves a government school, all but US$500 of the US$4,500 that Arizona spends per pupil stays in the government system. The resources available for the remaining students will therefore grow by US$4,000 for every voucher used. The tax credit gives independent and government-run schools a new incentive to develop programs that cater for students served poorly by their local government school.

Other Tax Credit Proposals

Several other compelling versions of the educational tax credit have been proposed and are under consideration in other states. The National Center for Policy Analysis and CEO America have published their own proposal, *The Tax Credits Program for School Choice* (Morrison 1998). It recommends taxpaying individuals and businesses receive a dollar-for-dollar tax credit up to US$1,000 for tuition paid to non-government schools, for donations to private voucher programs or for home-schooling expenses. Every dollar credited to taxpayers for these expenses would be taken from the budget of the school district in which the student beneficiaries lived. Anyone, including a parent, who pays the tuition of a child attending an independent school, could claim US$1,000. For instance, an individual or business could pay US$1,000 per child for each of ten children and claim US$10,000 in tax credits. However, the credit could only be claimed once per child, so where independent-school tuition exceeds US$1,000, only the first US$1,000 could be claimed. If, for example, three taxpayers contributed US$1,000 each to pay one child's US$3,000 tuition, only one of them could claim the US$1,000 credit.

A tax-credit program would highlight differences in cost and value between educating a child at a municipal school versus an independent institution. Few people realize that the majority of independent schools cost much less per student than existing government schools. In 1993/1994, according to the National Center for Education Statistics, the average cost per pupil at American independent schools was US$3,116 compared to US$6,857 at government schools—less than half. By increasing the funding available per student in the government school system, tax credits would increase this difference in cost between government and independent schools and eventually impel a reduction in school taxes.

Tax credits for education encourage both school efficiency and civic responsibility. Where government schools are good, few people will redirect their taxes to independent schools; but where government schools are failing, parents may send their children and taxpayers may direct their money to independent alternatives. This policy instrument reduces government coercion and facilitates access for all families to the education of their choice. Diverse, innovative, and accountable schools are likely to flourish a result of this inexpensive government instrument.

Tax credits are potentially superior, in the long run, to either charter schools or public voucher programs because they keep educational funding and decisions in private hands. The government is less likely to interfere with the educational autonomy of an independent school if the two remain at arm's length from one another. A government introducing public vouchers may not perceive them as the means to expand its fiefdom but its successors may. The Swedish model of school choice has proven this danger. Only a few years into the voucher experiment, the government decided that no school should be allowed to charge tuition or select its students. Public funding has led to a loss of independence for all Swedish independent schools. Elected officials, if given the power, can seldom resist the temptation to make decisions that are better made by those primarily affected by them, parents and educators.

New Zealand

New Zealand's restructured public education system has been in place for a decade. The three hallmarks of the reforms are: the transformation of government-administered schools into locally managed, de-zoned charter schools,[13] the creation of an autonomous government agency to assess the schools, and the establishment of a small voucher program for low-income students. These changes have resulted in the devolution of power, responsibility, and information onto parents, communities and educators. A seven-year study of the reforms concludes that they have brought "new energy and focus" to schools. Self-management by schools has "increased the local financial and human resources available to schools. Teachers and principals have paid more attention to what they do. Many principals and teachers . . . see positive gains for children" (Wylie 1997: ix). Eighty-two percent of parents now claim to be satisfied with their children's education (Wylie 1997: 110). Among parents of voucher students, 97 percent are satisfied or very satisfied with the education their children are receiving at an independent school (Smith and Gaffney 1998: 48).

History

Before the reforms were enacted, New Zealand's government school system was expensive, inefficient, unresponsive to community needs, and top-heavy with administrators. Its strict zoning legislation also fostered inequitites as higher-income and predominantly *pakeha* (white) communities benefited from better municipal schools and lower-income, Maori and Pacific Island families had no choice but to attend failing schools.

In 1987, the market-oriented Labour government set about to reshape state agencies, including education, health, and welfare. Beginning its work on education, it commissioned the "Picot Report," an intensive study of the school system that recommended a complete overhaul of the way education was administered (Picot 1988). *Tomorrow's Schools* (NZDoE 1988), the government publication that outlined the reorganization, became the eponym for the reforms.

Tomorrow's Schools Charter Schools

Almost overnight, the reforms transformed the monopolistic education system into a collection of partially self-governing charter schools. To improve "the effectiveness and efficiency of resource use in education" (NZMoE 1994: 40), the government shifted authority from the central Department of Education to individual schools. The Department of Education and its 4000 employees were replaced by a Ministry of Education with a staff of only 400 (Stevens 1997). A board of trustees for each school replaced the existing district school boards so that "the running of the institutions [became] a partnership between the [education] professionals and the particular community" (NZDoE 1988: 1). Elected parents and other community members control the schools' boards, which unite the vision and interests of each community with the educational objectives of the state.

At the same time, the government removed school zoning. This measure was designed to improve equity in enrolment, to give families a choice of educational alternatives, to encourage healthy competition among schools for students, and to promote better educational practices. It seems to have been a successful strategy. De-zoning has provided a majority of families with a choice of schools: 85 percent of parents surveyed said their child was attending their *first* choice of school. The choices of the remaining 15 percent of parents have been limited by transportation, the school's enrollment, and cost (Wylie 1997: 158).

These statistics reveal not only high levels of parental satisfaction but also high levels of parental involvement in their children's education. A large majority of parents are now actively involved in deciding the course of their children's schooling. Two-thirds of New Zealand parents whose children are in school had already decided which school they

would like their child to attend next and the majority (63 percent) of those parents could envisage no obstacle to prevent their child from going on to that school (Wylie 1997: 158). Parental mindfulness of their children's education, as common sense suggests and research has proven, is highly correlated with successful schools (Chubb and Moe 1990: 148–49).[14]

Incomplete Reform

Two important features of *Tomorrow's Schools* were not put into practice as they were originally designed. The first was funding control for all schools and the second was flexibility for public schools to open and to close according to their ability to attract students.

In the original plan for the restructuring, schools were to receive direct funding for all their expenses on a per-pupil basis, with extra allocations for schools serving special-needs students and low-income communities. Direct funding, otherwise known as the fully funded option, was very unpopular with the teachers' unions, who pressured the government to consign only the administrative portion of a school's budget to its board—as little as 20 percent of total school spending. The unions feared that schools would choose to cut teachers if they were in charge of their own staffing decisions. In 1990, the government of the National Party offered schools the fully funded option for a three-year trial; 69 schools voted to take part.

Three years later, direct funding had proven successful at all 69 schools; every one chose to continue it at the end of the trial period. To the surprise of the teachers' unions, fully funded schools had hired 11 extra teachers and 91 percent of their principals "believed learning opportunities had been enhanced" as a result of direct funding (Smith 1995: 4). By 1997, 10 percent of schools had opted for direct funding (Wylie 1997: 137) and by the end of 1998 more than 23 percent of schools had adopted it (Robert Stevens, Manager Internationalization, Ministry of Education, New Zealand, March 31, 1999, personal communication). The scheme is still opposed by the unions and some school trustees are still hesitant to try the fully funded option fearing that it might negatively affect their relationship with school staff, result in further funding cuts, or force them to make tough budget decisions (Wylie 1997: 136).

Another proposed reform, permitting new schools to open and failing, unpopular schools to close, was never implemented because of opposition from the unions. No new schools may be opened if there is space for students in existing schools. This means that students and teachers are sometimes stuck in failing schools because the popular schools are filled to capacity. The American charter experience suggests that by allowing schools to open and close, the government would have increased the competitiveness and accountability of the educational marketplace. It would have enabled more families to escape bad schools and fostered new charter schools of higher quality. Instead, New Zealand's best charter schools have waiting lists and some students, often from low-income Maori families, are still trapped in failing schools. A survey indicated that parents who were unhappy with the quality of their child's education tended to be those who did not get their first choice of school; these parents were also disproportionately Maori (Wylie 1997: 110).

School Assessment: Educational Review Office

When New Zealand's government created a Ministry of Education responsible for setting national education policy, it also established the Educational Review Office (ERO) to inspect schools and report their standards. The ERO's purpose is to keep schools accountable to an independent public body, to help improve weak schools, and to keep parents and the general public informed about the performance of their education system.

The ERO completes New Zealand's well-conceived network of accountability to parents, community members, education experts, and the general public. The process encourages schools to work hard, lets them know how and when they will be assessed, and provides them with constructive, professional criticism. The public may request copies of the full ERO reports or read highlights from them in the daily papers.

Some members of the educational establishment who resisted the move toward accountability claim that the process exacerbates inequity.[15] Their proof is that waiting lists are long at good schools and morale is hurt at those given poor reviews (Dale, Robertson, Vaughn, and Thrupp 1997). However, research both by the ERO and by independent scholars indicates that schools are more likely to improve if they recognize that improvement is not merely desirable but necessary. Schools that had for years produced poor results recognized that changes were essential when falling student enrolment and frank reports from the ERO highlighted their shortcomings (Smith 1997). Morale at these schools

declined at first but more recently has rebounded as schools have confronted vital educational issues that they had previously ignored. Studies find that "most" secondary schools have been "innovative and responsive . . . to the demands or perceived needs of students" (ERO 1995: 13).

Karen Dobric, studying the effects of competition, site-based management, and accountability on New Zealand secondary schools, concludes that "retention rates are increasing, more and more non-traditional possibilities are opening up in senior secondary areas, students' needs are increasingly being met, and retention rates are increasing further" (Dobric 1997: 27). Indeed, a 7-year study by the New Zealand Council on Educational Research found that principals and teachers believed that the impact of the educational reforms on children's learning, teaching content, and teaching style was overwhelmingly positive (Wylie 1997: 161–63) (see figures 3 and 4).

Educational Vouchers: Targeted Individual Entitlement Scheme

In 1996, the New Zealand government started a small, pilot voucher program. The scheme was established for those who were most likely to be stuck in poorly performing schools and least likely to be able to afford private alternatives—children from low-income families. The aim of the Targeted Individual Entitlement Scheme (TIE) was to "lift the educational achievement" of low-income families and make "it more likely that these families [would] get the kind of education that they want for their children" (NZMoE 1996: 2).

The TIE program provides 160 students with funding for the independent school of their parents' choice.[16] It also provides the student's family with an allowance of NZ$900 for primary students and NZ$1,100 for secondary students to cover additional expenses such as uniforms, books, and extra-curricular activities. Primary and secondary school students qualify to apply if their family income is less than NZ$25,000. The voucher is an all-or-nothing entitlement and parents are required to contribute only to extra-curricular expenses that exceed the allowance. The Ministry makes no attempt to target students other than by their family income and participating independent schools are free to select TIE students as they wish. The TIE information kit states:

> It is important that the selection process gives all candidates an equal chance of being selected. Schools should bear in mind that TIE is not simply a scholarship for the academically able; the intention of the scheme is to "open more doors" for *all* students whose present options are limited. (NZMoE: 1995: 6)

Evaluation of the first two years of TIE indicates that the program has been successful both in raising the educational achievement of low-income students and in providing low-income families with more satisfactory educational choices. Surveys revealed that 97 percent of parents whose children were selected by TIE rated themselves as either satisfied or very satisfied with their child's progress. "The vast majority of parents (in most cases between 84 and 96 percent) were very positive about every aspect of the TIE school for their child, including academic and sporting activities, teachers, level of work, other students, and peer relationships" (Gaffney and Smith 1998: 64). Students and parents agreed that their independent schools were superior to their former schools in almost every way.[17]

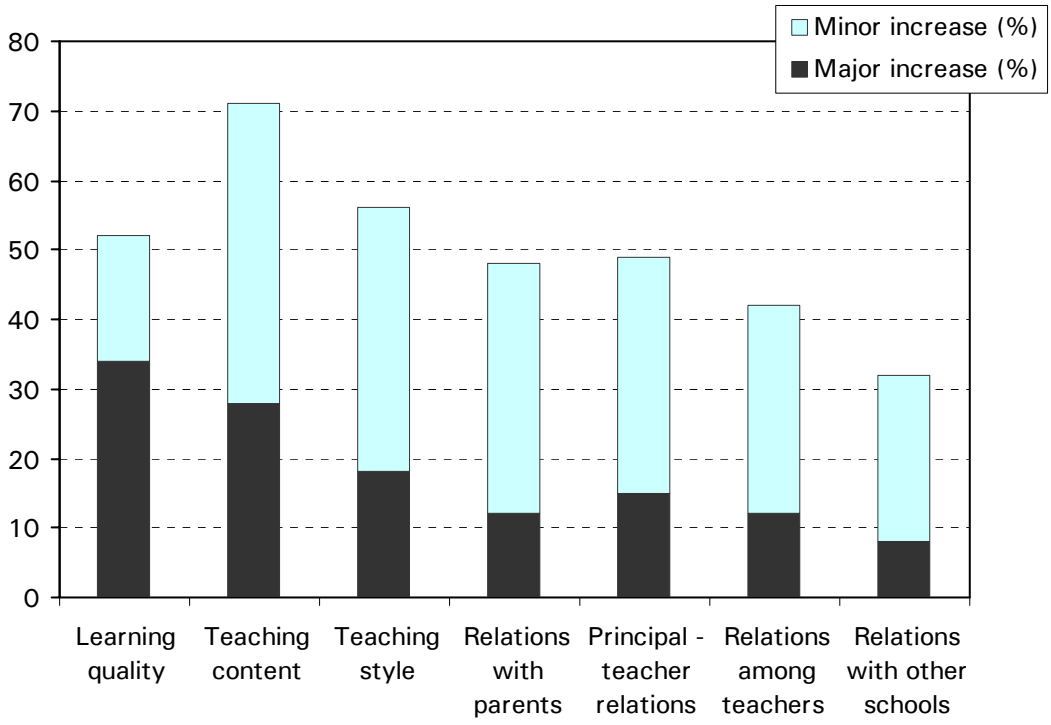
Teachers and principals were also enthusiastic about the benefits of the scheme for the student recipients, who were thought to be progressing as well or better than fee-paying students. They hoped to see the voucher program continued and expanded to benefit more students. The nearly unanimous enthusiasm of principals is remarkable, considering that many schools admitted TIE students ahead of long waiting lists of fee-paying students, and that the majority of schools absorbed expenses that the TIE families could not afford (Gaffney and Smith 1998: 38).[18]

The TIE scheme was, like all voucher schemes, greatly over-subscribed. Overall, students had about one chance in four of gaining a place. Of those who did so, 66 percent came from single-parent families and 73 percent had family incomes below NZ$20,000 (CDN$16,000) (Gaffney and Smith 1998: 21, 22); 100 percent of families had incomes of less than NZ$25,000.

Gaffney and Smith respond to the concern, often voiced by opponents of voucher schemes, that low-income families lack the skills to make sound educational decisions for their children. They comment that "parents in the scheme appear to have engaged in a careful and skilled process of selecting a school" (Gaffney and Smith 1998: 65). As a result, students are happy, progressing better than they had done in their previous school, and are unlikely to drop out of the program. "Only 3 percent of the 1997 students and 6 percent of 1996 students have withdrawn from the scheme" (Gaffney and Smith 1998: 41). Of these, only 2 students dropped out because of unhappiness with the school.

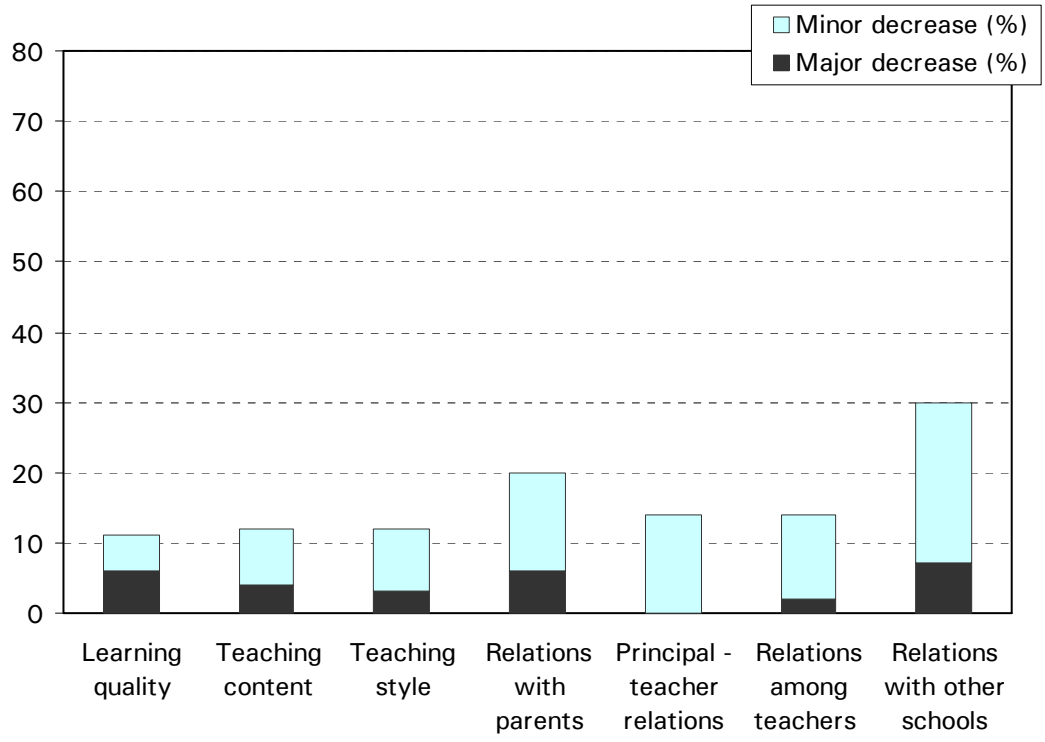
In light of the success of the TIE program, the government decided to continue it indefinitely at its present level of 160 new students per year. Opposition parties are threat-

Figure 3 Percentage of Principals Who Believe Education Reforms have had a Beneficial Effect on their Schools



Source: adapted from Wylie 1997: 161

Figure 4: Percentage of Principals who Believe Education Reforms have had a Detrimental Effect on their Schools



Source: adapted from Wylie 1997: 161

ening to cancel the scheme if they win an election later this year and the Independent Schools Council is petitioning to extend public funding to all independent school students.

An Example of Innovation

One high school provides an example of how New Zealand's new education policies have encouraged schools to develop innovative solutions to chronic educational problems and energized many educators to take advantage of a single innovative idea.

Aranui High School in Christchurch, NZ, had a chronic problem of students dropping out of school. Assessments from the ERO helped Aranui recognize the urgent need to improve its graduation rate. Addressing this need, the school hired Harry Westrupp as a placement officer, whose job it was to find a way to keep unmotivated students from dropping out of school. He set out to discover what interested the students who were at risk of dropping out, what they were good at, and what might keep them coming to school. The answer was sports. With the approval of the board, Westrupp created the Aranui Sports Academy for them. The Academy is a unique "school-within-a-school" program that focuses half of the students' day around their motivating interest. Aranui hired a superb coach, increased the guidance of the Academy students, and persuaded their teachers to emphasize links between their motivating interest and their academic subjects. In its first year, the Academy's formerly failing students had the best attendance record in the school (Dobric 1997: 17–18).

Aranui planned three more academies for the second year in which students at risk of dropping out spend one-half of their time in academic university-preparatory classes and the other half in the academy of their choosing. Within two years, six other Christchurch high schools have hired a counselor to assess the needs and interests of their failing students. These schools have proposed a wilderness academy, a visual and performing arts academy, and a military academy. They are likely to be first of many more (Dobric 1997: 17–18, 27). Students alienated by the one-size-fits-all system are staying in school because their schools have been encouraged to innovate. Educational problems are being solved and accountability is starting to pay dividends.

Denmark

Of the four countries in this report, Denmark's large, publicly supported, sector of independent schools is unique. Its long-established tradition of government-financed vouchers, supported by every political party, illustrates the country's public commitment to school choice. It demonstrates that dependence upon government funding does not necessarily compromise the autonomy of independent schools, even over the long term. Rather, public funding of private choice has produced a diversity of educational alternatives in Denmark that is unparalleled in the Western world.

History

Independent education has a long tradition in Denmark. Ever since general education was made mandatory in 1849, the government has upheld parents' freedom to select their children's schools—whether for religious, ethical, pedagogical or political reasons (Denmark, Undervisnings Ministeriet 1999). The Danish concept of public education differs fundamentally from that established by Luther and Calvin in the first European "public" school systems and imitated by the Puritans, who established the first American "public" schools. The religious founders of "public education" in most western countries sought to remove parental control from the education process in order to propagate adherence to a single system of beliefs. The notion that children's education should be determined not by their parents but by the state is still held by the educational establishment in most Western countries, including Canada. (For a discussion of the history of free, compulsory public education, see Rothbard 1974; West 1970.)

The Danish educational system, however, developed from the belief that parental authority over education should be paramount and that a truly democratic system of government-run education would be impossible without a range of independent, publicly funded, alternatives. The Danish believe:

> [t]he free choice of school and education is of central importance to a well-functioning education system. Apart from the fact that it is a goal in itself to give the students a free choice, a free choice of school and education will also further the schools' initiative and industry. (OECD 1995b: 39)

Independent schools in Denmark have provided educational choice for families throughout the country since the first half of the nineteenth century and today they educate about 13 percent of elementary and lower-secondary school students. Followers of N.F.S. Grundtvig, the nineteenth-century social, religious, and educational reformer, preached about inspiration and individual freedom and developed schools that offered an alternative to the strictly-disciplined, examination-oriented schools developed by the affluent and academically ambitious urban communities. The Grundtvig model flourished in the rural areas where liberal thinking and a practical education were preferred (Hansen 1993: 2). Over the past century, the two models have borrowed ideas from one another and today's Danish government schools reflect aspects of both models.

The freedom of Danish independent schools has prepared the way for schools with diverse educational environments, which cater to a variety of learning styles and educational goals. They can be divided into several popular types:

Lilleskoler ("Little Schools"): Progressive schools that emphasize group work and individual responsibility;

Realskoler: Academically rigorous schools that often emphasize reading, languages, and the sciences in an orderly environment;

Religious Schools: These are, like the Danish population, nominally Christian but usually involve few or no formal religious practices. Their student body is often, and their staff

occasionally, unaffiliated with the particular church to which the school is linked. They are often characterized by traditional values and a familial atmosphere;

Friskole ("Free Schools"): Grundtvigian schools are found primarily in rural districts and emphasize individual growth, oral traditions, and relationships among individuals;

German Minority Schools: Established for the historically recognized German minority in Southern Juttland but open for any families in that area who would like their children to study the German culture and language as well as Danish in school.

The Danish Voucher System

School choice in Denmark is achieved through a system of public vouchers for independent schooling. Approximately 75 percent of municipal spending on schools follows students who enroll in independent schools. The Ministry of Education pays a sum per pupil to each independent school. The exact amount varies depending upon the size of the school, the age of the students, and the age of the teachers. The municipality relieved of the responsibility of education reimburses the Ministry with the majority of that amount, a fixed 22,000 Danish kroner in 1995.

The government requires independent schools to charge tuition to all parents except those for whom it would cause undue financial hardship. The Danes believe that a family's commitment to independent education should be substantiated by a financial contribution, and that parental interest and control would be diminished if independent schools were financed entirely by the public purse. If parents choose an independent school over a municipal school, they must pay tuition of at least DKr3,500 (about CDN$720) per year. Tuition is affordable—the average compulsory school charges DKr7,439 (CDN$1,518) per annum (Olesen 1998), while the average secondary school charges DKr8,500 (CDN$1,735) (Hansen 1998). The competitive nature of the education market prevents tuition fees from escalating.

The Effect of Vouchers on Government Schools

The benefits of this voucher system, as the Ministry of Education recognizes, extend beyond the minority of families who choose independent schools to the majority who attend government-run schools. Danish municipal schools imitate successful practices pioneered in the independent sector because they risk losing pupils and popular support if they do not. Research conducted by the OECD has found that:

> Municipal schools are starting to replicate the model of parental involvement developed in [independent] schools. In 1989, school boards with a majority of parent members were established at all [government] schools and increasing decentralization to these boards is foreseen. Parents are also gradually obtaining a freer choice of [government] school within their municipality. (OECD 1994: 147)

The number of parents choosing independent schools grew by 50 percent in the course of a few years during the 1980s. The municipal schools responded when it became clear that they were losing students.

Supporters of monolithic systems of government education often claim that publicly subsidized parental choice would lead to a deterioration of the existing "public" schools; teachers' unions in the United States and Canada, for example, often use this as an argument against the establishment of charter schools or public vouchers. They fear municipal schools would become dumping grounds for children whose parents lack the interest or ability to find them a space at the superior independent schools. In Denmark, school choice has had the opposite effect. Public perception of government schools has improved as choice has become more widely available.

In Denmark, schools operated by the government are not regarded as being inferior to independent schools, as they often are in countries without school choice. This observation is reflected in parents' reasons for selecting one school over another (Cordt 1998; Rasmussen 1998). They are unlikely to choose an independent school so their children may associate with a more affluent peer group or because it has better facilities or more rigorous academics. More often, they select the school for its pedagogical approach, for its principal and teachers, or because they feel their child would benefit more from an alternative educational environment.

Franz Christiansen, the chairman of the German Minority Schools of Nordschleswig, says generations of German and Danish families have sent children to his schools because they would like their children to grow up in a bilingual environment. He and Phillipp Rogge, principal of the German Minority school in Hadersleben, agree that public support for their schools shows the respect held by the Danish people for the significant German population in that area. They believe that granting freedom and support for independent schools is a vital tool for integrating minority groups successfully into a majority culture (Christiansen and Rogge 1998).

Similar success has been experienced by Jorgen Cordt, Principal of Bordings Friskole, a primary school where storytelling and student expression are preferred over memorization and formal testing. His experience confirms the findings of educational research: children are much more likely to succeed at school if parents understand and support the method used by the school to educate them (Chubb and Moe 1990:147–49). He offers a summer camp to introduce interested families to the *friskole* educational environment before they decide to enroll a child. Cordt and the principal of the neighboring municipal school maintain a collegial relationship and identify students who might be better suited to other's educational environment (Cordt 1998).

The student selection process at Bordings Friskole and the German Minority School is typical of Danish independent schools: their principals accept every student they have room to enroll. Their policy is to welcome all families, introduce the school's educational philosophy and let the families decide if they want their children to attend that school. By offering pedagogical alternatives, they provide competition to the local municipal schools, they encourage all schools to respond to the educational needs of their community. The result is that government schools are as highly esteemed as their independent counterparts.

Independent Education in Denmark

Today, the demand for independent schooling in Denmark is greater than ever. Independent schools, which enrolled eight percent of students in 1982 and 11 percent in 1992 (OECD 1994: 146), enrolled 13 percent of elementary school students in 1998 (Olesen 1998). As noted, public financing of privately controlled choice retains the support of all parties in the Danish parliament, who believe that municipal schools benefit from "the experience and competition offered by the private schools" (Denmark, Undervisnings Ministeriet 1999: 1). Government legislation for independent schools (for students aged seven to 16 years) "contains detailed rules about government financial support but only the most general rules about the educational content. There are, for example, almost no rules about the Ministry of Education's control of the educational performance of the schools" (Denmark, Undervisnings Ministeriet 1999: 1–2). Danish experience shows that it is at least possible for independent schools to remain truly autonomous while they receive government funding, even over the long term.

The autonomy enjoyed by independent schools varies according to the kind of education they offer. Independent schools serving students from seven to 16 years old (the years of compulsory education) have a great deal of pedagogical freedom, as do the technical and vocational schools for older students. The independent *gymnasia*, or university-preparatory schools, have comparatively little independence (Traberg 1998).

Compulsory Schools

Compulsory (primary and lower secondary) schools are completely autonomous as long as they teach the basic subjects and maintain parental support. This policy has produced a unique array of educational choice. An OECD report states that, "the *laissez-faire* approach to private schools in Denmark produces a diversity unparalleled in other OECD countries" (OECD 1994: 146).

In order to establish a school and receive public vouchers, a parent or educator must only gather a few willing families and establish a board of governors. Smaller schools receive an allocation per pupil that is up to 1.45 times that of larger schools. The weighting is determined by the independent schools' own association and it reflects a common desire to encourage schools in small, rural communities as well as in urban centers. It also reflects the Danish preference for small schools where students, parents, and staff know the whole school community. Many Danes feel that the atmosphere of bigger schools, which are easier and cheaper for a bureaucracy to administer, can be more like a factory than an extended family (Olesen 1998).

Schools are free to determine their own student enrolment; they may select or expel students on whatever grounds they choose. This freedom reflects a trust of, and respect for, educators and a tolerance for a variety of educational choices. It also reflects a belief that freedom is necessary both to attract innovative and visionary educators and to provide schools that can cater to diverse student bodies.

The autonomy of independent schools is curtailed only by the regulation that they must pay teachers the same as municipal schools. According to Per Kristensen, an independent school principal and the Chairman of the Independent Compulsory School Association, this seemingly minor restriction means schools have little control over 63 percent of their budgets. As charter schools in the United States and fully funded schools in New Zealand have proven, freeing schools to make their own salary decisions has proven to be beneficial for the teachers as well as for the educational achievement of the students.

The competitive market in compulsory-level education has resulted in a responsive government school system

that is chosen by the majority *and* a vital and dynamic association of independent schools for a broadly based minority.

Upper Secondary Schools, Vocational and Technical Schools

After finishing compulsory school, Danish students have a choice of enrolling in a university-preparatory *gymnasium*, a technical or vocational school, or of leaving school altogether. At this level of schooling, competition for students is greater among the technical and vocational schools, which compete for students with both the academic stream and each other, than it is among the academic *gymnasia* themselves.

The *gymnasia* are a highly regulated group of schools and the independent *gymnasia* do not enjoy a freedom comparable to the primary and lower secondary schools. As a result, the independent *gymnasia* are indistinct from their municipal counterparts. They must offer subjects and examinations set by the government and follow a strictly defined curriculum and number of lessons per week. This dearth of flexibility means there are fewer incentives for educators to establish independent *gymnasia* or for students to enroll in them. Not surprisingly, independent schools enrol only five percent of all *gymnasia* students.

Policy makers in Denmark argue that upper secondary education is not compulsory and that students, if they want other options, can choose technical or vocational training or leave school altogether. They believe all students applying to university should have the same preparation and be judged by the same examinations. International evidence suggests that national examinations do encourage accountability (see Bishop 1998) but that student achievement might be greater if schools had more control over how students were prepared for them.[19] The 1995 OECD *Reviews of National Policies for Education in Denmark* called the government's regulations complex, prescriptive about details, and inflexible in responding rapidly to changing circumstances (OECD 1995b: 109).

In the past decade, reforms have been implemented to improve the "efficiency and effectiveness" of the vocational secondary schools. These schools were given increased autonomy, new targets, and freedoms that enabled them to compete for students. The heads of vocational schools believe that the new autonomy and accountability allows them to provide better educated and better trained manpower for the labor market *without* substantially increasing costs (OECD 1995b: 111). These schools have usually received less funding than their academic counterparts. As the OECD *Review* states, "gymnasia are more generously funded than technical and commercial colleges ... [which] undermines the development of competition for students between different providers and does nothing to raise the status and attractiveness of vocational schools" (OECD 1995b: 103). Despite this handicap, the vocational schools are successfully forging important niches and attractive educational images for themselves, thanks wholly to the new public policy.

Public Information and Accountability of Schools

Denmark has no formal mechanism for disseminating information about schools' methods, programs, or academic results; parents must rely on word of mouth for recommendations. Denmark's five million people live mostly in small communities, and outside Copenhagen there are seldom more than a couple of independent schools a family could practically choose. Parents, thus, are always able to come and meet the principal, visit the school and speak to other parents before they decide to enroll their child.

Although this informal system of information exchange is inexpensive and seems to work to the general satisfaction of parents and educators (Christiansen 1998; Cordt 1998; Kristensen 1998; Olesen 1998; Traberg 1998), it reflects the dearth of accountability evident in much of Danish social policy. The lack of any attempt, either by a government agency or a private organization, to quantify or describe the strengths and weaknesses of their schools means that school choice in Denmark is highly subjective. The lack of interest in objective comparison is reflected by the fact that Denmark is one of the few OECD countries whose primary school students do not participate in the international mathematics and science tests, TIMSS (Third International Mathematics and Science Study). The OECD *Review* describes the system as:

> Peculiarly unreflective about its own performance ... the tendency [is] to seek quality assurance by "frontloading" the system [in the government-run compulsory schools and all the *gymnasia*] through detailing what should be taught and examined, by ensuring high quality accommodation, equipment and materials, and a generous supply of highly qualified teachers, while rarely asking about comparative performance within the system. Yet if education is to be increasingly steered by frameworks and targets, it is the awareness of performance that is the key to raising standards (OECD 1995b: 104).

The result is that these overly regulated sectors of the Danish school system are, like Canada's, expensive without being particularly good. In contrast, the independent compulsory schools satisfy their students' families and are inexpensive to administer. The 67,000 students enrolled in Danish independent schools are served by only five administrators at the Ministry of Education, while many hundreds in the Ministry and hundreds more in municipalities around the country work to "front-load" the government-run schools (Traberg 1998).

Many of the outcomes of Danish schooling are difficult if not impossible to quantify. One can understand why some educators claim that no set of numbers could do justice to their labors. However, parents have a right to factual reports of student achievement and professional opinions of different schools, and the right to balance them against their own reactions to the schools' atmospheres, leadership, and pedagogical approaches.

A report on Danish schools would be useful for two reasons. It would give parents and students information, which they might use or reject, and it would provide schools with information about how they are serving their constituents. The facts would be unpalatable for those schools that fared poorly in the assessment but as experience in New Zealand has proven, public disclosure of the facts prompts otherwise unlikely improvements.[20] Such a report would complete an accountable, diverse, and democratic system of education, which the Danish voucher system has already done much to initiate.

Sweden

Recent reform of educational policy in Sweden has made it possible for Swedish families to send their children to any school, government or independent, without paying fees. In a few years, the policy has stimulated an enormous growth in innovative independent schools, encouraged improvements to municipal schools, and united socialist and conservative politicians, nearly all of whom now support school choice.

History

As Swedish socialism gained momentum in the first half of this century, the taxation policies of the dominant Social Democratic party made it virtually impossible for families to afford anything but municipal schools. A decade ago, Swedish independent schools served less than one percent of school-age students, a smaller fraction than independent schools served in any other country in Western Europe. The independent schools that were able to survive did so either because they catered to the moneyed elite or because they were governed and subsidized by one of the churches. Municipal education was heavily regulated by central government but was not held accountable for its outputs. Swedish government schools, like those in New Zealand, became known for their drab character and indifference to parental concerns. Dissatisfaction with educational policy grew for a generation (Lundgren 1998) until fundamental organizational reforms were implemented virtually overnight in 1991. That year, a new government came into power promising to end central planning in education and to replace it with decentralization and school choice.

The Swedish Voucher System

The 1991 legislation devolved power from the central government onto parents, municipalities and independent schools. Education objectives were nationally legislated but their implementation became, for the first time, the role of the municipalities. The reforms also gave parents educational choice. For the first time, parents were free to send their children to any government school within their municipality or to an independent school, with public funding following the child to the school chosen. Independent schools approved by the National Agency for Education would receive 85 percent of the cost of educating a student in the municipal school system. The opposition party vehemently opposed the legislation but in its first year the number of independent schools doubled and quickly filled with students (Lundgren 1998).

As early as 1993, a poll conducted by the National Agency of Education found that "85 per cent of Swedes value their new school choice rights" and "59 per cent of Swedish parents think that teachers work harder when there is school choice" (CGR 1997: 2). This was true even though only two percent of Swedes had exercised those rights. When the Social Democrats returned to power in 1994, the benefits and popularity of school choice were already becoming evident. They were felt both by the children attending new independent schools and by those who remained in the government-run system, which was starting to respond to parental concerns. As one Swedish professor of education concluded, "one cannot deny that the reform has made municipal schools more efficient" (Miron 1996: 79).

Swedish governments have changed the voucher amount twice since 1991, first reducing it from 85 to 75 percent and, then, in 1997 raising it—in theory at least—to 100 percent of municipal schools' funding per student (Ornbrant 1998). The new funding system is still very new and the independent schools are still unsure of their place in a country governed by a party that, until recently, had done everything in its power to undermine them (Svangren 1998; Rydberg 1998; Burenstam-Linder 1998). The uncertainty was enough to close a couple of schools and, no doubt, to discourage the founding of many others, but the National Agency of Education continues to receive hundreds of applications each year from parents and educators hoping to start their own

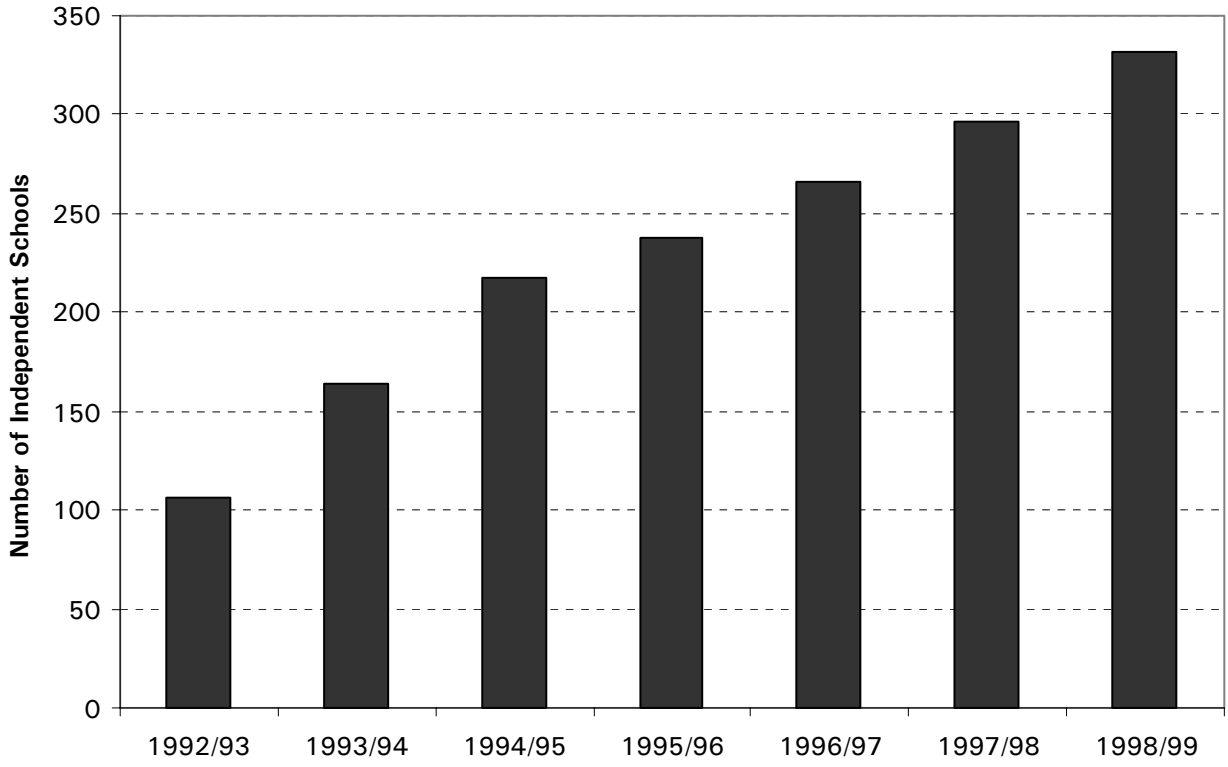
schools (Eriksson 1998). Last year it received 195 applications and this year the number has increased to 269, due largely to the increased demand for independent secondary schools (Rolf Ornbrant, Secretary, Fristkommittén, Ministry of Education, April 28, 1999, personal communication).

Though they began as a tiny minority of the education supply, independent schools are a growing and diversifying sector whose long-term influence on Swedish education belies the current proportion of the student population—3.6 percent in 1998/1999—that it serves. The supply of these schools is growing by from one-half to one percent per year, educating approximately 3500 more students every year (see figure 5), at a time when the school-aged population in Sweden is declining. Last year, the number of students in independent schools increased by 15 percent, despite the fact that the total number of school-aged students in Sweden declined by 11 percent (Rolf Ornbrant, Secretary, Fristkommittén, Ministry of Education, April 28, 1999, personal communication). Independent schools are expected to be educating 10 to 15 percent of students within a decade (Eriksson 1998; Andersson 1998). No one can estimate its eventual magnitude but it appears that demand for independent schooling vastly exceeds the current supply.

The first independent schools to establish themselves under the new system were those with previously established communities and interests—schools with either a religious or a pedagogical affiliation. These included confessional (15 percent) and ethnic schools (15 percent) followed by a wave of Montessori (25 percent) and Waldorf schools (15 percent). Currently, the fastest growing schools are those started by teachers, parents and educators who were dissatisfied with the education provided by their local government schools. Each new school offers students an educational alternative in response to a local demand and is paid for by the public voucher.

One of the first independent schools, Botkyrka Friskola, was started by an ex-communist in a low-income, immigrant suburb of Stockholm. With an emphasis on individual student responsibility, familial involvement, and efficient use of technology, it now has over 2000 students waiting for one of its 240 places and a continuous stream of educators interested in imitating its success (Svangren 1998).

Figure 5: The Number of Independent Schools in Sweden



Source: Rolf Ornbrant, April 28, 1999

Public Vouchers and Public Controls

Though public vouchers are invigorating the Swedish education system and broadening the educational choices available to families, they have come with some strings attached. The first of these is the government's demand that independent schools select their pupils on a first-come, first-served basis. Special exceptions are granted only for siblings of current students, students with special needs, and those who live in the immediate vicinity of the school (Gustafsson 1998). Most independent schools are happy to accept students on this basis and would have done so even without this regulation.

The condition makes it difficult, however, for a school to establish a particular learning environment and does nothing to guarantee the equal access it was set up to ensure. Per Svangren, the principal of Botkyrka Friskola, hoped his school would become a challenging, multicultural environment for immigrant families poorly served by the local municipal school but, as its reputation grew, Swedish families in neighbourhoods with better schools began applying early. The school had to take the students who applied first, so it was forced to reject those whom its leaders believed would not only benefit most but also contribute most to the school's unique environment. As a result, a fundamental aspect of the school's mandate was compromised (Svangren 1998). Though they would be rare exceptions, (as experience in Denmark demonstrates) schools established for the academically gifted or those for a particular learning disability are impossible in this environment. It is a loss to Sweden that its politicians prohibit families from choosing a specialized education for their children and prohibit schools from making such educational alternatives available for them.

A second example of creeping regulation is a new rule prohibiting private tuition charges. When school choice was implemented six years ago and independent schools received 85 percent of municipal school funding, the government permitted them to charge tuition; those that did generally charged parents little. Now that independent schools receive, in theory at least, the same funding as municipal schools, they are not allowed to charge fees. This extreme egalitarian rule prevents parents from making additional educational investments, which would benefit their children.

Another recent change of legislation gives the local municipalities influence over the voucher amount owed to independent schools (Ornbrant 1998). Independent schools now receive their funding from the municipal school boards, many of which feel threatened by the new entrants. Leaders of municipal school boards—as American charter schools are also finding (Finn, Manno and Bierlein 1996: 6)—are used to viewing all "public education" funding as their own and are often loathe to hand it over to autonomous schools. This arrangement has set the scene for quarrelling and litigation between some Swedish municipalities and independent schools whose funding actually declined when it theoretically should have risen from 75 to 100 percent (Lundgren 1998). Last year, 75 percent of schools reported receiving more money than they had before the funding change but their gain was, on average, only 10 percent more than they had received the year before (Rolf Ornbrant, Secretary, Fristkommittén, Ministry of Education, April 28, 1999, personal communication).

For instance, Thérèse Burenstam-Linder, Principal of Enskilda Gymnasiet, one of Sweden's few old independent high schools, claims she now receives less than she had before the municipality was given control over the vouchers' distribution. She believes this happened because local education bureaucrats are resentful of Enskilda Gymnasiet's long-standing reputation for student achievement. She would prefer independent schools to receive only 75 percent from the Ministry than to have to contend with the local school board for 100 percent (Burenstam-Linder 1998). Perhaps the Danish system, which dispenses a single voucher amount from a central office to all schools, municipal and independent, is preferable. Municipal schools would then be on equal footing with their independent colleagues.

Funding Arbiter: The National Agency for Education

The Swedish model works well in most municipalities because of a strong, non-partisan National Agency for Education. If a local government can prove that the funding of independent schools would significantly damage its own capacity to provide education, it may take the issue to the National Agency. The impartial Agency then must assess whether or not a new school would be truly detrimental to the municipality as a whole. So far, out of the hundreds of cases brought to it, in every case but one the Agency has found that the establishment and equal support of the independent school would not materially encumber the provision of education to the community (Eriksson 1998).

Public vouchers have made independent schools dependent on public funding, and consequently, have given elected officials the power to make independent schools submit to public controls. The problem is not that the regulations imposed so far on admission of students and fees have impinged on the educational quality of many schools. Rather, the danger is that these central controls, which were

minimal at first in Sweden, continue to multiply so that eventually independent schools are absorbed into the centrally controlled system. By removing the right of independent schools to charge fees or choose their students, Swedish politicians have taken the first step in this direction.

Public Information and Accountability of Schools

Over the past five years, continuously changing school funding policies have kept educational issues in the media and on parents' minds. Parents have responded to this information by voting with their feet and the number of students lining up for places in independent schools has far outstripped the new schools' ability to accommodate them. Because the majority of independent schools are less than three years old, it is difficult to make accurate quantitative or qualitative assessments of them. *Friskolornas Riksförbund*, the National Assembly of Independent Schools has a web site to disseminate updates on the political situation and provide information on their schools (Brobreg and Hultin 1998). Perhaps when the numbers of independent schools and students warrants the effort and the many policy reforms have been completed, the Assembly will focus attention on publishing information about their schools for the benefit of parents and the education community.

Sweden's voucher system has been an enormous step toward decentralization but all schools are still heavily regulated by central government. Both independent and municipal schools must follow curricula imposed by the government, which stipulates the exact number of hours each mandatory subject must be taught, and all students must sit local government tests four times in their academic careers (Gustafsson 1998). National testing could be used to keep schools accountable to the public and to help parents with their choice of schools but the results are neither calibrated to a national standard nor distributed for community use. They seem rather to be trivial bureaucratic impositions rather than important days of reckoning. In 1998, Sweden took steps towards creating national standards for upper secondary graduates (OECD1998: 124–25); such data might prove useful in developing a report ranking school achievements.

A recent report by the OECD recommended that Sweden continue to improve the effectiveness and efficiency of its education system by pursuing further the decentralization process started in 1991. It recommended more explicit independence for school administrators and greater parental influence on schools. In return for increased local control, the Ministry could demand greater accountability and quality controls from the municipalities (OECD 1998: 124–25) as New Zealand has done. These are very reasonable suggestions.

Opponents of school choice often claim that few parents care enough to give consideration to the selection of their children's school. In Sweden, even advocates of school choice were surprised at how quickly and broadly parents have claimed choice as a right. One shrewd politician who had opposed choice predicted privately, shortly after it was implemented, that the government monopoly of education had been overthrown forever (Lundgren 1998). Even in those early days of choice, he recognized that once people have been given the right to change schools, no democratic government can take it away from them. By this assessment, the short-term may be tempestuous but the long-term is assured. Indeed, today about one-half of Social Democrat politicians, one-quarter of the Communist, and all of the Environmentalist and Liberal-Conservative politicians support school choice, a sea change from five years ago when nearly all the Social Democrats and Communists supported the central government's monopoly of schools (Lundgren 1998).

Implications for Canada

School-choice policies in the United States, New Zealand, Denmark and Sweden offer valuable lessons for the reform of education policy. They demonstrate the role competitive markets and parental choice play in the improvement both of student achievement and of parental satisfaction with the education system. These countries have also demonstrated that the instruments of systemic education reform—charter schools, public vouchers, private vouchers, and tax incentives—carry their own risks and their own rewards.

Of the four policy initiatives, charter-school legislation would almost certainly be the easiest reform to enact. The success of Canada's first charter schools in Alberta, documented by a recent study (Bosetti 1998), should increase Canadians' interest in, and comfort with, this educational innovation. Charter schools broaden the conception of "public" education little but create an element of competition, accountability, and choice within the government's system. Charter schools have been dubbed America's research and development centers for education. In both the United States and New Zealand, they have won the approval of many teachers who had once resisted this educational reform. Students at charter schools in both countries are making greater academic progress than their peers[21] because charter schools are more innovative, focused, energetic, and responsive to their students' needs. There is every reason to believe that Canadian students would also benefit from this policy innovation.

Experience with charter schools in the United States and New Zealand has proven that, if they are to be successful, charter schools must be autonomous: free to select their staff, students, and educational profile as they see fit. If they are not given this autonomy, few, if any, charter schools are likely to open and those that do will vary little from the schools already under government control. Weak charter legislation is, in fact, the most significant risk associated with charter schools; charter legislation may add another administrative fiefdom to the government education bureaucracy but fail to provide the quantity and quality of choice that would make schools competitive.

Alternatively, private vouchers could pave the way for education reform by demonstrating the need for school choice. They require no change in the common understanding of "public education" and no controversial action by government. A program based upon private vouchers would cast light on what is missing in government education—parents' right to seek the best possible education for their children. The private voucher programs established in the United States have demonstrated both the benefits of school choice for students and the demand for school choice from parents. Students selected randomly to participate in New York's private School Choice Scholarship Program out-performed their peers in both reading and mathematics after only a year in their new school. Other private voucher programs around the country have demonstrated equally impressive results. The new Children's Scholarship Fund, which is distributing 40,000 vouchers totaling US$170 million, was deluged with 1,250,000 applications in its first year of operation. This unforeseen demand made news headlines and underscored the need for public policy to defend parental choice of schools. A private voucher program could be established if only a private foundation, corporation, or grass-roots education-reform group took the initiative. Although the private sector is unlikely to commit enough resources to provide wide-spread school choice to Canadian children, a private voucher movement could prepare the way for broad-scale reform of public education, as it appears to be doing in the United States. Private vouchers might then lead to public vouchers or education tax credits.

Public vouchers, if administered liberally, have the potential to create a dynamic educational marketplace where educators are encouraged to innovate, to imitate successful practices, and to respond to the needs of their students. However, they also have the potential to destroy the independent school sector and contribute to greater centralized control of the education system—exactly the opposite of what they are designed to accomplish. Controversy is inevitable when public dollars fund private choices that are unpopular with the majority. Should parents be allowed to

apply tax dollars to education at a selective school or a profit-making educational institution? The majority might disapprove of these choices in theory but, in practice, if such schools were affordable and offered better education than municipal schools did, many would choose them and so encourage the municipal schools to improve.

Evidence suggests that the majority of children benefit either directly or indirectly from educational vouchers. Preliminary evidence from the United States indicates that the children who remain in government schools benefit as well as those whose parents use the vouchers. The Danes, who provide a public voucher for up to 85 percent of the cost of independent education, have encouraged school diversity and parental involvement and, perhaps because parents must contribute to the cost of independent education, they have kept control away from the public authorities. In Sweden, public vouchers have generated educational diversity and innovation but also a new generation of regulation to impede the autonomy of the independent school sector. Public funding has led to a loss of independence for all Swedish independent schools. Elected officials, if given the power, can seldom resist the temptation to make decisions that are better made by those primarily affected by them: parents and educators. Public voucher movements in New Zealand and the United States are also struggling with the same question: how much regulation is enough?

To avoid this question but maintain choice we must keep school funding out of the hands of public administrators. Tax incentives would increase the dollars available for education but keep the decisions in private hands. They could be designed to reduce the financial barrier to independent education for middle-income families (as has been done in Minnesota). They could be targeted specifically at low-income Canadians (as in Arizona). They could be made income-neutral as the NCPA has proposed. Only a significant tax credit for education would be likely to bring about widespread school choice and a significant tax incentive is unlikely without demonstrated public demand. A private voucher program might help to focus attention both on an unvoiced demand for school choice and on its well-documented benefits.

In Canada, school choice has yet to become the civil rights movement it is quickly becoming in the United States. Public frustration with the education system has been building for a generation in Canada (Guppy and Davies 1997), but Canadian public opinion has yet to coalesce on a specific method of reform. The danger is that special-interest groups in the education field will obfuscate the need for systemic decentralization and that the provincial education systems will continue to cost taxpayers more while providing students, their families, their future employers and communities with less than they need and want. If the international evidence is ignored, it seems probable that Canadian education will continue to yield less and cost more, not merely in terms of the educational dollars spent but also, more importantly, in terms of the years students will waste.

Education, like medicine, must be tested scientifically, applied sympathetically and held rigorously to account. The children must come first, not the system, the employees of the system, or a deficient conception of "public education." Only then will the Canadian public have a responsive, dynamic, accountable, and efficient system of schooling.

Notes

1 "Destreaming" refers to the practice of grouping students by age without regard to their achievement or ability to complete the course work. In a destreamed system, high and low academic achievers, students with behavioural problems and learning impediments, and average students are all taught the same material, in one class, by one teacher. The term is usually applied to secondary school systems, where there is an ongoing debate about the costs and benefits of "streaming" students according to ability.

2 School choice was first proposed by Milton Friedman in 1955. He recommended a voucher system, which would limit the role of the government to: insuring schools met minimum standards, providing parents with vouchers and requiring a minimum level of education from children (Friedman 1962:89). Friedman and his wife, Rose D. Friedman, discussed this proposal further in *Free to Choose: A Personal Statement* (1980), and in 1996 they established The Milton and Rose D. Friedman Foundation For Educational Choice to "build upon this vision, clarify its meaning to the public, and amplify the national call for educational reform through parental choice." Their ideas began to gain support slowly in the 1980s and are now spreading rapidly across the country.

3 Greater accountability is often associated with some centralization of standards together with decentralization of school management. It is also associated with a concern for educational outputs by a central authority rather than concern for inputs by a local authority. New Zealand's Educational Review Office is one example of a new central authority with a focus on outputs rather than inputs. Charter schools and public voucher programs provide other examples of it. In Alberta and New Zealand charter schools are ultimately accountable to the Ministry of Education rather than to their local school boards, but they are autonomous in day-to-day decision making. In some American states, charter schools report directly to their state board of education while in others they are accountable to their local school board. In Sweden, Denmark and New Zealand public funding of independent schools is now governed by national, public agencies rather than by local ones, but these schools are otherwise managed privately. Inherent in all these examples is accountability to parents, who have the right to choose between educational providers.

4 The Hudson Institute found that in its sample 19 percent of students in charter schools had disabilities or impediments that affected their learning (Finn et al. 1996: 6). The United States Department of Education found that eight percent of students in charter schools and 11 percent in all public schools were categorized as disabled (US Dept. of Education 1998: 10).

5 Graduation rate from Milwaukee Public Schools had fallen to about 45 percent by 1997 and in the predominantly black inner city as few as 20 percent of students graduate from public high schools. The city's average high-school student graduates with a grade-point average of D+ and the achievement of African-American and Native American students lags far behind that of white students. The city's independent schools, on the other hand, graduate more than 80 percent of incoming students and send twice as many to college. They spend, on average, about half as much as Milwaukee Public Schools to educate each pupil (Staples 1997).

6 Families were not allowed to supplement the voucher with their own funds to obtain access to more expensive independent schools. They were, however, permitted to pay certain school fees and to make voluntary contributions to the school. Total costs per pupil at participating independent schools are estimated to be US$3,229, still less than half the cost of MPS. Figures are based on the 1991/1992 school year.

7 Opponents had argued that a public voucher applied to a sectarian school had the "primary effect" of supporting religion. Supporters argued that a family's private choice of school removed the state from the decision-

making process and thus eliminated the obstacle to constitutionality. Since public funding is routinely given to religious post-secondary institutions through army scholarships, it seemed arbitrary to deny parents wanting to take advantage of the public voucher program the right to choose religious schools, particularly when these schools constituted an inexpensive and reputable majority of urban school alternatives. The Supreme Court decided that "under the Wisconsin Constitution . . . the program does not operate primarily for the 'benefit' of religious schools" and "the Court recognized that private and religious schools are available within a broader array of educational choices" (Institute for Justice 1998:1). Both the opponents and the supporters of this decision took the case to the United States Supreme Court. In November 1998, the Federal Supreme Court declined to review the earlier ruling. Thus, religious schools may continue to participate in public voucher programs in Wisconsin and other states are free to reach their own conclusions about the constitutionality of this issue.

8 In 1997, Cleveland's schools system cost US$6,507 per pupil. (Greene, Howell, and Peterson 1997b: 4).

9 Students coming from families whose income was below 200 percent of the poverty line received 90 percent of their school's tuition, up to $2,250, while those students coming from families whose income was at or above 200 percent of the poverty line were eligible to receive $1,875 or 75 percent of their school's tuition, whichever was less." (Greene, Howell, and Peterson 1997b: 4-5).

10 This is likely due, at least in part, to the fact that in wealthier neighbourhoods government schools already face competition from independent schools and so tend to be better schools. For evidence supporting this theory, see Vedder and Hall 1998.

11 The vouchers are available to any student residing within the Edgewood school district whose family qualifies for assistance under the Federal Free or Reduced Price Lunch Program, and who is, therefore, considered "at risk." Scholarships are worth US$3,600 for kindergarten to grade 8 and US$4,000 for grades 9 to 12 if the chosen school is located within the defined geographic area, and less if it is located elsewhere. The program awards 15 vouchers to students currently enrolled in a government school for every one voucher awarded to a student enrolled in an independent school "in order to keep the initial enrollment balanced and reflective of the community at large." A student entering the program in 1998 could hope to continue with it for up to 10 years, "or until a state provided school choice law becomes effective which substantially replaces the program (CEO America: 1999).

12 The tax credit was passed in 1997, to take effect in January 1998. It was challenged by opponents, including the Arizona Education Association, a union of employees at government schools but, in January 1999, the Arizona Supreme Court upheld the policy. The Court said there was no evidence that the tax credit violated either the federal or the state's constitutional ban on public money being used for churches or independent schools (Associated Press 1999).

13 School zones were eliminated at the same time as municipal school boards. In the de-zoned system, families apply to their preferred charter schools regardless of where they live. Those living closest to the more popular schools are not automatically ensured a place ahead of those living further away from them.

14 In *Politics, Markets and America's Schools*, their classic study of school organization and effectiveness, John Chubb and Terry Moe found that "overall, effective schools are more likely than ineffective schools to have the informed support of parents" (Chubb and Moe 1990: 148).

15 The same criticism has been made of the series of "report cards" for secondary schools in British Columbia and Alberta published by The Fraser Institute (Cowley and Easton 1999a,1999b; Cowley, Easton, and Walker 1998, 1999). The Report Cards have been censured by the teachers' unions, which resist any attempt to measure their performance but have received considerable interest from parents, the Media, and the general public.

16 The Ministry of Education pays the chosen independent school 110 percent of the average per-student charter-school funding allocation, the same amount spent per-student in charter schools in low-income areas.

17 Students and parents were asked to compare their old and new schools on 15 criteria: activities, sporting activities, range of subjects, teachers, level of work, other students' desire to learn, homework, making friends, getting on well with classmates, peer treatment, buildings and facilities, recreational facilities, getting to school, parent interest in school, and helpfulness of staff. The majority of parents (50%–91%) and the majority of students (51%–89%) said that their new school was "better" or "much better" than their old school on every criterion except making friends (par-

ents 42%; students 49%), peer treatment (parents 42%; students 51%), and ease of getting to school (parents 27%; students 27%).

18 The average participating independent school normally charged fee-paying students NZ$1,650 to NZ$2,500 more than the voucher amount.

19 See Grissmer and Flanagan 1998. This study documents the extraordinary achievement gains by students in two states. The gains were determined to be the result of policy reforms, which included holding all students to the same state-wide standard test and increasing local flexibility of administrators and teachers. The gains were found not to be due to increased spending, reduced class size, or the education or experience of the teachers.

20 Evidence of this has also been demonstrated clearly in Texas and North Carolina (Grissmer and Flanagan 1998), where outstanding gains in student achievement were attributed to policy reforms that included state-wide standards and accountability systems with consequences for results.

21 In New Zealand, the findings were based on teachers' and principals' comparisons of a student learning in the new charter schools with a student learning in the old government schools. In the United States, academic progress of students in charter schools over the course of one year was compared to the progress made by a control group of students in government schools. See the chapters on United States and New Zealand for further information.

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