Education Review

Welner, Kevin (2008). *Neo-vouchers*: *The Emergence of Tuition Tax Credits for Private Schooling*.
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Nearly six decades ago Milton Friedman proposed that government financed vouchers could help increase parental choice and improve schools by creating competition for the provision of primary and secondary education. (See Chapter 6 in *Capitalism and Freedom*). Friedman's central idea was that governments could levy taxes in order to finance education without monopolizing its delivery. In *Neovouchers: The Emergence of Tuition Tax Credits for Private Schooling*, Kevin Welner offers an overview of American voucher programs, and in the process advances two troubling claims: 1) that vouchers have not been especially successful at improving American education, and that 2) vouchers present a serious challenge to the separation of church and state, since they are most often redeemed at religious schools.

The term "neovoucher" is a neologism for a specific kind of voucher. In Friedman's original proposal, vouchers worth a specific amount of money would be issued by governments and handed directly to parents to redeem at a school of their choice. According to Welner, supporters of vouchers feared that opponents might successfully challenge the constitutionality of a program that uses public money to enable parents to send their children to parochial schools. The fear was that if religious schools were the primary beneficiaries of vouchers, voucher programs might be deemed inconsistent with the Establishment Clause of the First Amendment, which holds that "Congress shall make no law respecting an establishment of religion." The Clause has famously been interpreted by the Court as codifying Jefferson's idea that there should be a "wall of separation between church and state." So, in order to avoid court battles, the Arizona legislature created neovouchers, which are educational grants issued to individual parents by private, non-profit organizations. For every dollar spent on educational grants, non-profit organizations are reimbursed by the state. In effect, in 1997 Arizona enacted an oblique version of the plan Friedman envisioned—one that proponents hoped would survive Supreme Court scrutiny.

As it turned out, in 2002 the Supreme Court narrowly voted to uphold all voucher programs, provided they remained neutral on the question of which religious schools are entitled to receive money from the public purse. Although Welner expresses concern about the Supreme Court ruling, it's safe to say that he's more concerned about the efficacy of vouchers in achieving their stated goals, and about the unintended consequences vouchers have for other social goals that public schools are often thought to advance.

One of the most interesting conclusions Welner comes to is that voucher programs seem to make parents happy, but haven't had any noticeable benefits for children (p. 15). This should worry us if the main goal of an education system is to improve children's prospects rather than simply to appease parents. However, the evidence that vouchers have had no real impact on student performance is complicated by a couple of factors.

First, the monetary value of a voucher has to be large if it is to be anything more than a tax credit to parents who already use private schools. The fact that the value of vouchers in Arizona is capped at $1,000 per year may explain Welner's observation that "the policy does not appear to prompt many families to switch from public to private school, nor does it appear to assist the most needy families" (p. 46). If the value of a voucher isn't large enough to induce people to switch schools, it's clearly not going to have measurable consequences.

Second, before we can draw any conclusions about how well a truly competitive market for education can work, we need longitudinal studies that take careful note of local conditions. On the supply side, for example, it may take years in some places for new private schools to start up in order to compete with existing schools. On the demand side, there are big costs associated with switching schools, including the psychological cost to children of making new friends and having new teachers and the search costs incurred by parents looking for the best school within their budget. So, although Welner seems skeptical of the capacity of vouchers to significantly improve student performance, the little evidence we have from existing voucher schemes does not warrant any obvious conclusion.

Perhaps a more alarming and less frequently discussed effect of voucher programs is that they significantly increase racial and cultural stratification. (pp. 21-24) To some extent, in the absence of forced integration, this is bound to happen in schools for the same reason it happens in neighborhoods and high school cafeterias. There are plenty of people who prefer to surround themselves (or their children) with other people who share a common trait: race, culture, religion, sexual preference, political persuasion, and so on. And even if nobody were like this—even if each person just wanted to avoid minority status in their neighborhood or school—we would still see widespread stratification between groups whose members are free to choose where they live or learn or eat lunch (Schelling, 1969). This is a fact about modern life in a pluralistic society. However, it is not clear that governments have the right to force integration either in schools or in neighborhoods, even if the social consequences of relatively diverse schools (or neighborhoods) might be better in the aggregate.

Finally, Welner considers what may be the most plausible argument for the state to take an active role in education: the public goods argument. Because public goods (as economists define them) provide non-excludable benefits, they are notoriously difficult to provide without government action. Examples of public goods include pollution reduction, the control of infectious disease, and an educated population. Education is often neglected by those who discuss the public goods argument for government intervention because many see it as a private good consumed exclusively by parents or children. Yet Welner rightly argues that education is best construed as a public good, especially in democratic societies in which all of us bear the cost of bad voters and unproductive workers (p. 109). Still, Welner's contention that education is a public good doesn't directly bear on the question of whether vouchers are a good idea unless public schools can be shown to be inherently better than private schools at producing productive citizens. And as long as parochial schools with a religious identification are required to teach the same core curriculum as secular schools, there's no reason to think they can't supply a well-educated citizenry as well as public schools or secular academies.

Ultimately, although Welner remains suspicious of voucher programs, he takes the sensible position that markets in education provide some benefits, at least for parents, and that there are trade-offs between the competing values of liberty, welfare, and efficiency in any conceivable system for delivering education.

References

Friedman, Milton. (1962). *Capitalism and Freedom*. Chicago, IL: University of Chicago Press.
Schelling, Thomas. (1969). Models of segregation. *The American Economic Review, 59*(2), 488-493.