

Paving the Way for True Education Reform in Memphis

Parental choice scholarships would provide opportunities for low-income families

by Justin Owen and Kristen Kuan

Senator Brian Kelsey has introduced a bill in the Tennessee General Assembly that would permit certain parents in Memphis to remove their children from failing schools. The bill, SB2741, is meant to remedy Memphis' persistent ranking as one of the worst school districts in the nation and the worst in Tennessee. Thousands of children in Memphis schools lack the opportunity to obtain a quality education, yet very little has been done to address this problem.

The bill proposed by Senator Kelsey would target three failing schools in Memphis: one elementary school, one middle school, and one high school. Parents whose income is up to two-and-a-half times the federal free or reduced lunch standard would be allowed to remove their child from the failing school. Eligible parents would receive a scholarship to send their child to another public school, a charter school, or a private school.

Each scholarship would reflect the lesser of the per-pupil funding rate or the tuition at the school selected by the student's parents. In no case would the scholarship amount to more than the per-pupil funding, which is currently \$10,394 per child in Memphis. The amount of the scholarship would vary

depending on the income of the parents. Students who qualify for the free or reduced lunch program would be eligible for the full scholarship amount. The scholarship amount would then diminish on a sliding scale based on rising income.

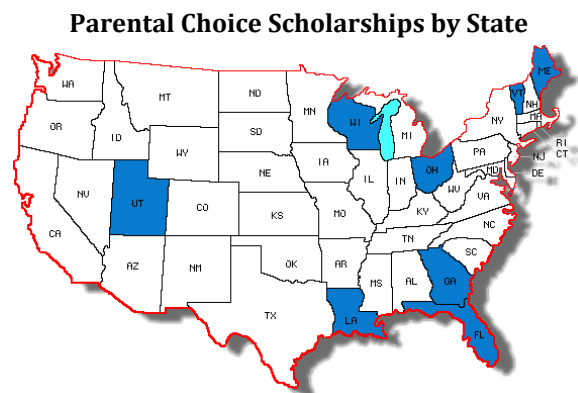
The following schools are classified by the U.S. and Tennessee Departments of Education as "high priority," meaning that they are the persistently lowest-achieving schools in Memphis.¹ Students attending these schools would be the most likely candidates for scholarships: Alcy Elementary, Egypt Elementary, Evans Elementary, Fairley Elementary, Georgia Avenue Elementary, Getwell Elementary, Guthrie Elementary, Lester Elementary, Ross Elementary, Vollentine Elementary, Fairview Junior High School, Hamilton Middle School, Hillcrest High School, Kingsbury High School, and River City Leadership High School.²

Parental Choice Scholarships Work

Currently in Memphis, bureaucrats and imaginary lines dictate the fate of children. Year after year, parents are detrimentally affected by this geographic discrimination, unable to obtain a better education for their children. Even moderately wealthy parents can overcome this by simply sending their

children to a private school or moving to a district with a better public school. Low-income parents, on the other hand, do not possess this luxury.

A parental choice scholarship program would put decision-making back in the hands of parents, allowing them to take control of their children's education. Eight states and the District of Columbia already have some form of a parental choice scholarship program. Nationwide, 81,524 students have been awarded more than \$173 million in scholarships through the programs.³



Student academic achievement has consistently risen as a result of parental choice scholarship programs. For instance, students that participate in the nation's first school choice program in Milwaukee are 18 percent more likely to graduate high school than those in the city's public schools.⁴

In March 2009, the U.S. Department of Education studied the impact of the D.C. Opportunity Scholarship Program. According to the report, students who were offered a scholarship performed at "higher levels in reading—equivalent to 3.1 months of additional learning—but at

similar levels in math compared to students not offered a scholarship."⁵ Although scholarship recipients fared no better in math, they did no worse. This means that no scholarship participant in D.C. was in worse academic shape after being provided the opportunity, though many students fared much better.

Although the D.C. program did not display significant improvements in math, other programs across the country saw improvements in both reading and math scores. A study conducted by the Manhattan Institute for Policy Research evaluated the effects of school choice on the Children's Scholarship Fund-Charlotte, a privately-funded parental choice program in Charlotte, North Carolina. Children receiving scholarships improved their math scores by 5.9 to 6.2 national percentile points and reading scores by 5.4 to 7.7 points after just one year. Unsurprisingly, both parents and students who had choice were considerably more satisfied with their schools than public school parents in every category surveyed.⁶

Parents Desire and Deserve Control

In 2008, the Tennessee Center for Policy Research undertook a study with the Friedman Foundation for Educational Choice, a national nonprofit educational organization. The findings of the study are very telling. Fifty-two percent of respondents rate the Tennessee public education system as either "fair" or "poor," but 79 percent believe that funding is "about right" or "too high."⁷ This suggests that most Tennesseans acknowledge that mere funding alone

does not translate into student achievement.

Just 15 percent of Tennesseans state that a regular public school is the top choice for their child, while the favorability rating for parental choice scholarships is 45 percent. After narrowing in on parental-aged respondents (in this case, those between the ages of 36 and 55), support for parental choice scholarships reaches 50 percent.⁸ Parental choice scholarship numbers are strong despite the fact that many Tennesseans, parents included, are unfamiliar with these programs. Among those actually familiar with parental choice scholarships, 52 percent rate them favorably.⁹

Studies show that those most impacted by failing public schools seek the most control. A 2007 study conducted by the nonprofit Show-Me Institute in Missouri compared responses about public education and school choice. The report confirmed that minority and low-income parents have little trust in the public education system.

Based on the study, 83 percent of African-Americans responded that they had “very little control” over the public schools, while just 64 percent of Caucasians said the same. Similarly, when asked whether low-income parents should be allowed to “use the same money spent on the child at a public school to send their child to any school of their choice, public or private,” 78 percent of African-Americans responded favorably, compared to 68 percent of Caucasians.¹⁰

When asked whether parents or the government should decide where children attend school, 85 percent of

Missourians stated that they, not the government, should make that decision. On this issue, African-Americans and Hispanics showed a slightly stronger sense of parental choice than Caucasians.¹¹ As the Missouri study illustrates, minority parents tend to be disproportionately affected by the lack of education options, particularly in urban areas, and likewise tend to invite more parental control over their children’s education.

Private school choice programs have cropped up across the nation over the past few decades, but these programs simply cannot supply the demand that exists for parental choice. The Memphis Opportunity Scholarship Trust (MOST) has offered limited stipends to at-risk students since 1998. This program is tremendously effective at providing low-income students with educational opportunities they otherwise would not receive.

As Memphis mother Dorothy Weisfeld attests, “Since receiving the MOST scholarship for my daughter, she has been able to stay in her school with good teachers who are caring and loving, as well as progress in her education in a safe environment.” Unfortunately, not everyone is as fortunate as Ms. Weisfeld and her daughter. There are hundreds of students on the MOST waiting list that cannot be served. For the 2009-2010 school year, MOST provided nearly 700 student with opportunity scholarships, but another 250 students remained on the waiting list, stuck in failing schools.¹²

MOST conducted a survey of its scholarship recipients in 2009. Of the responses submitted, less than 35 percent

signified they were proud of their child's original public school, while 96 percent are proud of their current private or parochial school. Only four percent of respondents stated that they would have the ability to send their child to a private school without help from MOST.¹³ This shows that only a small fraction of low-income parents in Memphis obtain control over their child's education, while so many more desperately seek it.

Public Schools Would Benefit

A key component of true education reform is to induce competition. Just as healthy competition in business gives consumers higher quality goods and services at lower prices, the same is true for education. The competition that has resulted from parental choice reforms in other states has made public schools better. Researchers at the School Choice Demonstration Project at the University of Arkansas noted that competition had a positive impact on the public schools in Milwaukee as a result of the city's parental choice scholarship program. According to Dr. Patrick Wolf, the leading researcher of the project, "It appears that Milwaukee Public Schools are more attentive to the academic needs of students when those students have more opportunities to leave those schools."¹⁴

Of the 17 studies that have been conducted on the effect scholarship programs have on public schools, 16 found positive effects, while only one (focused in the D.C. scholarship program) found no effect at all. As observed by

those who analyzed the 17 studies, the D.C. program "is the only one designed to shield public schools from the impact of competition."¹⁵ It does this through a "hold harmless" provision that provides the public schools with additional funding even if they lose students to competing schools.¹⁶ Thus, the lack of a positive impact on public schools in D.C. could be tied not to the program itself, but to its design. Most importantly, to date not a single empirical study has shown a negative impact on public schools.¹⁷

In a study conducted by the Manhattan Institute, results showed that school choice programs had a positive impact on failing public schools in Florida. Public schools that were exposed to competition from school choice programs displayed an improvement in math scores so large that a 60 percent spending increase over the existing budget would be necessary to achieve the same results.¹⁸ This shows the ability and willingness of public schools to rise to the occasion when faced with the prospects of losing their students to competing schools.

Not a single study has shown parental choice scholarships to have a negative impact on public schools.

Dr. Caroline Hoxby, an economics professor at Stanford University, conducted studies on public schools in Michigan and Arizona that were subject to competition. She found that Milwaukee public schools subject to competition through parental choice scholarships

saw their math, science, and language test scores improve at a faster rate than schools insulated from competition. Math scores improved by 7.1 percentile points in public schools faced with competition, while those not subject to competition

only improved by 3.7 percentile points.¹⁹ Similarly, in Arizona, “public schools exposed to choice had significantly higher gains in 4th grade reading, 7th grade math, and 7th grade reading.”²⁰

Further, public schools in San Antonio, Texas, the state’s only school district with a parental choice scholarship program, “did as well as or better than 85 [percent] of Texas school districts, after controlling for population demographics and local resources.”²¹ Combined, these studies show that both scholarship students and those that remain in public schools benefit from parental choice scholarships. As Hoxby noted, the programs reflect “a rising tide that lifts all boats.”²²

Scholarships Save Taxpayers Money

Not only do students and parents benefit from parental choice scholarship programs, so too do taxpayers. The programs save money in two ways. First, the scholarships awarded are usually less than the per-pupil spending by the state, encouraging the parents to foot a portion of the bill. Second, the competition that results from the programs promotes efficiency in the public schools. Florida’s low-income student scholarship program saved taxpayers \$38.9 million during the 2007-2008 school year. Likewise, the Milwaukee program saved the state of Wisconsin an estimated \$37 million this past fiscal year.²³ According to the Friedman Foundation, these programs saved more than \$440 million for states and local school districts from 1990 to 2006.²⁴

At a time when Tennessee faces significant revenue shortfalls, a parental choice scholarship program would be an

inviting option to save taxpayer money while simultaneously improving the lives of hundreds if not thousands of children.

Conclusion

Parental choice scholarship programs provide meaningful opportunities for low-income parents and their children who are stuck in failing public schools. Not only would low-income students and parents throughout Memphis benefit from the proposed pilot program, so would the public schools subject to competition and taxpayers who would reap the rewards of a program that achieves results with less spending.

Parental choice programs like that proposed for Memphis represent a win-win-win for all parties involved. It is time for the General Assembly to finally pursue this effective route for bringing true education reform to those most in need, rather than maintain the status quo that has caused these parents and children to be ignored for so long.



FREE MARKETS. INDIVIDUAL LIBERTY. LIMITED GOVERNMENT.

Copyright © 2010

Tennessee Center for Policy Research
P.O. Box 198646 · Nashville, Tennessee 37219
(615) 383-6431 · Fax: (615) 383-6432

info@tennesseepolicy.org · www.tennesseepolicy.org

*Permission to reprint in whole or in part is hereby granted,
provided that the Tennessee Center for Policy Research is
properly cited.*

About the Authors

Justin Owen is the Director of Policy & General Counsel at the Tennessee Center for Policy Research. Kristen Kuan is a research associate at the Tennessee Center for Policy Research.

About the Tennessee Center for Policy Research

The Tennessee Center for Policy Research is an independent, nonprofit and nonpartisan research organization dedicated to providing concerned citizens, the media and public leaders with expert empirical research and timely free market policy solutions to public policy issues in Tennessee.

The Center generates and encourages public policy remedies grounded in the innovation of private enterprises, the ingenuity of individuals and the abilities of active communities to achieve a freer, more prosperous Tennessee.

Guarantee of Quality Scholarship

The Tennessee Center for Policy Research is committed to delivering the highest quality and most reliable research on Tennessee policy issues. The Center guarantees that all original factual data are true and correct and that information attributed to other sources is accurately represented. The Center encourages rigorous critique of its research. If an error ever exists in the accuracy of any material fact or reference to an independent source, please bring the mistake to the Center's attention with supporting evidence. The Center will respond in writing and correct the mistake in an errata sheet accompanying all subsequent distribution of the publication, which constitutes the complete and final remedy under this guarantee.

¹ "Policy: Identification of the Persistently Lowest-Achieving Schools." Tennessee State Board of Education Agenda. Jan. 29, 2010.

² "High Priority Schools, 2009-2010." Tennessee Department of Education. September 21, 2009. <http://www.state.tn.us/education/nclb/ayp/doc/HP_Schools_09_10.pdf> (accessed Mar. 5, 2010).

³ "The ABCs of School Choice: 2009-2010 Edition," Friedman Foundation for Educational Choice. p. 6.

⁴ Warren, John Robert. "Graduation Rates for Choice and Public School Students in Milwaukee: 2003-2007." February 2010. p. 1.

⁵ "Evaluation of the D.C. Opportunity Scholarship Program," U.S. Department of Education. NCEE 2009-4051.

⁶ Greene, Jay P. "The Effect of School Choice: An Evaluation of the Charlotte Children's Scholarship Fund." The Manhattan Institute. No. 12, Aug. 2000. <http://www.manhattan-institute.org/html/cr_12a.htm> (accessed Mar. 5, 2010).

⁷ DiPerna, Paul. "Tennessee's Opinion on K-12 Education and School Choice." Friedman Foundation for Educational Choice and the Tennessee Center for Policy Research." March 2008. p. 8.

⁸ *Ibid.*

⁹ *Ibid.* at 9.

¹⁰ Kennedy, Verne and Sarah Brodsky. "Ready for Change: What Missourians Think of Parental Choice and the Public Schools." Show-Me Institute. Policy Briefing No. 9. May 7, 2007. p. 3.

¹¹ *Ibid.*

¹² "A Brief Overview." Memphis Opportunity Scholarship Trust. March 2010.

¹³ "2009 MOST Parent Survey." Memphis Opportunity Scholarship Trust.

¹⁴ Press Release: "Nation's Longest Running Voucher Program Is Making the Grade, Report Shows." Alliance for School Choice, Mar. 27, 2009.

¹⁵ Forster, Greg. "A Win-Win Solution: The Empirical Evidence on How Vouchers Affect Public Schools." *School Choice Issues In Depth*, January 2009. The Friedman Foundation for Educational Choice. p. 5.

¹⁶ *Ibid.* at 21.

¹⁷ *Ibid.* at 5.

¹⁸ Greene, Jay P. and Greg Forster. "Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio," Center for Civic Innovation at the Manhattan Institute. p. 4.

¹⁹ *Ibid.*

²⁰ *Ibid.*

²¹ *Ibid.*

²² Hoxby, Caroline M. "The Rising Tide," *Education Next*, Winter 2001.

²³ Wolf, Partick. "The Comprehensive Longitudinal Evaluation of the Milwaukee Parental Choice Program: Summary of Second Year Reports." School Choice Demonstration Project at the University of Arkansas. No. 6, Mar. 2009. p. 9.

²⁴ Forster, "A Win-Win Solution." p. 11.