

June 2011

*Monopolizing
and Derailing the
Education Freedom
Train*

POLICY

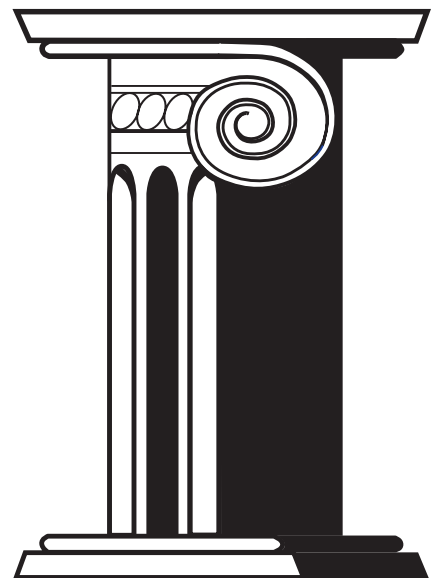
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by

**Deborah D. Thornton
Public Interest Institute
Mt. Pleasant, IA**

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**Dr. Don Racheter,
President**

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Monopolizing and Derailing the Education Freedom Train

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Executive Summary

“A non-coercive monopoly only exists as long as brand loyalty and consumer apathy keep people from searching for a better alternative.”

— Andrew Beattie,
Managing Editor,
Investopedia.com¹

The phrase “world-class” is overused and meaningless in today’s society. It is used for everything from cars to yo-yos, and especially for education.

One of the problems with the phrase is how “world-class” is defined. Whether or not something is “world-class” changes on a daily basis. As soon as the standard is set, it changes. Remember the first cell phones? World-class! That was only 20 years ago and today we consider them paperweights.

However, Governor Terry Branstad and Lt. Governor Kim Reynolds are to be commended for trying to improve Iowa’s education system.

On July 25-26 they’re holding the promised Iowa Education Summit, designed to focus on the stagnate nature of K-12 educational achievements in Iowa.

The theme is “World-Class Education, World-Class Workforce.” In announcing the summit, Lt. Gov. Reynolds said, “By bringing together leaders from both the private and public sector, in addition to world-renowned educational

leaders, we hope to provide open dialogue to encourage and implement real change in Iowa classrooms.”²

Hopefully, the Education Summit can start the process in Iowa of truly ending the monopoly on government education and allowing parents to chose the best school for their children, whether it is private or public, religious or secular.

Development of a Monopoly Over Education

Most American schoolchildren learn about Harriet Tubman and the Underground Railroad. They learn how she and many other brave individuals helped escaped slaves make their way north to freedom during the era of slavery in the United States.

The Underground Railroad was also commonly known as the “freedom train,” or the “gospel train.”³ Following the victory of the Union in the Civil War and ratification of the 14th Amendment to the U.S. Constitution in 1868, which granted full citizenship to the former slaves, many thought that the freedom train was fully underway.

An important part of that freedom train was education. Yet education in the United States was still developing and evolving in the late 1800s. The condition of education changed rapidly over the next 100 years as the United States became fully settled, industrialized, and government institutions

Executive Summary

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Monopolizing and Derailing

“For example, in 1925 there were 115,000 individual school districts — today, there are only about 15,000.”

developed.

As Chief Justice Earl Warren (1953-1969) wrote in *Brown v. Board of Education* in 1954 about the status of public education in the 1860s,

“In the South, the movement toward free common schools, supported by general taxation, had not yet taken hold. Education of white children was largely in the hands of private groups. Education of Negroes was almost nonexistent, and practically all of the race were illiterate. In fact, any education of Negroes was forbidden by law in some states.”

Further, “It is true that public school education at the time of the Amendment had advanced further in the North, but...Even in the North, the conditions of public education did not approximate those existing today [1954]. The curriculum was usually rudimentary; ungraded schools were common in rural areas; the school term was but three months a year in many states, and compulsory school attendance was virtually unknown.”⁴

One significant educational change from the 1800s to 1954 was the development of a government monopoly on education.

Consolidation and standardization are important parts of that monopoly. For example, in 1925 there were 115,000 individual school districts – today, there are only about 15,000. Today, in

districts such as the Chicago Public Schools, there are more than 500 individual schools, with heavy government regulation of all aspects of education.⁵

Further evidence of the nationalization of education was the establishment of the U.S. Department of Education as a presidential cabinet-level agency in 1980.⁶

Monopoly and *Brown*

A monopoly by definition is a “market situation where one producer controls supply of a good or service, and where the entry of new producers is prevented or highly restricted.” The definition goes on to say that, “monopolist firms keep the prices high and restrict the output and show little or no responsiveness to the needs of their customers.”

Further, “Sometimes governments facilitate the creation of monopolies for reasons of national security, to realize economies of scale, or where two or more producers would be wasteful or pointless.”⁷

This was part of the theory behind the consolidation and standardization of public education.

Justice Warren and the Supreme Court established in 1954 that the monopolistic situation in the public schools of “separate but equal” services provided to African American children and the refusal of the management to be responsive

to the needs of their customers had derailed the freedom train of education.

Many in the civil rights community thought that this ruling and the resulting forced desegregation of public education would get the train moving again in the right direction.

However, the Court did not recognize the overall negative impact of monopolistic behavior on public education for all children. Though the schools might have been desegregated, they still were not responsive to the needs of their customers.

Many Americans, not only those active in the civil rights movement, still do not think the public schools are responding to the needs of their customers.

The schools are still demonstrating key monopolistic behaviors: there is primarily one seller of the good, producing all the output.

Test Scores and Academic Results

There is significant evidence that this monopolistic situation has not proven beneficial to our children.

For example, the National Assessment of Educational Progress (NAEP) in 2007 reported that 12th grade reading achievement nationwide had declined from 1992 to 2005, by four points (292 to 288).⁸

The percent of students scoring at or above “proficient” was 38 percent, a flat score,

and the percent scoring at or above “basic,” 74 percent, was actually lower than 1992.

In math, our high school graduates scored higher in 2009 than 2005, which is the math baseline year – increasing by three scale points, to 153 from 150. Only 26 percent, or 1 of 4, were considered “proficient,” and two-thirds earned a “basic” score.

Importantly, racial/ethnic and gender gaps have not changed significantly over the last 19 years. The negative gaps neither closed nor widened.

The 2009 NAEP report included a pilot program that provided more in-depth information for 11 states. Iowa was one of those states, as were our neighbors Illinois and South Dakota. Of the 11 states, only five had higher scores in both reading and math than the national average. Iowa was one of those.

Both the reading and math scale scores for Iowa students were four points higher than the national average, at 291 and 156 respectively.⁹

Seventy-nine percent scored at or above “basic” and 39 percent scored at or above “proficient” on the reading test, slightly higher than the national averages of 73 and 37 percent.

In math, 71 percent scored at or above “basic” versus 63 percent for the nation as a whole and 25 percent scored at or above “proficient,” the same as the national average.

Iowa is doing a better job

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Monopolizing and Derailing

“In Iowa, the average composite [ACT score] was 22.2, with an average English score of 21.8 — again slightly higher than the national average, but not much.”

of ensuring students have at least the fundamentals of math, such as addition, subtraction, multiplication, and division, but doing no better than any other state at teaching higher level math skills such as algebra.

The NAEP report is known as the nation’s “report card.” On a standard A, B, C, D scale of grades, with 90 percent being an “A,” and 60 percent being a “D,” it appears that even Iowa schools did no better than a “C” at teaching our high school graduates even the basics of reading and math.

This is not a report card I would want to take home to Mom and Dad. Our schools should not want this report card either.

It is important to understand that the results of the NAEP annual report have remained flat since 1992, for almost 20 years. Our schools have shown no improvement – the freedom train is stalled, for all children.

The NAEP results are not an anomaly, as the average composite score on the American College Test (ACT) in 2010 was 21.0, with an average English score of 20.5.

In Iowa, the average composite was 22.2, with an average English score of 21.8 – again slightly higher than the national average, but not much.

It is also important to note that in general only those students expecting or anticipating going to college take the ACT. Nationally 47 percent of high school graduates take the test, in Iowa

60 percent do so.¹⁰

According to the ACT, 66 percent of all test-takers met the college readiness benchmark score for English in 2010. The criteria for the benchmark score is the score at which the students have a 50 percent chance of earning a B or higher in a college course and a 75 percent chance of earning a C or higher.¹¹

In reading, only 52 percent met the benchmark score of 18, and only 43 percent met the benchmark of 22 in math. Only 29 percent, or 1 in 4, met all four “benchmark” scores in English, Reading, Math, and Science.¹²

For Iowa specifically only 40-49 percent of those high school graduates who took the ACT met or exceeded at least three of the benchmark scores.¹³

In general more students in Iowa think they are going to college, but they are not graduating from high school fully prepared to do college level work, according to the ACT test results.

In overall achievement, Iowa ranks ninth nationwide. Our overall graduation rate is second nationwide at 85 percent.¹⁴ This reinforces the idea that we are successful in teaching the basics to almost everyone, but not upper level skills.

Iowa ranks 26th nationwide in per pupil spending, at \$7,574 per pupil, according to the National Center for Education Statistics. The amount of money spent on

public K-12 education in Iowa in 2006, according to the National Center for Education Statistics, was over \$4.2 billion (\$4,231,932,000).

This is an increase of a billion dollars, or a third, since 2000 (\$3,264,336,000 in current dollars).¹⁵ The number of students educated fell by 11,700 to only 482,584.¹⁶

According to the Organization for Economic Cooperation and Development (OECD), the United States spends about \$10,000 per student on primary secondary and tertiary education.

We are one of the top five countries in spending, following Luxembourg, Norway, Denmark, and Switzerland.¹⁷ As of 2006, the United States was spending at least 7.38 percent of our Gross Domestic Product on education, ranking third behind Iceland and Israel.¹⁸

Our average class size was also one of the highest, at 24 students per teacher, ninth highest in the world. Average teacher starting pay was also in the top four, at almost \$36,000, not counting benefits.

However, our high school graduation rate was below the OECD average, at 77.53 percent, versus 82.12 for all OECD member nations.

The United States is spending a significant amount of our national treasury on education, and that amount has steadily increased since 1992. This money is spent on teacher salaries, making classes

smaller, on enrichment, new and improved curriculums, and on regulatory and administrative overhead.

Yet the results have not changed for the better. The Education Freedom Train is expensive and not taking us where we want to go.

This is especially true for minority and low-income children. Their test scores are significantly below that of your average, middle-income white child, and not improving.

On the ACT benchmarks, only 4 percent of African American high school graduates met all four college benchmark scores. Repeat: only four Black students out of every 100 who took the test passed all sections.

This is almost 60 years after *Brown v. Board of Education* was supposed to ensure educational equity.

Native Americans and Hispanics did somewhat better at 12 and 11 percent, while Asian American students (39 percent) beat even the White scores (30 percent).

Though *Brown v. Board of Education* was supposed to turn around the academic achievement of African American students by ensuring they have the same opportunities, the educational bureaucracy has derailed the freedom train.

After almost 60 years, most minority and low-income children are still not achieving at the same level as middle-income white children. And

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“On the ACT benchmarks, only 4 percent of African American high school graduates met all four college benchmark scores.”

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“School choice is a civil rights issue. It is the natural extension of Brown v. Board of Education, of what Thurgood Marshall and Dr. Martin Luther King talked about — access to great schools for families.”

those same middle-income white children have not increased their academic performance much either. The freedom train has been derailed for everyone.

Legislators opposed to school choice should spend time talking with Michelle Bernard, Chairman of the Bernard Center for Women, Politics and Public Policy, who said, “School choice is a civil rights issue. It is the natural extension of *Brown v. Board of Education*, of what Thurgood Marshall and Dr. Martin Luther King talked about — access to great schools for families.”¹⁹

Details of a Monopoly and How Do You Break it Up?

The United States’ educational system demonstrates all of the characteristics and negative effects of a monopolistic system.

A monopoly has three key characteristics. First, there is a single seller — one entity produces all of the output.

There are typically economic barriers including economies of scale, high capital requirements, cost advantages, and technological superiority which create this situation. Many of these economic barriers developed in the educational system naturally as the country developed.

Schools can be expensive to build and the consolidation of many small schools into larger ones provided economies

of scale. Consumers were convinced they did not have the technical ability to either create their own product (teach their children) or evaluate another one.

Finally, even if a parent pays to send their child to a private school, or home schools them, they are still required to pay the government their fee in addition, through property, sales, or income taxes.

The “seller” — in this case the one government school system, serving one unique area — is the industry. The government has ensured there is only one source of the product. A government monopoly is known as a “de jure monopoly” or coercive monopoly.²⁰

In a monopolistic transaction, “market power” means that the provider has the ability to determine the terms and conditions of the exchange, setting the price.

In a private-sector monopoly there is generally still a price at which the customer will not buy the product.

As the government has broad taxing authority (the price), and most consumers have limited options (private schools, home schooling, etc.) parents must generally accept the product, whether they like it or not.

The actual price is also hidden because taxes are collected from both users, those with children, and non-users equally based on factors

other than their purchase of the education product.

There is also price discrimination in a monopoly. The provider can and does change the price and quality of the product with little accountability to the consumer, who must buy it.

Parents generally must send their children to school because the law requires it. The education product has gotten progressively more expensive, the quality has remained stagnant or fallen, and there are limited options for not using the product.

Another aspect of market power is network externalities. If one parent or family is using the public school and their student is succeeding, that affects the value of the school for others. A parent might think, "If their child is succeeding, my child is just as smart, they should succeed too."

In the private sector this networking effect causes people to start or keep using a product they might not really want or need. In the public sector it reinforces the lack of motivation to work against the school monopoly.

As Andrew Beattie states, both brand loyalty and apathy also ensure the government monopoly on education has remained in place. This is understandable.

In most communities and school districts the administrators, teachers, and school board members are our

neighbors and friends. We believe them when they say they're doing their best and trying to educate our children.

American parents and families are very busy earning a living and dealing with daily responsibilities. Radically changing the entire way of operating and ensuring your child is educated successfully is a big job. Many probably have not thought they were fully qualified to judge the success of the school system. However, that is changing, as we shall see.

In breaking up a monopoly, you must first divide and conquer.²¹ Another provider must enter the field of competition, providing a better product and lowering the price. Barriers to entry must be lowered. Often incentives are provided to new entrants in the form of tax breaks, economic development money, or low cost loans.

In eliminating a private-sector monopoly the government creates regulations and taxes which force lower profits, making the company less profitable and desirable.²²

When the government is the monopoly, the consumer must work to get the controlling regulations and taxes reduced, to allow more competition with the sole source provider, and to ensure there are substitute goods.

For example, at the local level, the consumer might work through elections and attendance at meetings to force

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“Often the school employees, through teacher unions and administrative organizations, have lobbied and worked to exclude competition.”

the managers to pay attention to them. School Board members must be voted out and district superintendents must be held accountable. Transparency is an important tool for this effort.

Other legal barriers also ensure the government education monopoly remains in place. Charter schools and private schools are often required to provide significant paperwork and documentation of meeting government standards in every aspect of their operations.

Accreditation is an important part of this legal barrier. Often the school employees, through teacher unions and administrative organizations, have lobbied and worked to exclude competition. Both the federal and state governments have taken deliberate actions to exclude educational competitors.

Importantly, the consumer of the product must also boycott the provider in order to break a monopoly. In any circumstances, a boycott is difficult to implement.²³ Unfortunately, most consumers are not united in opposing the product and by definition need to use it.

A boycott is even harder to do when the government is the provider. Our children must go to school every day. We want them in school and holding them out in a boycott protest is not a productive effort.

Another aspect of a monopoly is the consumer’s willingness and ability to pay

either the high price of the monopoly product, or to pay for a different – possibly more expensive – product.

Most American families are not in a situation to pay twice for their child’s education, paying both through the tax system and for a private school. This has ensured that even unhappy education customers generally stay with the government schools.

School Choice Nationally

The monopolistic situation has begun to change and is now changing more rapidly. There are many educational options for our children, instead of government schools.

They are generally grouped together under the umbrella of “school choice” and include charter schools, vouchers and scholarships, tuition tax credits, open enrollment, home schooling, dual enrollment, and on-line schools. But the government monopoly must be broken.

Several Governors were successful this year in implementing school reform and broadening school choice. Significant legislation was passed in Arizona, Florida, Indiana, Idaho, Oklahoma, and Utah.

In particular, Indiana Governor Mitch Daniels (R) signed legislation creating the nation’s largest school voucher program, the “School Scholarship Act.”²⁴ This program has the widest

eligibility standards of any currently in place for low- and middle-income families.

It doubles the previous cap on the scholarship tax-credit program, and provides a tax deduction for out-of-pocket educational expenses for home or private schooling.²⁵

According to a recent review of 19 empirical studies by the Foundation for Educational Choice, “research consistently finds school voucher programs have improved the academic achievement of both the students who transferred to private schools and those who remained in public schools.”²⁶

Scholarship vouchers are available in a wide variety of states, including Arizona, Florida, Georgia, Idaho, Louisiana, Ohio, Utah,

Wisconsin, and Washington, D.C.

The concept of school choice, expressed by a scholarship, voucher, or expanded open enrollment program, which allows low-income children to enroll in any school their parents choose – including religious schools – is moving down the Freedom Train track.

In tuition or scholarship tax credit programs, the state provides a tax credit to either an individual or corporation that donates to a scholarship committee. The committee then allocates the money based on their federal poverty income level criteria.

At this time, though several states allow children to choose the private school they attend, some including religious

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Voucher Programs in the United States, 2010-2011

State	Program	Year Enacted	Students in 2010-11	Funds Expended in 2010-11
Florida	McKay Scholarship for Students with Disabilities	1999	21,054	\$152,000,000
Georgia	Special Needs Scholarship Program	2007	2,550	\$15,991,050
Louisiana	Student Scholarships for Educational Excellence	2008	1,697	\$7,800,000
Ohio	Cleveland Scholarship and Tutoring Program	1995	5,264	\$17,600,000
Ohio	Autism Scholarship Program	2003	1,672	\$31,000,000
Ohio	Educational Choice Scholarship	2005	13,195	\$58,000,000
Oklahoma	Lindsey Nicole Henry Scholarship for Students with Disabilities	2010	10	\$114,864
Utah	Carson Smith Special Needs Scholarship	2005	624	\$3,297,781
Wisconsin	Milwaukee Parental Choice Program	1990	20,189	\$130,800,000
Washington, D.C.	D.C. Opportunity Scholarship Program	2004	1,012	\$8,206,200
Total Nationwide			67,267	\$424,809,895

Source: "School Choice Yearbook," Alliance for School Choice,

<http://www.allianceforschoolchoice.org/UploadedFiles/Home/School%20Choice%20Yearbook%202010-11.pdf>

accessed on May 28, 2011.

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schools, no state allows every child, regardless of income level, to choose to attend a private school and have the money follow them to that school.²⁷

Other states, such as Indiana and Oklahoma have also begun focusing on charter schools and tuition/scholarship tax credits.

The achievement gaps for low-income and minority students are real. The Iowa Legislature should revisit expanded open enrollment, or vouchers, for all children, not just preschool. All children in Iowa deserve the opportunity to attend the school best for them, whether public or private,

not limited by their parents' income.

Breaking the Public School Monopoly in Milwaukee

Mikel Holt, editor and publisher of the *Milwaukee Community Journal*, has written a book about desegregation and integration of the Milwaukee public schools following *Brown v. Board of Education* and into the current era of school choice.

The story, titled *Not Yet "Free at Last," The Unfinished Business of the Civil Rights Movement, Our Battle for School Choice*, is difficult and messy, revealing all of the worst aspects and results of that

Scholarship Tax Credit Programs in the United States

State	Program	Year Enacted	Students in 2010-11	Funds Expended or Donated in 2010-11
Arizona	Individual School Tuition Organization Tax Credit	1997	27,476	\$52,091,718
Arizona	Corporate School Tuition Organization Tax Credit	2006	3,626	\$7,881,787
Arizona	Lexie's Law	2009	145	\$625,335
Florida	Corporate Tax Credits Scholarship Program	2001	32,946	\$140,000,000
Georgia	Georgia Scholarship Tax Credits	2008	6,125	\$24,500,000
Indiana	Corporate and Individual Scholarship Tax Credit	2009	219	\$435,050
Iowa	School Tuition Organization Tax Credit	2006	10,208	\$10,839,257
Pennsylvania	Educational Improvements Tax Credit	2001	42,339	\$51,800,000
Rhode Island	Corporate Scholarship Tax Credit	2006	460	\$1,254,376
Total			123,544	\$289,427,523

Source: *Hope for America's Children, School Choice Yearbook 2010-11*, p. 12,

<http://www.allianceforschoolchoice.org/UploadedFiles/Home/School%20Choice%20Yearbook%202010-11.pdf>

accessed on May 25, 2011.

ruling and the resulting implementation.

In Milwaukee, the Education Freedom Train has never run well for minority and low-income children, and often not smoothly for any child. Parents and community activists have worked hard for a very long time to address the problems of the government monopoly school system and to break that monopoly. There have been both successes and failures during this process. Leaders have disagreed about approaches and tactics. What has not wavered is the commitment of parents to their children.

School choice is not a new idea. In 1970, after many years of problems with the Milwaukee public schools and many years of African American and low-income children being failed by the schools, the parents and community leaders formed a group to lobby for vouchers for low-income children. This was over forty years ago. Surprisingly, the National Association for the Advancement of Colored People (NAACP) opposed vouchers, and continues to do so today.²⁸

Eighteen years later, in 1988, with low-income and minority children still not succeeding in school, Governor Tommy Thompson (R) proposed establishing a tuition scholarship program for low-income children which would allow their parents to send them to any private or parochial school. It was anticipated to affect 1,000 children in the Mil-

waukee district. The proposal died in Legislative committee.

Thompson again introduced a tuition scholarship program in 1989. It was strongly supported by parents – but opposed by the State Superintendent of Public Instruction Herbert Grover (D) and the Wisconsin Education Association and again killed in committee. An alternative proposal submitted that same year by the school district was also defeated by the Democrat controlled General Assembly.²⁹

Finally, in 1990, a bill allocating \$3,000 in tuition money from the state for 1,000 low-income children in Milwaukee to attend private schools of their choice was passed by the General Assembly and signed by Governor Thompson.

This made Wisconsin the first state to pass parental choice legislation. The Mayor of Milwaukee, John Norquist, supported the initiative in opposition to his own city council.

Almost immediately the Milwaukee NAACP and the school Administrators and Supervisors Council filed a lawsuit to stop implementation of the legislation. It failed. Grover then tried to stop implementation by requiring “extensive” regulatory requirements of the private schools – basically turning them into public school “satellites.”³⁰

Registration for the program increased 47 percent the second year of existence. By 1992, over 80 percent of Black Milwaukeeans supported the

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“Students participating in the original program were tested and scored 3 percent higher in reading and 5 percent higher in math than the regular public school students.”

choice program. That same year, the Wisconsin Supreme Court ruled that the program was constitutional. Opponents were still working to keep religious schools out of the program. In response a private voucher program was established by school choice supporters, which would include religious schools.

In 1994, another bill was introduced which would have officially allowed religious schools to participate in the state program.

Students participating in the original program were tested and scored 3 percent higher in reading and 5 percent higher in math than the regular public school students, after four years in the choice program. At the same time, parents challenged the constitutionality of the ban on religious schools under the First Amendment’s freedom of religion clause and the Fourteenth Amendment’s right to equal protection provisions.

Thompson tried to expand the choice program by propos-

ing to offer vouchers to 3,500 students in both Milwaukee and Madison in 1995, then increasing to 5,000 students the next year. The program would not use new money or increase the state budget. Black state lawmakers did not support his efforts, but the Legislature overrode their objections and approved including religious schools.

Over 100 private schools signed up to participate. Checks for \$3,200 per student were to be issued to the parents of participating children, who were to sign them over to the school of their choice.³¹

Then the American Civil Liberties Union (ACLU) filed a lawsuit against the program because of the inclusion of religious schools. The NAACP was also still opposed to the program. Yet over 4,000 minority and low-income parents wanted their children to participate.

The state Supreme Court ruled that religious schools could not participate and

Milwaukee Parental Choice Program (MPCP)

Eligibility for 2010-2011 School Year

Maximum Family Income: 175% of the Federal Poverty Level

Household Size	Yearly Income
1	\$19,122
2	\$25,727
3	\$32,332
4	\$38,937
5	\$45,542
6	\$52,147

For each additional family member add \$6,605.

Source: Milwaukee Parental Choice Program

Frequently Asked Questions – 2011-12 School Year

<<http://www.dpi.state.wi.us/sms/choice.html>> accessed on May 30, 2011

stopped the distribution of funds, affecting over 3,300 low-income children. The non-profit community replaced the funding for over 2,000 of these children. Many of the religious schools allowed the children to continue attending, for free.

By 1996, with the injunction against religious schools still in place, the program was expanded to allow 15,000 children to attend non-religious private schools. The various lawsuits and court rulings continued – with the Wisconsin District Court of Appeals finding that including religious schools was unconstitutional. Non-profits once again helped provide the needed funds.

The state Supreme Court then approved allowing religious schools to participate. Following this approval, over 6,000 additional students signed up.

In 1998 the U.S. Supreme Court finally allowed that ruling to stand, “solidly supporting the constitutionality of school choice.”³² The teachers union and the NAACP still opposed the program, including Representative Jesse Jackson Jr. (D), whose parents chose to send him to a private school.

By 1999, Black elected officials in Pennsylvania and Florida and other states were advocating for school choice based on the success in Wisconsin.

Importantly, in Milwaukee, five school board candidates who opposed school choice were defeated in elections,

resulting in control of the board by those who supported parental choice and who wanted to encourage educational competition instead of an educational monopoly.

Currently, in 2011, over 30,000 students in Wisconsin participate in statewide open enrollment.

The money follows the student. At this time the amount transferred with the student is the “prior year state average per student cost for regular (non-special education) instruction, co-curricular activities, pupil services and instructional support services.”³³

The resident district retains the local money. In contrast, a resident district does not receive any tax money for a student attending a private school or who is home schooled outside the public district.

In Milwaukee, the parental choice program (MPCP), as of 2010 includes 102 private schools and almost 21,000 low-income students. The amount of money going with the student is \$6,442, or the private school’s operating and debt service cost per student, whichever is less.³⁴

The school may not receive more money than they document as being spent on operating costs and debt service. So if a school only spends \$4,000 per child, they only receive \$4,000.

There are problems with this approach, as schools could be perceived as encouraged to spend the full \$6,442, which

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“In 1998 the U.S. Supreme Court finally allowed that ruling to stand, ‘solidly supporting the constitutionality of school choice.’”

Monopolizing and Derailing

“Currently a maximum of \$7,500,000 in tax credits may be awarded for donations to the program per year, with individual taxpayers receiving a 65 percent tax credit for their donation.”

might result in families which are just above the low-income level being priced out of the market. The government’s ceiling often becomes the floor.

The total program cost is just under \$131 million for 2010-2011. Thirty-eight percent of the funding comes from a reduction in state general aid to the Milwaukee public schools with the rest, approximately 62 percent, being a specific appropriation from state general-purpose revenue.³⁵ The district is allowed to replace the 38 percent reduction through a local property tax levy.

Eligibility for the program is based on income of less than 175 percent of the federal poverty level, or \$38,937 for a family of four. If two children are in the program, the eligibility increases to 220 percent of the federal poverty level.

All income-eligible students are accepted, unless a school has more applications than spaces; then a random lottery is used.

Applications must be submitted during the open application period, which can vary by school. Applicants may not be evaluated or eliminated from a school based on race, ethnic background, religion, test scores, grades, or membership in a church parish.

The only money the school may accept is that which transfers from the state with the student. The school may not charge any additional instructional fees, but may charge for extracurricular costs such as athletics.

The chart on page 14 details the eligibility income levels.

The Train in Iowa

In Iowa the School Tuition Organization (STO) tax credit and scholarship program has been in existence on a limited basis since 2006.

Currently a maximum of \$7,500,000 in tax credits may be awarded for donations to the program per year, with individual taxpayers receiving a 65 percent tax credit for their donation.³⁶

Though advocates for school choice have lobbied for an increase in the tax credits to \$10 million the 2011 Legislature did not pass this increase. Additionally, the state Department of Education Webpage does not provide any information about the program under their “Options for Educational Choice” heading.³⁷ The actual donations to the STOs in 2010-2011 were almost \$11 million.

In addition to specifically defined voucher programs – which exist in only a handful of states – many states offer extra tax breaks for donating to a school choice organization, which then divides the schools according to number of students.

No state is currently offering a universal voucher program. In a universal voucher program, the vouchers can be issued to any student, not just low-income students. As stated previously several

states are either beginning or expanding their tax-break or scholarship programs in 2011, most notably Indiana, New Jersey, and Oklahoma. The chart on page 12 outlines the most recent actions nationwide.

Here in Iowa, Governor Terry Branstad (R) has proposed converting the statewide voluntary preschool program into a low-income focused voucher program.

The program is anticipated to save over \$40,000,000 per year, but is strongly opposed by the leadership of the Democrat Party and the Iowa teachers' union.³⁸

Under the Branstad plan, families eligible for preschool vouchers would be allowed to make up to three times the federal poverty level, about \$67,000 per year for a family of four. The voucher would be in the amount of \$3,000. Any cost over that the family would

pay. In addition, the amount paid is on a sliding scale, with the poorest families only paying \$3.00 per month, up to \$133.

The cost of the Branstad plan, statewide, would be \$43 million, versus the universal preschool cost of \$90 million.³⁹

Governor Branstad's proposed preschool tuition credit program for low- and moderate-income families who want to send their children to preschool passed the Republican-controlled Iowa House of Representatives, but was ignored by the Democrat-controlled Senate.

The debate about whether or not to offer universal preschool to all children degenerated, unfortunately, into name-calling on both sides of the aisle.⁴⁰

The Education Freedom Train is definitely derailed in Iowa.

the Education Freedom Train

“The Education Freedom Train is definitely derailed in Iowa.”

Iowa School Tuition Tax Credit Summary Information 2009-2010 and 2010-2011 School Years

Total Tax Credits Allowed	\$7,500,000
Amount Allowed to be Corporate	\$1,875,000
Total Donated 2010-2011	\$10,839,257
Individual State Tax Credit	65%
Number of STOs	11
Number of Schools participating	140
Total Students Served 2009-2010	9,624
Total Students Served 2010-2011	10,208
Average Scholarship	\$1,184
Eligibility Requirements	<300% of federal poverty

Sources: "Iowa-Tax Credits for School Tuition Organizations,"

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Monopolizing and Derailing

“Many people think school choice is the unfinished battle of the civil rights movement. While much progress has been made, much more remains to be done.”

Conclusion

There have been many changes in education and our society since *Brown v. Board of Education* in 1954. Unfortunately, the Education Freedom Train is still only running slowly with many fits and starts.

Many people think school choice is the unfinished battle of the civil rights movement. While much progress has been made, much more remains to be done.

The recent obituary of a 92-year-old African American woman from Iowa City referenced her struggle to earn an education during both the pre- and post-civil rights eras. She wanted on the Education Freedom Train.

The actions her family took to ensure she received an education included sending her away during high school to

boarding school. In college she found it necessary to explore a variety of paths to advanced degrees, because of segregation and discrimination issues.

She persevered, eventually earning her doctorate degree and working for many years as a teacher-librarian in the Chicago public schools. The tracks of the Education Freedom Train for her were filled with many detours, stops, and bumpy places. Yet, it finally got there.

That train ride should be smoother and easier for our children today.

It is to be hoped that the government education monopoly is soon broken by people of commitment and will, and that all parents, whether low-income or high, or minority, or not, are able to chose the best school for their children, whether it is private or public, religious or secular.

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**Public Interest Institute
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