

**EDUCATION VOUCHERS IN PRACTICE AND PRINCIPLE:
A WORLD SURVEY**

by
Edwin G. West

February 1996

Abstract

A tax funded voucher system exists when governments make payments to families that enable their children to enter public or private schools of their choice. The payments can be made directly to parents or indirectly to the selected schools. The usually stated purpose is to increase parental choice, to promote school competition and to allow low income families access to private schools. Some opponents object that vouchers will destroy the public system, aggravate the poverty problem and encourage segregation. Others fear that voucher-receiving independent schools will be regulated out of recognition.

Evidence collected here of 20 countries, provinces or states, so far offers no clear support for the negative predictions. The typical voucher system, which is one in which governments subsidize "schools of choice" in strict proportion to enrollment, appears to be contributing to the growth in quantity and quality of schooling. This type of voucher has been adopted by developing as well as developed countries and notable examples of it are found in Chile, Colombia, Bangladesh, Guatemala, Belize and Lesotho. Elsewhere the most striking cases occur in the U.S. (Milwaukee), Poland, the U.K. and Sweden.

3
Contents

Voucher Forms and Voucher Principles	1
Introduction	1
Different Versions	1
Private Funding	1
Selective Vouchers	1
Voucher Objectives	2
Open Enrollment.....	3
Charter Schools.....	3
Vouchers in Higher Education	4
The Current Debate on Vouchers.....	4
Intellectuals and the Market Place.....	4
Public Versus Private Benefits from Education	5
Potential Damage to the Public School System.....	6
Vouchers and Poverty Reduction	7
The Middle Class Windfall Gains Issue	7
Regulatory Threats to Private School Identity	8
Conclusion.....	9
Funds Following the Child: The Common Voucher Method in Practice	9
Chile	9
Colombia	9
The Puerto Rico Plan.....	10
The Milwaukee Plan.....	10
The U.K.....	12
The Tabulated Evidence	12
Final Comments	13
References.....	17

Voucher Forms and Voucher Principles

Introduction

A tax funded education voucher in the most widely known sense is a payment made by the government to a school chosen by the parent of the child being educated. Under this system private schools for profit, or not for profit, are encouraged. In consequence, competition is introduced to the public system. Schools are then free to offer diverse educational packages to meet the different preferences of parents. The voucher enables the parent to pay for most of any tuition charged.

Different Versions

In practice, tax funded voucher systems operate under many different regulatory settings. They may include government inspection of schools receiving the vouchers. They may also operate only under the condition that the teachers are government licensed. They may be available to all families, or to low income families exclusively. Their values could also be made to vary inversely with income. A voucher could be a chit given to each parent, cashable only by appropriately designated schools. The value of the chit could be equal to, or somewhat less than, per student government expenditure in public schools. Otherwise the government funding could be directed straight to the school chosen by the parent. This latter arrangement, where "funds follow the child" is in fact the most common application of the voucher principle throughout the world. Finally, vouchers might provide access to private schools only, public (government) schools only, or to both public and private schools.

Private Funding

In addition to those that are tax funded there exist privately funded voucher systems. To see the difference consider first a situation where government taxes a given industry by X dollars and uses the proceeds to supply education vouchers. In a second scenario the government tax does not apply. Instead the industry voluntarily donates X dollars from its revenues to finance educational scholarships. The scholarships afford recipients a wide choice of private schooling. This second arrangement is called the privately funded voucher system. Space does not allow further descriptions here but details are contained in my fuller report in West (1996), copies of which are available on request [Minerva Espinosa, 473-7599].

Selective Vouchers

Under most tax-funded voucher systems, education is still compulsory up to a legal school-leaving age but parents are free, as with compulsory third-party automobile insurance, to choose

among alternative suppliers of the compulsory service. And compared with an education tax rebate, vouchers help even those who pay little in direct taxation. As well, selective vouchers can be made available only to families receiving less than a given income level.

Such vouchers can of course be found outside the context of education. Thus there are selective housing vouchers, health vouchers and perhaps the best example, for our purposes, is the U.S. federal government's food stamp program. Food stamps are selective food vouchers. The federal government uses an income test to determine eligibility for food stamps. Recipients of food stamps use the stamps instead of cash to buy groceries. The grocery stores then return the stamps to the federal government and receive cash. This method is similar to the version of education vouchers distributed as "chits" described above. But whereas the food stamp system is seriously threatened by Black Market operations, the school voucher largely avoids this problem because it is quite difficult to transfer (sell) the rights to the education obtained.

With vouchers children are not assigned to schools by attendance zones, or by any other criterion of the school system. Instead, parents of school-age children receive a voucher that can be used as a substitute for tuition or other admission costs at any eligible and participating school, public or private. Parents present their vouchers to their chosen schools. Each school then returns its vouchers to the relevant government authority and receives the cash value of the voucher. The school uses the money received to pay its expenses, for example, the salaries of its staff.

Because it has no other direct government subsidy, each school is in competition with every other school for students. Good schools attract many students, redeem many vouchers, and prosper. Inferior schools, avoided by parents, are stimulated to improve or must close down.

Selective vouchers can be allocated on the basis of gender as well as income. In Bangladesh, for instance, vouchers are supplied exclusively to females in grades 6-10. Another example is Guatemala which provides vouchers to selected low income female students between 7-14 years of age.

Voucher Objectives

Four principles explain the attempted objectives of vouchers. The first is that of consumer choice. In education, this is the principle of parental choice. Since they choose the schools for their children by virtue of their parental authority, parents are, in a fundamental sense, the real consumers of education. Under a voucher plan, government patronizes the consumers of education, parents, rather than the suppliers of education, schools.

The second principle is that of personal advancement. People want to shape their own destinies. The opportunity to choose and to decide stimulates interest, participation, enthusiasm, and dedication. Many government programs subsidize the individual recipients with services (for example: Social Security, welfare, health programs, student loans). Educational vouchers extend this principle to education.

The third principle is the promotion of competition. Public schools are usually monopolies. Vouchers present a challenge that can lead to competition which brings lower costs, increased average quality and dynamic innovation.

The fourth principle is that of wider access to private schools. Selective education vouchers to enable low income families to gain increased access to private schools are advocated by West (1994) and Becker (1995). Becker's recommendation is based partly on fiscal considerations, "but mainly because the bottom quarter or so of the population are most in need of better education." In addition, Becker quotes studies demonstrating, not only the superior performance of U.S. private over public schools, but also the finding that "students from disadvantaged backgrounds tend to gain the most from attending private schools." This fact, he observes, is not surprising "in light of the more extensive choices available to middle class and rich students."

Studies of the relative performance of public and private schools in developing countries generally appear to match those in the U.S. Analysis, for instance, by Lockheed and Jimenez (1994) of private and public secondary schools in five developing countries revealed a significant private school advantage in terms both of student achievement and unit costs.

Open Enrollment

The objective of all voucher plans is to provide families with maximum choice within a decentralized and competitive system of public and private schools. Sometimes it is contended that such choice can be provided within a public sector exclusively. This involves the so-called "open enrollment system" wherein the family can choose public schools across extensive areas. In practice, however, "disproportionate" applications to enroll in a popular school lead administrators to declare it to be "full." Unpopular schools, therefore, are not faced with serious costs of under capacity and will typically continue to survive such weak competition.

Charter Schools

There has been an interesting development recently, however, that qualifies the previous argument. This is the relatively new phenomenon of the "charter schools." These are decentralized and fairly autonomous institutions that operate under contract or charter to an authorized public body. If a charter school does not attract and keep its students it will go out of business and its charter will be revoked.

Because governments subsidize the charter school in direct proportion to its enrollments, the voucher principle is at least partially respected because "funds follow the child." For the principle to be fully respected, of course, the grants would be receivable also at private schools. Nevertheless the charter school provides some alternative to the one public school in a child's administration zone to which he/she is usually allocated. In urban areas also, there may well be a choice between charter schools themselves. Further details of these institutions in the U.S. and Europe are provided in West (1996).

Vouchers in Higher Education

A final version of the voucher can be seen operating in post-secondary education. Because governments provide grants to universities and colleges in strict proportion to enrollment we have another case where "funds follow the student." This situation, as we have seen, is the essence of the voucher principle, and especially where there are a number of institutions to choose from. West (1996) provides further analysis of the higher education case and also explores the additional unintended "voucher effect" of the several disguised subsidies within student loan systems.

The Current Debate on Vouchers

As the case for parental choice and competition has gained in popularity, the criticism of those antipathetic to vouchers has increased in intensity. This section summarizes the opposing arguments.

Intellectuals and the Market Place

When some intellectuals envisage the free market that vouchers would encourage, they think primarily of the abandonment of the pursuit of social welfare for the crude individual needs of "economic man" selfishly pursuing his individual material gain. For a long time, however, economists have abandoned narrow assumptions about self-interest. As Gary Becker observes: "Behavior is driven by a much richer set of values and preferences. [My] analysis assumes that individuals maximize welfare as they conceive it, whether they be selfish, altruistic, loyal, spiteful, or masochistic" (Becker, 1993 (b)). One pertinent example is the case of the members of the Polish Civic Educational Association in the late 1980s objecting to the national school system inherited from the collapsed Communist regime. Their position was that they wanted to maximize welfare as they as individuals saw it, and this was to be a welcome change from having welfare defined and imposed by totalitarian authorities or highly centralized bureaucracies (Glenn, 1995).

Another common argument against vouchers is that parents cannot be expected to make sound choices for their children (Carnegie Foundation, 1992; Levin, 1991; Bridge, 1978; Wells and Crain, 1992). One reply is that parents have hitherto been denied choice for too long but that after some initial experience with it they will become more adept. A second response is that if, in a democracy, there are serious impediments in decision making by parents, they will show up also at the ballot box when they choose political representatives to make decisions on education. A third response is to quote empirical studies demonstrating rational choice for their children by parents who themselves have only modest amounts of education (Fossey, 1994).

A related argument by opponents is that a free market would lead to racial segregation (Krashinsky, 1986). The usual reply here is to quote the work of James Coleman (1990) which shows that segregation in the public school system is in fact greater than in private schools.

A further concern is that vouchers (or tax credits) for education might result in fraudulent practices. Murnane (1983) makes the analogy with food stamps in the U.S. Experience there, he observes, shows that unscrupulous parties make claims for fictitious individuals. The work of Schmidt (1995), however, shows that the serious shortcomings of fraud and dishonesty are already present in the public school system.

Shanker and Rosenberg (1992) argue that difficult-to-educate children would be rejected by profit making schools under a voucher system. Lieberman (1991), however, found that the single largest U.S. group of for-profit schools caters for the disabled. Evidence, meanwhile, that urban private schools maintain a higher level of discipline than do public schools is provided by Blum (1985).

Public Versus Private Benefits from Education

Some economists emphasize that the education of one's child provides not only private benefits to the family (mainly by increasing income or the expectation thereof), but also public (or external) benefits (Krashinsky, 1986). The latter include poverty reduction, economic growth, and the pursuit of common values. The economic model used is that of "joint supply." One classical example of it is the case of wool production which cannot be done without simultaneously supplying the meat and vice versa. A switch from one breed of sheep to another, moreover, will result in a better quality of wool and a lower quality or quantity of meat or the converse. Similarly, so the arguments goes, the cost of more or better quality public benefits from education appears in terms of fewer, or worse quality, private benefits. As a consequence we have a trade-off problem of an interesting sort.

The objection made by some economists to free choice of schooling via vouchers, is that families will not trade off private for public benefits but will allocate their expenditures on the basis of their private benefits exclusively. Since the valuation that others in society (e.g., the neighbors) place upon the education of one's child will accordingly be neglected, less public relative to private benefits will be produced than is optimal. This is the famous "public good problem."

Participants in this debate, such as Krashinsky (1986) and Levin (1991), claim that public schools have a unique ability to produce the "common values" just mentioned. But this claim also is now contested. Cohn (1979), for instance, observes that, in practice, public schools in the U.S. have successfully resisted attempts to homogenize their procedures so that "a student in one school district might receive an entirely different set of common values than his counterpart in another school district." Nevertheless the belief that public schools possess an absolute advantage in producing the "public good" benefits remains strongly entrenched among educationists as well as among some economists.

Private schools are also direct producers of externalities (Hettich, 1969). But they also generate them indirectly (West, 1991). It is generally agreed that private schools are more efficient at producing private benefits, through more effective teaching of the "basics" such as literacy. This is so partly because public schools are monopolies while private schools have greater output per dollar because they experience competition. But literacy is a necessary condition for communicating the common values and fostering economic growth. This indirect assistance by private schooling to the production of such public benefits is at least as important as the direct production.

Krashinsky (1986) focuses on what he calls the transaction costs of obtaining the public benefits of education. His position is that these are too high for the government to contract out to private suppliers because the public benefits "are so subtle." Even if this were the case, family consumers of private benefits from education could also claim, bearing in mind the variety of cultural aspirations, that the education quality they are seeking is so inarticulable that the transaction costs of delegating the task to governments are prohibitive. In any case a central government still faces similar transaction costs in issuing instructions to thousands of school districts, which in turn face even higher costs in supervising tens of thousands of individual public schools.¹

Potential Damage to the Public School System

One of the most frequent arguments of government sector unions of teachers and administrators is that a voucher system will destroy the public school system. Krashinsky (1986), for example, argues that after the introduction of vouchers, middle and upper-class parents would desert the public system in favor of private schools that discriminate in various ways against poor, disadvantaged, or minority applicants. The poor would be left in gutted, underfunded and decaying public schools. But according to Wilkinson (1994) this kind of argument rests on the questionable assumption that the public system will refuse to adjust in the face of competition from private schools. Holmes (1990) maintains "There is no reason why inner city schools of the future, where alternatives are available [with vouchers], will be worse than the ones at the moment where there is no choice." In addition, Krashinsky's fear of middle income parents deserting the public school

¹ The public good argument, as employed by Krashinsky, contains a serious theoretical flaw. The classical example of a public good is that of the lighthouse. Despite the fact that all the fishermen in a given area will benefit from the beam of light generated, each one will conceal his true preferences and wait for others to provide it. But since each fisherman in turn will believe in the same way and try to "free ride", the lighthouse will not be built. Because there is no mechanism leading to the revelation of sincere (true) preferences, so it is argued, we have a case of "market failure." In the context of education the preferences that are not revealed are those of the "neighbors" who value the education for separate reasons. Krashinsky's assumption is that the problem will be solved by government intervention. But this assumes unjustifiably that the government possesses all knowledge of the relevant preferences of each and every neighbor. And even if government were to consult everyone individually, each neighbor would have no more incentive to reveal his/her true preferences to government than he/she would on the conventional market. Government failure therefore matches the market failure.

system with the aid of vouchers has no basis where they are allotted exclusively to low income families, as in the case today in such widely different countries as Bangladesh, the U.S., Puerto Rico, Chile, Columbia and the U.K. By most reports, such systems are improving the condition of the poor relative to those in the rest of society.

Vouchers and Poverty Reduction

Krashinsky's implicit assumption is that the public school system benefits the poor in a way that is superior to any alternative. But low income families are stratified residentially and their children are typically allocated to the schools nearest their homes. If they want to choose a better public school in a middle class area they are obliged to purchase a home there. Usually, however, the house prices are so prohibitive as to prevent the move. Middle class families, on the other hand, are more able to move because they are less restricted financially. In this way public school becomes heterogeneous in provision, with the poor, on average, receiving the worst quality. Vouchers would help remove the barriers to mobility.

The Friedmans (1980) insist that they too favor the reduction of poverty and the promotion of equal opportunity, but that in both respects the voucher system would unmistakably improve things. They insist that liberty, equality of opportunity, and the reduction of poverty are complementary and not competitive goals of their voucher system. The main argument is that lower-income families, who are usually trapped in large-city ghetto schools, would benefit the most from vouchers: "Are the supermarkets available to different economic groups anything like so divergent in quality as the schools? Vouchers would improve the quality of the public schooling available to the rich hardly at all; to the middle class, moderately; to the low-income class, enormously."

The Middle Class Windfall Gains Issue

Some voucher opponents focus on what they call the inequitable windfall gains for families (usually well-to-do) that customarily purchase private education. In other words costs to governments would increase by the extension of vouchers (or tax credits) to rich private school clients not now financed by government (Gemello and Osman, 1983). West (1985) and Seldon (1986) point out, however, that total costs to government could fall depending on the value of the voucher as a proportion of per capita public school costs. The government savings would occur, according to Friedman, if the voucher value was 75 percent of public school costs. The implication of this reasoning is that, offsetting the cost of the windfall gain to accustomed users of private schools would be the economies caused by migrants from public to private schools who would now cost the government 25 percent less than before. Notice, meanwhile, that because voucher supporters emphasize that private schools can deliver at lower costs than public schools, their case looks more consistent if they demand vouchers at values less than 100 percent of average per pupil costs in public schools.

The windfall gains problem could also be handled by making them subject to tax. Moreover the choice of a selective voucher that was restricted to low income families would be even more effective. In this case the high income families now patronizing private schools would automatically be prevented from enjoying the windfall gains.

Regulatory Threats to Private School Identity

The remaining and latest aspect of the debate involves strong believers in the philosophy of freedom who want to see more competition in schooling but who are apprehensive that voucher systems would seriously threaten the autonomy of independent schools. Currently the most articulate and influential spokesman for this point of view in the U.S. is Sheldon Richman (1994). In his words: "It is likely that before schools could accept vouchers, they would be required to meet a raft of standards that before long would make the private schools virtually indistinguishable from public schools." Voucher initiatives that insisted on zero regulation would stand no chance of acceptance because, "as the opposition would inevitably point out, the voucher plan would appear to authorize appropriation of 'public' money to institutions not accountable to 'public authorities'".

Expressing a similar opinion in the U.S., Gary North (1993) argues: "We will have federal guidelines operating in every voucher-using school, equal opportunity policies and quota systems of every kind, teaching hiring and firing policies, racially and religiously mixed student bodies. There will be a whole army of federal bureaucrats, not to mention state bureaucrats policing every "private" school."

Friedman has always separated three levels of issues: first, whether schooling should be compulsory, second, whether it should be governmentally financed or privately financed, third, how it should be organized. His position has been that whatever may be one's answers on the first two levels, a voucher scheme would produce a better and a more effective organization than the present one; that is vouchers remain a superior alternative to a system of governmentally run as well as governmentally financed schools. His most recent position indicates that, as do North and Richman, he sees benefits also in eventually removing compulsion and government finance. But Friedman is concerned with the question of how to get there from here. Vouchers, he believes, are still a practical transitional measure (Friedman, 1993).

As for the government's regulatory take-over threat to private schools, Henderson (1994) points out that these institutions do not have to accept vouchers with all their tie ins. Others argue also that the recipients of vouchers can and will lobby their government against heavy regulation. Lieberman (1991 (b)), meanwhile, argues that the more likely cause of increased regulation will be the political objections to funding both public and private schools while closely regulating only the former. Consequently, Lieberman observes, supporters of vouchers must argue that to approach parity what is needed is the reduction of the regulation of public schools, not an increase in the regulation of private schools.

Conclusion

In sum, much of the debate between intellectuals has been based on conflicting predictions. What is needed most now is a search of the evidence. After this an exploration of individual case studies should reveal which forecasts (reviewed in this section) have been the most accurate so far. The remainder of this essay focuses on this task.

Funds Following the Child: The Common Voucher Method in Practice

The purpose of this final section is to summarize current world-wide evidence on the spread of the voucher system. It will conclude with a table referring to 20 entries. As a preliminary to this, however, five examples will be discussed in more detail: Chile, Colombia, Puerto Rico, Milwaukee, U.S.A., and the U.K. One objective is to see what light these case studies can throw on the predictions of academics that were reviewed in the previous section.

Chile

The introduction of subsidized private (i.e., "voucherized") schools in Chile took place in 1987. It was followed by a considerable increase in the number of students attending private schools. By 1988, 30.4 percent of the elementary school population was being accommodated in them. Expansion was particularly strong in the case of secondary schools. By 1988, the subsidized private sector was receiving 40.8 percent of total secondary school registrations.

One stated objective of the Chilean reforms, conducted through partial privatization and complete decentralization, was to improve the quality and duration of education received. In order to measure progress, a Student Performance Examination (PER) was devised. Implemented in 1982, it indicated that in 1988 the quality of education was significantly higher in the subsidized private educational establishments than in the municipal schools. The reforms led to an increase in the average number of years of schooling among the Chilean population, including the lower income groups. Meanwhile the drop in illiteracy among youth has been substantial. The system has suffered some setback in recent years due to economic recession. One important injury has been the reduction in the real value of the voucher. To partially offset this however, the schools are now allowed to charge fees for their services. This provision enables parents voluntarily to pay additional sums to their school with the object of trying to maintain or increase educational quality.

Colombia

A voucher system was introduced in 1992 and by 1994 it was operating in 216 municipalities. By September of 1994 the program was serving 90,807 low income students in 1789 schools. The vouchers were issued to students entering the 6th grade and the average voucher cost was about U.S.\$143. An early examination of the program revealed that the vouchers were being successfully allocated to poor families exclusively - as intended.

A major reason for the voucher system in Colombia has been the shortage of places in public secondary schools. Forty percent of the country's secondary schools are privately owned. The vouchers now help poor students to gain access to the private schools. Benefits simultaneously accrue to the public secondary schools in the form of reduction of overcrowding.

The Colombian experience is reminiscent of that in Vermont, U.S.A. Approximately 95 percent of Vermont's 246 communities have no public secondary schools. They choose instead to pay tuition for their students to attend either private high schools or public high schools in another town. This program has been in place for over a century "to enable small and geographically distant communities around the state to provide high school education for students without incurring the expense of building their own public schools" (Walberg and Bast, 1993).

The Puerto Rico Plan

Puerto Rico's Governor Pedro Rosello signed a voucher plan into law in September 1993. Again the plan was selective insofar as it was limited to families earning below a given income. The vouchers, worth \$1,500, have been portable between public schools, as well as from private to public, and public to private. Religious schools were also included.

Preliminary evidence appears to refute the prior belief of opponents that a voucher program would ruin the public school system. In the fall of 1993, 1,809 vouchers were awarded. Of these, 1,181 were used by students to transfer from one public school to another, 317 were used to move from private to public schools, and 311 were used to shift from public to private schools.

Following opposition and litigation from teacher unions the Supreme Court on November 30, 1994, ruled (5-2) that the scholarship program allowing low-income students to attend the school of their choice violated the Puerto Rico constitution. The court, however, permitted the program to continue until the end of the current school year. Meanwhile Governor Rosello and other supporters have promised to try to find a way to continue the program.

The Milwaukee Plan

One of the most striking examples of a successful voucher system for the poor is found in Milwaukee, Wisconsin, U.S.A. Pioneered largely by Democrat representative "Polly" Williams in 1990, the plan permits up to 1,000 low-income Milwaukee students to use an annually adjusted amount (\$2,967 for the 1994-95 school year) in state funds to attend a private, non-sectarian school of their choice.

The Milwaukee program began operation with 300 children using vouchers at six private schools. Now, five years later, 832 students attend one of eleven participating private schools. The Milwaukee plan has been opposed by various educational establishment groups, including the State School Board Association and the Wisconsin Congress of Parents and Teachers, Inc. This opposition has probably influenced the administrative restrictions that have accumulated recently. Thus in 1994 the state legislature authorized a cap (ceiling) on the program to 1.5 percent of Milwaukee's 100,000 school-aged population, or 1,500 students. Schools participating in the program must limit voucher students to 49 percent of their student body, so further limiting the number of places available. Since its inception, the lack of space has resulted in more students being turned away than have been accepted into the program. In consequence, spaces are apportioned by lottery (McGroarty, 1994).

Despite its smallness, the Milwaukee scheme is the only source of hard evidence on the effects of vouchers in the U.S. Comments hitherto on the success/failure of the program have depended on the annual reports of Professor John F. Witte, the state-selected outside evaluator. His first reports led some critics to complain that the participating schools suffered excessive attrition and that attainment tests were biased because the mothers of the families using vouchers have a higher average high-school completion rate. These complaints were later rebutted by McGroarty (1994).

The unambiguously positive parts of Witte's findings, meanwhile, appear to combat three popular fears or predictions about the voucher program discussed in Section II. The first is the suspicion that vouchers will help individuals such as the non-poor, who need help least. Witte's evidence shows, on the contrary, that "choice families" are among the poorest of the poor. Their average income in 1994, in fact, was \$11,625 - half the level of the average Milwaukee Public School family.

The second commonly expressed fear discussed in Section II is that vouchers will lead to segregated and anti-social schools. Evidence supplied by Witte, however, shows that the Milwaukee program fosters diversity and that no participating school has been teaching cultural supremacy or separatism. "The student bodies of participating [voucher] schools vary from schools that are almost all one minority race, to racially integrated schools, to schools that have used the Choice program to diversify their almost all white student bodies."

The third fear is that voucher schools will draw the "cream" of the student "crop." From his evidence, however, Witte concludes:

One of the most striking and consistent conclusions from the first two years is that the program is offering opportunities for a private school alternative to poor families whose children were not succeeding in school. This is a positive outcome of the program.

Other positive conclusions from Witte's reports include the finding of high parental involvement, once in the system, and high parental satisfaction. "Respondents almost unanimously agreed the program should continue." In addition parents found that it increased learning and discipline.

The future of vouchers in the U.S. obviously depends not only on these official annual reports but also on the word of mouth assessments by the parents involved. The fact that demand for voucher places currently exceeds supply by over 2 to 1 could already be having some influence politically.

The U.K.

In 1981 the Assisted Places Scheme was established in the U.K. with the aim of providing a ladder of opportunity for able but poor students. Under the scheme today, low-income parents can obtain assistance with independent school tuition fees if the school has been approved by the Department of Education and Science.

By 1992 there were about 27,000 students receiving these selective vouchers. They were being "spent" at 295 specified independent schools in all parts of England and Wales (there is a separate system for Scotland). About 5,000 new pupils enter the scheme every year, but mainly at the ages of 11 or 13.

The question arises why the Assisted Places method cannot be relied on much more than it is in view of the government's stated wish to encourage competition and "market discipline" (U.K. Department of Education, 1992). Why, moreover, are the places limited mainly to "able pupils" who can show that they have the potential for high academic achievement? Such pupils can expect a higher than average life-time income whether they are in Assisted Places or whether they remain in government schools. The contrast with Milwaukee's selective voucher is quite striking. There, the low-income students who are designated for help happen to be those who have not been succeeding in school.

The U.K. seems to be going in the voucher direction in two other areas (a), post-16 training and education; (b), nursery schooling.

- (a) Further Education Colleges have recently been re-established as autonomous institutions independent of their former local governments. A new basic element is the so-called "learning agreements" between colleges and each student. The agreement is effectively an individual contract with the student specifying the precise qualifications being aimed for. The latter is enabled to choose from several colleges because funding follows the student.
- (b) The Department of Education declared in 1995 that it was about to announce free entitlement for all 4 year olds to good quality nursery education provision in private, as well as public sectors (World Bank 1995 (b)).

The Tabulated Evidence

We now come to Table 1 which summarizes voucher systems in 20 countries, states or provinces around the world in the 1990s. It should be kept in mind that typically the information refers to the version of vouchers wherein governments subsidize schools in strict proportion to enrollments ("funds follow the child").

The Table does not include charter schools or vouchers in higher education. These institutions, to reiterate, receive full attention in the extended report of West (1996).

Final Comments

The main purpose of this report has been to provide information on the theory and practice of education vouchers throughout the world. An attempt has also been made in Section II to summarize, as objectively as possible, the ongoing academic and political debates on the subject. The discussion has been hampered hitherto by the absence of real world evidence. Indeed, until recently, several writers argued that the very fact of such absence demonstrated that vouchers were not desirable. The information in our Table 1, however, suggests otherwise and this may well be due to changing circumstances.

Over the last two decades governments have become increasingly unwilling or unable to continue to raise the share of public expenditure spent on education. The prime focus has switched accordingly to attempts to obtain higher output from given expenditure levels. The use of vouchers of money value much less than 100 percent of the cost per pupil cost in public schools may become a popular way of economizing and it has already been successful in Sweden, Milwaukee, (U.S.A.), and Poland. Economists, meanwhile, will see the key role in such efficiency gains to be the gradual removal of the current monopoly structure in education.

It is nevertheless probably too early to reach firm general conclusions. There are still only 20 entries in our table and these show a wide variety of design. Those who fear that government regulations will ultimately strangle the individuality of private schools will insist that it is not too late for this to happen. On the other hand, significant numbers of families are now obtaining first hand experience with private schooling via voucher systems. This phenomenon alone could alter, at least marginally, the political climate in their favor.

Table 1: Education Vouchers: A Cross Country Survey of Primary and Secondary Schooling

Country	Qualifying Population	Coverage	Scope of Regulations and Practices	Monetary Value of Voucher
Bangladesh	Females Grades 6-10	Selected localities	Public or private schools, minimum attendance and progress required	From \$12 in G6 to \$36.25 in G10
Chile	Low income elementary and secondary school attendees	Over one third of total enrollments. All income groups	Receiving schools can also charge fees	Average value in 1991 4,359 pesos
Belize	Elementary and secondary school attendees	75 percent of primary 50 percent of secondary	Strong government partnership with the churches	n/a
Lesotho	All secondary and primary school attendees	Most schools	Government trains and appoints teachers. Strong partnership with the churches	n/a
Colombia	Low income students	Operational in 216 municipalities. Vouchers usable in private schools	Program participation renewable if student performance satisfactory	\$143 per year
Guatemala	Selected low income girl students between 7-14 years old	13 local communities	Minimum attendance and progress required	Approx. \$50 per annum
Sweden	All children subject to compulsory education	All municipal areas	Schools must follow national curriculum. Supervision by the National Assembly of Education (NAE)	At least 85 percent of per pupil cost in municipal schools
The Netherlands	All children subject to compulsory education	All municipal areas	State finance of schools for each religion where local demand demonstrated. Secular private schools also state financed	Public and private schools are financed on a completely equal basis
Japan	School children over 15 years old	Public and private high schools	Private schools must submit financial statements to the Foundation for the promotion of private schools	40 percent of the cost in private high schools covered by government - approximately 140 yen per student in the 1980's

Table 1: (continued)

Country	Qualifying Population	Coverage	Scope of Regulations and Practices	Monetary Value of Voucher
U.S. (a) tax funded vouchers	Low income students in the city of Milwaukee. Maximum 1,500 students	Private non-sectarian schools	Participating schools must limit voucher students to 65 percent of the student body	\$2,900 per year (1994)
U.S. (b) privately funded vouchers	Low income families. First come first served (under the Golden Rule Model)	All reputable non-government schools	Some programs require parents to match the voucher (scholarship) amount in making tuition payments. No heavy burden on reporting requirements.	Average \$6,383 in 1995
Puerto Rico (until 1995)	Families with school age children and incomes below \$18,000	Public and private schools	Use of a lottery when demand for vouchers exceeds supply	\$1,500
U.K.	Low income students with above average ability	"Assisted Places" in private schools only	Participating schools must be approved by Education Department	\$3,500 (approx.) per year on average (1992)
Poland	Families associated with one of the 36 sponsoring organizations, including the University of Warsaw	Private and mainly non-sectarian schools	Government approval required to open independent schools. A wide variety of curricula allowed in practice	Per capita subsidy level at 50 percent expenditure
New Zealand	Choice allowed for all school-age children	All public sector schools and selected independent schools	Open enrollment system in a considerably decentralized public sector. School autonomy strengthened via local parent-elected boards	Teacher salary grants to independent schools amounting to 20 percent in 1993 with expressed intentions raise it eventually to 50 percent
Canada: Province of British Columbia	Families patronizing independent schools	Denominational and secular private schools	Schools receiving vouchers have to have been established for 3 years minimum	30 percent of public school costs per student \$500 in 1978

Table 1: (continued)

Country	Qualifying Population	Coverage	Scope of Regulations and Practices	Monetary Value of Voucher
Canada: Province of Québec	Families patronizing independent schools	Mainly private secondary schools	Public inspection. Teachers must have same qualifications as in public schools. Same curriculum	60 percent of the costs of public schooling (80 percent for schools "in the public interest")
Canada: Province of Manitoba	Families patronizing independent schools	Private schools	Public inspection	Full time equivalent capitation grants
Canada: Province of Saskatchewan	Families patronizing independent schools	Private schools	Curriculum, teacher qualifications, enrollment	55 percent of public school per capita cost
Canada: Province of Alberta	Families patronizing independent schools	Private schools	Curriculum, teacher qualifications, language requirements	50 percent of public school cost

Source references for Table 1:

Chile: Winkler and Rounds, 1993; Sweden: OECD, 1994; The Netherlands: OECD, 1994; Japan: Lynn, R., 1986; U.S. Milwaukee: McGroarty, Daniel, 1994; U.S. (Private vouchers): The National Scholarship Center, 1995; Puerto Rico: Tucker, Allyson, and William F. Lauber, 1995; U.K.: UK Education Department, 1992, World Bank, 1995, (b), Flew, Antony, 1995; Poland: Glenn, Charles L., 1995; New Zealand: OECD, 1994; Canada: Easton, Stephen T., 1988; Bangladesh, Belize, Lesotho, Colombia, Guatemala: World Bank sources.

References

- Becker, Gary S.. 1995. "Human Capital and Poverty Alleviation" HRO Working Paper Number 52. World Bank, Human Resource and Operation Policy, Washington, D.C.
- Becker, Gary S., 1993(a). Business Week, December 27.
- Becker, Gary S., 1993(b). Nobel Lecture: "The Economic Way of Looking at Behavior" Journal of Political Economy 101 (3) June. pp. 385-409.
- Blum, V.C., 1985. "Private Elementary Education in the Inner City." Phi Delta Kappan. 66 (9) p. 645.
- Bridge, Gary, 1978. "Information Imperfections: The Achilles Heel of Entitlement Plans." School Review 86, pp. 504-529.
- Carnegie Foundation for the Advancement of Teaching, 1992. School Choice. Princeton.: Carnegie Foundation.
- Cohn, Elchanan, 1979. The Economics of Education. Cambridge, Mass.: Ballinger Publishing Company
- Coleman, J. 1990. Equality and Achievement in Education. Boulder: Westview Press.
- Easton, Stephen T., 1988. Education in Canada. Vancouver: Fraser Institute.
- Flew, Antony. 1995. All the Right Places. Adam Smith Institute; London
- Fossey R. 1994. "Open Enrollment in Massachusetts: Why Families Choose." Education Evaluation and Policy Analysis, 16 (3). pp. 320-334.
- Friedman, Milton and Rose. 1980. Free to Choose. New York: Harcourt, Brace, Johanovich.
- Friedman, Milton. 1993. Letter to the Editor of the Freeman. 43. pp.285-304.
- Gemello, John and Jack Osman. 1983. "The Choice for Public and Private Education: An Economist's View" in Thomas James and Henry M. Levin. 1983. Public Dollars for Private Schools, Philadelphia: Temple University Press.
- Glenn, Charles L.. 1995. Educational Freedom in Eastern Europe. Washington: CATO Institute.
- Henderson, David R.. 1994. "Why we Need School Choice." Insight. January 10. pp. 22-24.

- Hettich, Walter, 1969. "Mixed Public and Private Financing of Education: Comment." The American Economic Review Vol. LIX, March, pp. 210-212.
- Holmes, Mark. 1990. "The Funding of Independent Schools." in James E.Lam. and G. Benjamin 1988. Public Policy and Private Education in Japan. London: Macmillan.
- James, Thomas and Henry M. Levin. 1983. Public Dollars for Private Schools, Temple University Press: Philadelphia.
- Krashinsky, Michael. 1986. "Why Educational Vouchers May be Bad Economics." Teachers College Record 88 (2). Winter, pp. 139-151.
- Larroulet, Christian (ed). 1993. Private Solutions to Public Problems, Instituto Libertad Y Desarrollo, Santiago, Chile.
- Levin, H.M.. 1991. "The Economics of Educational Choice." Economics of Education Review. 10 (2) pp. 137-158.
- Lieberman, M.. 1991 (a). Privatization and Education Choice. New York: St. Martin's Press.
- Lieberman, M.. 1991 (b). "The Case for Voluntary Funding of Education." Chicago: The Heartland Institute. Policy Study No. 37.
- Lockheed, Marlaine E., and Emmanuel Jimenez. 1994. "Public and Private Secondary Schools in Developing Countries." HRO Working Paper 43. World Bank, Human Resources and Operations Policy, Washington, D.C..
- Lynn, R. 1986. "The Japanese Example of Indirect Vouchers." Economic Affairs. London: IEA, 6 (6).
- Matte, Patricia and Aontonio Sancho. 1993. "Primary and Secondary Education." in Christian Larroulet (eds). 1993. Private Solutions to Public Problems, Instituto Libertad Y Desarrollo, Santiago, Chile.
- McGroaty, Daniel. 1994. "School Choice Slandered." The Public Interest. No. 117, Fall.
- Murnane, R.J., 1983. "The Uncertain Consequences of Tuition Tax Credits: An Analysis of Student Achievement and Economic Incentives." in James T. and Levin H. M. (eds.) Public Dollars for Private Schools. Philadelphia: Temple University Press.
- National Scholarship Center,. 1995. Just Doing It, The Washington Scholarship Fund; Washington.
- North, Gary. 1993. "Education Vouchers: The Double Tax." The Freeman. 43 (6) pp. 285.
- OECD. 1994. School: A Matter of Choice. Paris.

- Richman, Sheldon. 1944. Separating School and State, Fairfax, Virginia: The Future of Freedom Foundation.
- Schmidt, P.. 1995. "Looking the Other Way." Education Week. 14 (21) pp. 23-27.
- Seldon, Arthur. 1986. The Riddle of the Voucher, Hobart Paperback 21, London: Institute of Economic Fairs.
- Shanker, A., and B. Rosenberg. 1992. "Politics, Markets and American Schools: A Rejoinder." in: Kane, P.R. (ed.) Independent Schools, Independent Thinkers, San Francisco: Jossey-Bass.
- Tucker, Allyson, and William F. Lauber. 1995 Edition. School Choice Programs. The Heritage Foundation, Washington, March.
- U.K. Education Department. 1992. Choice and Diversity.
- Walberg, Herbert J. and Joseph L. Bast. 1993. "School Choice: The Essential Reform." The CATO Journal, 13 (1).
- Wells, A.S. and R.L. Crain. 1992. "Do Parents Choose School Quality or School Status? A Sociological Theory of Free Market Education." in: Cookson, P.W. (ed.) The Choice Controversy. Newbury Park: Corwin Press.
- West, Edwin G.. 1996. Education Vouchers in Practice & Principle: A World Survey (full report).
- West, E.G.. 1994. Education and the State. London; IEA, 1st. ed., 1965, 2nd ed., 1970, 3rd edition, Liberty Fund, Indianapolis.
- West, Edwin G.. 1991. "Public Schools and Excess Burdens." Economics of Education Review 10 (2).
- West, Edwin G.. 1985. "The Real Cost of Tuition Tax Credits." Public Choice, 46(1).
- Wilkinson, Bruce. 1994. Educational Choice: Necessary But Not Sufficient. Institute for Research on Public Policy: Montreal.
- Winkler, Donald R. and Taryn Rounds. 1993. Municipal and Private Sector Response to Decentralization and School Choice. HRO Working Paper 8. World Bank, Human Resources and Operations Policy. Washington, D.C.
- World Bank. 1986. Financing Education in Developing Countries. Washington, D.C.: World Bank.
- World Bank, 1995(a). Fighting Poverty: The Role of Government and the Private Sector. Draft for Human Resources and Operations Policy.

World Bank, 1995(b). Education Reform in the United Kingdom: Autonomy with Accountability, Human Development Department. Washington, D.C.: World Bank.