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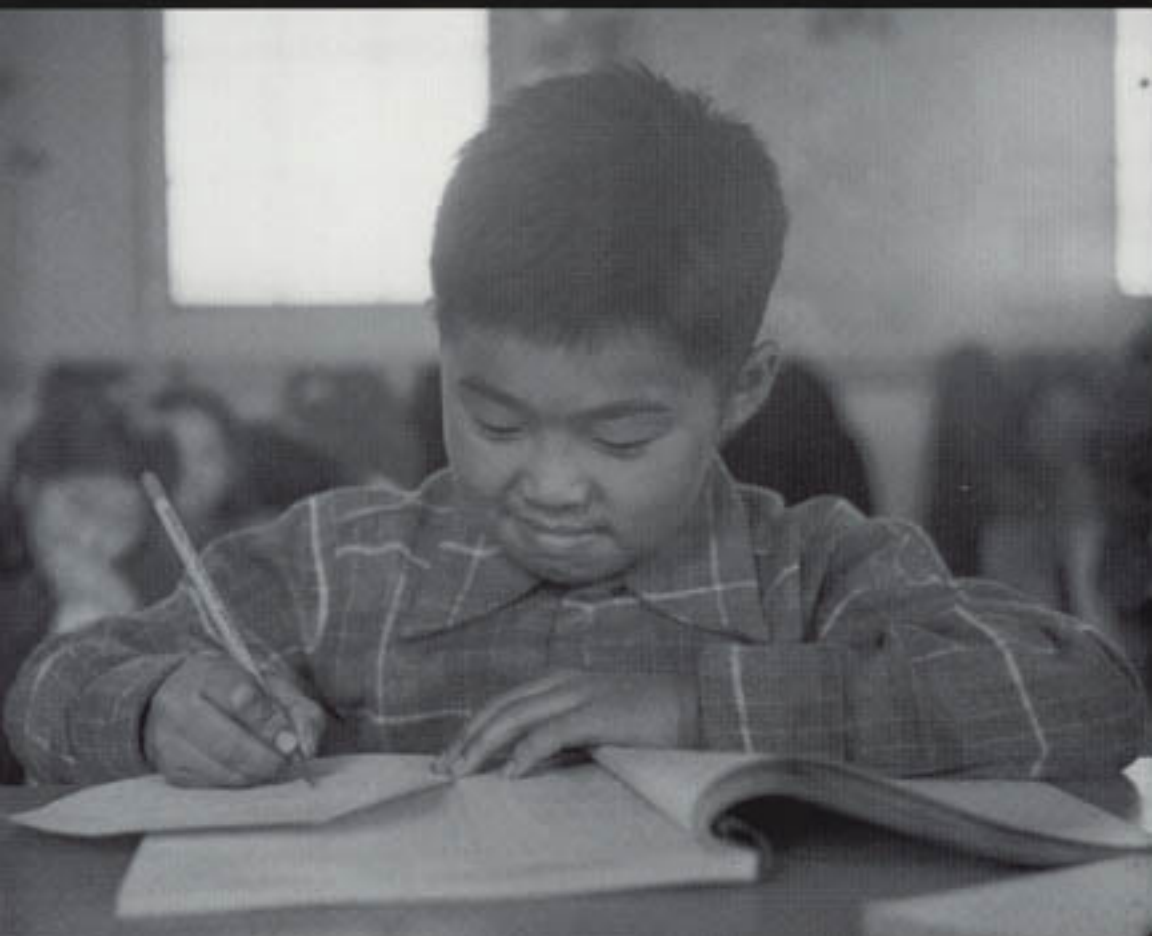
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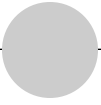
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The Economics of School Choice



**A National Bureau
of Economic Research
Conference Report**



The Economics of School Choice

Edited by **Caroline M. Hoxby**

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Acknowledgments

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Preface

School Choice in the Wake of the Supreme Court Decision on Vouchers

June 28, 2002, turned out to be an exciting day for people who, like the authors of this book, are seriously interested in school choice. The twenty-eighth was the day the Supreme Court of the United States issued its pro-voucher decision in *Zelman v. Simmons-Harris*, the Cleveland voucher case.

At least one contributor to this volume was greatly surprised to find that the day was exciting. For a long time, I have thought that the church-state issue in school choice debates was a red herring. Although the church-state question is an important constitutional question, most commentators greatly exaggerate its *practical* importance for school choice. Specifically, most commentators observe that many private school students currently attend a school with religious affiliation, and they forecast that a full-scale voucher program would lead a great many more students to attend religious schools. This forecast is simply incorrect. All of the evidence we have on urban parents' preferences suggests that their desire to send their children to religious schools has been declining steadily for at least forty years. Thus, in urban areas where school choice could be an active force, very few voucher recipients would choose a religious private school if a full-blown voucher program were in effect.

The tendency of current voucher recipients to attend religiously affiliated schools is an artifact of the tiny scale and uncertain prospects of the voucher experiments we have observed so far in cities like Cleveland, New York, Dayton, and Washington, D.C. Educational entrepreneurs will not start up private schools when the number of voucher recipients is constrained to remain tiny and the voucher program is in danger of being shut down. Therefore, the private schools that take voucher students do *not* reflect the preferences of voucher parents; they reflect the preferences of much earlier generations of urban parents who set up the parochial schools that linger

today. Think of the mostly black voucher students in the four programs mentioned above. Hardly any of them are Catholics, yet the modal school they attend is affiliated with the Roman Catholic church. Their parents do not choose Catholic schools in the hope that their children will convert. They choose Catholic schools because the schools exist and seem to work. Under a full-blown, permanent voucher program, private schools would arise that more closely match their preferences. The evidence we have suggests that these private schools would be nonreligious. Indeed, in Milwaukee (the only city with a large, stable voucher program), nearly all of the private schools that have been created to enroll voucher students are nonreligious. Religious private schools are essential only for voucher *experiments*; a full-blown voucher program could easily avoid using them at all.

In short, if school choice ever becomes a major force in American education, it will almost certainly be a largely nonreligious educational force. The church-state issue would gradually disappear as school choice grew—simply because school choice is ultimately about parents' preferences, and the vast majority of parents prefer nonreligious schools.

This is why I thought that the church-state issue was a red herring. I *still* think that it is a red herring. This is why I did not expect the Supreme Court's opinion in *Zelman v. Simmons-Harris* to be exciting. But it was.

One reason the *Zelman* decision was exciting is that it opened the way for a wide variety of new school choice programs. Any researcher of school choice will tell you that the principal problem for research is the scarcity of new and different school choice programs. The Court's majority opinion set a standard that, boiled down to its essence, says that a school choice program is constitutional if its *design* does not induce parents to choose religious private schools. That is, so long as the design is neutral, the parents who use it may disproportionately favor (or disfavor) religious schools. The Court's standard is one that most proposed school choice programs already meet or could easily meet. Thus, we should expect that many school choice proposals that were stalled by the church-state issue will now emerge from the back rooms of legislatures and philanthropies. Indeed, to my knowledge, many states' school choice proposals have already been revived.

Not only will the enactment of new programs greatly improve our understanding of school choice, the debates that take place in the enactment process will be productive also, even when no enactment actually occurs. This is because debates on school choice are more productive when an actual program is at stake. At that time, policy makers are wrestling with details, and they suddenly become more interested in research that shows the effect of different designs. Moreover, policy makers barrage researchers with profusion of *targeted* questions about school choice. These targeted questions are "a shot in the arm" for research. Instead of setting their research agendas by *guessing* what school choice programs might be consid-

ered, researchers let real proposals (with real political viability) set their agendas.

In short, the first reason the *Zelman* decision matters is that it ushers in an era in which our understanding of school choice is likely to improve rapidly.

The second reason I found the *Zelman* decision exciting is more subtle, but very important. When I read the Court's opinions, both majority and minority, I was struck by the degree to which the justices cared about the *details* of the Cleveland school choice program and the *environment* in which it operated. The justices might have focused narrowly on the church-state question, but they did not. They considered the *amount* of the vouchers; they considered the *other school choice programs* operating in Cleveland (especially charter and magnet schools); they recognized that a parent who was able to pick and choose among suburban districts *was* exercising some school choice; they realized that educational entrepreneurs would switch from operating a private school to a charter school to a magnet school, depending on the incentives. The justices considered the much higher level of per-pupil spending in the Cleveland Public Schools than in the voucher or charter schools. The justices described the record of failure of the Cleveland Public Schools, in spite of previous reform efforts and infusions of cash from the state. Simply put, the justices, after devoting serious thought and energy to the problem of school choice, started to think a lot like researchers who have devoted serious thought and energy to the problem of school choice.

I do not mean to suggest that Supreme Court justices should ideally behave like researchers, but that the justices' opinions were an enormous validation and encouragement of the sort of research contained in this book. Indeed, I have no doubt that the justices would now be eager and incisive questioners at the conference that generated this book, if somehow it could be repeated and involve them as freely operating participants. The justices realized that school choice is not an isolated issue; it is a phenomenon that has a context (such as spending and achievement in districts like Cleveland), that already has a place in American education (such as the tradition of choosing a school by choosing a residence, a practice exercised by most middle-income Americans), and in which the details matter.

The justices who wrote minority opinions generally took the position that school choice must be wrong if the details mattered. One might crudely paraphrase their thought as: "If school choice *could* go wrong with some details, it should never be permitted." This minority response does not surprise me; it is a common initial reaction to the realization that the effects of a school choice program will depend on its structure. However, I have witnessed this initial response wear off again and again with researchers of school choice, as they become more expert. Veteran researchers of school

choice come to *appreciate* the fact that details matter; it means that a school choice plan can be designed to attain a state's or city's goals. One size need not fit all. The capacity of school choice to flexibly accommodate a variety of educational and social goals is what often persuades skeptical researchers to keep working on school choice, even if they initially took up the issue in order to conduct a study that they thought would be simple, thorough, and damning.

I must close my description of June 28, 2002, not with the Supreme Court or researchers, but with the affected families. The point that seemed crucial to the Cleveland families who stood on the steps of the Supreme Court was whether they would be able to remove their children from a system that was obviously failing its students. To many poor parents, *this* is the issue of justice that is at stake. They feel that the conventional public school system—in which affluent families exercise school choice through traditional means, but in which poor families cannot choose because they cannot afford a different residence or private school tuition—is a discriminatory system. They believe that school choice programs are a matter of equal educational opportunity. Contrary to the preconceptions of many affluent Americans, the Cleveland families were not obsessed with getting more money for their schools or getting their children into elite suburban districts. They believed that they were denied the opportunity to protect their children from a parlous educational environment, *given* the money available and the city in which they lived.

The Cleveland parents might have limited sympathy with this book. They do not believe that their right to choose should depend on whether someone can demonstrate (empirically or theoretically) that school choice has positive effects. They point out that no such requirement is made of the traditional forms of school choice exercised by more affluent parents.

I readily admit that the authors of this book do attempt to show how school choice affects students; in taking up this task, they may appear to support the view that the right to school choice *should* depend on whether it has positive effects on everyone. I hope, however, that the evidence in the book is taken simply as evidence, and that thoughtful readers consider the Cleveland parents' view seriously. Any question of justice that seems so obvious to the families at the heart of the school choice debate deserves consideration.