

# A CHOICE FOR ETTA WALLACE

---

## The Private Voucher Revolution in Urban Schools

PATRICIA FARNAN

**T**he school-choice debate is about to be transformed by a quiet revolution that is sweeping American urban education.

Across the United States—from Indianapolis to Milwaukee, from San Antonio to Atlanta—business leaders and other citizens are starting privately funded voucher programs that enable low-income parents to send their children to religious and other private schools. Most of the participating families are black and Hispanic, and their overwhelming response to the private vouchers suggests that inner-city parents are deeply unhappy with the education their children are receiving in public schools. Private voucher programs thus promise to change the political dynamics of the choice debate.

Taxpayer funding for school vouchers has so far been defeated almost everywhere it has been proposed. Powerful teachers' unions have mobilized to defeat such measures, and they have been joined by leading black and Hispanic civil rights organizations, which see public school employment as a major avenue of upward mobility for their constituencies. The American Civil Liberties Union and other organizations have also opposed voucher plans on separation of church and state grounds; even where limited publicly funded voucher plans have been approved, as in Milwaukee, they have been used only for secular private schools, not religious ones.

The new privately funded vouchers overcome these political obstacles. They can go to denominational schools without raising any question of church-state entanglement. They avoid the dangers of government interference in the affairs of private schools. They require no large coalition activity to initiate. Moreover, by concentrating on low-income families in the inner city, they can quickly make an immediate difference in the lives of the children who would benefit most from school choice.

### The Indianapolis 900

Privately funded vouchers have been discussed for some time, but the first business leader to make a major commitment to the idea was Patrick Rooney, CEO of the Golden Rule Insurance Company in Indianapolis. In

August 1991, he established the CHOICE Charitable Trust, donating \$1.2 million for vouchers enabling low-income children in Indianapolis to attend the private school of their parents' choice. The voucher covers half the tuition of any elementary student who qualifies for the federal free lunch program, with parents paying the remainder. The total amount of the voucher is capped at \$800, one-half of the \$1,600 that most private schools in Indianapolis charge for tuition. Parents who already send their children to private school are eligible if they meet the income criteria.

The response of low-income families has been overwhelming. CHOICE cautiously had anticipated that 100 to 200 students would participate in the 1991–1992 school year. But in the first three days after the announcement, 621 families requested applications. In the first year, CHOICE awarded 744 vouchers to eligible children, enough to fill every available space in the city's private schools. Other corporate leaders in Indianapolis soon joined Mr. Rooney in supporting CHOICE, and the number of vouchers rose to 944 in 1992–1993. Mr. Rooney hopes that private schools will expand, and that new ones will open, to meet the demand of the hundreds of parents on the voucher program's waiting list.

### The Choice that Made Milwaukee Famous

Business leaders in other cities quickly followed Mr. Rooney's example, and received a similarly enthusiastic response from low-income families. The Bradley Foundation and corporate donors are financing Partners Advancing Values in Education (PAVE) in Milwaukee, which provides half-tuition vouchers to 2,146 students, with about 900 students on the waiting list. The participating students are taking their vouchers to 78 elementary and seven secondary schools, including Catholic, Lutheran, evangelical Christian, Jewish, and independent private schools. By contrast, Polly Williams's much-acclaimed plan provides about 600 vouchers per year for use in eight schools.

Since publishing its first application in mid-April 1992,

---

PATRICIA FARNAN is director of education and empowerment policy at the American Legislative Exchange Council.

the Children's Educational Opportunity (CEO) Foundation in San Antonio has processed more than 2,300 applications, awarded 929 scholarships to students attending 73 different schools, and placed more than 1,000 students on the waiting list.

The Children's Education Foundation in Atlanta received 5,500 applications within nine days of offering its voucher program. Last fall, it offered 179 vouchers to cover one-half of private school tuition, with a cap of \$3,000.

Even Bill Clinton's Little Rock now has a private voucher program. The Free to Choose Charitable Trust supports 18 low-income students attending private schools in Little Rock, with the hope of increasing this number to 50 in the next academic year. According to local businessman Blant Hurt, who founded the program, three times this many children applied for the voucher despite almost no publicity about its availability. New programs are being set up in Arizona, California, Florida, Maryland, upstate New York, and Washington, D.C., to name but a few. By fall 1993, it is expected that there will be at least 15 privately funded voucher programs across the country.

### A Helping Hand, Not a Handout

The half-tuition principle is an important feature of the private voucher programs. By providing one-half the tuition, resources can be spread over a greater number of children. Even more important, the programs aim to provide "a helping hand, not a handout." One reason private schools do a better job than public schools in educating low-income children is that parents often must sacrifice to send their children to these schools, and they therefore pay more attention to the children's schoolwork. Children are also more likely to apply themselves to their lessons when they know their parents have sacrificed for their sake. Requiring families to pay half-tuition gives both parents and children a greater stake in education. It encourages parental involvement and student responsibility.

It is a horrible indictment of public education that so many low-income parents will make the half-tuition sacrifice. According to Timothy Ehrgott, executive director of the CHOICE Charitable Trust, a third of the families in the Indianapolis voucher program earn less than \$10,000 a year. These families still manage to pay their share of school tuition. "Sending my kids to Baptist Academy takes every penny I make," says Marsha Keys, mother of Renee and Randy. "We could have nice furniture. We could have a new car. But to have my children have an education, and know that people care about them, that's what counts. And my children know that Mom does care when I put them in this school." The Baptist Academy enrolls 250 low-income children; 39 of its students participate in Mr. Rooney's program.

School principals are full of stories describing the superhuman effort of parents working two or three jobs, cutting corners at home to manage their meager budgets, doing whatever possible to give their children the gift made possible by the CHOICE voucher. Sister Gerry O'Laughlin is principal of Holy Angels Catholic School in Indianapolis, with 175 kindergarten to sixth-



**Privately funded vouchers are the brainchild of insurance executive Patrick Rooney, pictured here with Indianapolis students.**

Photo courtesy Golden Rule Insurance Co.

grade students, all of them African-American. CHOICE "makes our school a viable option for our children. Without it, many of our families would be forced to leave because of financial difficulties."

### Choosing Against Bruising

The beauty of the privately sponsored voucher programs is their simplicity. Grants are awarded on a first-come-first-served basis. There are no long, complicated forms to fill out. No academic test is administered. Parents can select any school that meets their child's needs, and that admits the child. Where a family lives does not determine where the child goes to school.

Safety, a strong emphasis on teaching values, and proximity to home are the most often-cited reasons parents give for participating in the voucher program. Reverend Charles Barcus, principal of Calvary Christian School in Indianapolis, says a fear of violence is a major reason low-income parents want to take their children out of public schools. According to Reverend Barcus, "A typical child who transfers from the public school to Calvary Christian has grown so fearful of physical harm and other threatening conditions that he has literally shut down his desire to learn. Parents come to me desperate to put their child back on an academic track. In many cases the risks are high, for the students are literally failing out of the public school. Nothing could





Photo courtesy CEO Foundation

**Students from the Genesis Academy in San Antonio, Texas. The school credits the corporate voucher system with supporting 22 of its 31 students.**

be more rewarding than watching them blossom again into happy children with a strong curiosity to learn.” Calvary Christian School enrolls mostly low-income children. One-third of the 105 students in the school participate in Mr. Rooney’s voucher program.

Etta Wallace, mother of three boys now attending St. Mary Magdalene school in San Antonio, explained that she was tired of her children being attacked and beaten by gang members at the public school. “When I tried to transfer the children the school blamed my boys for the trouble. After many incidents, they finally transferred them to a school far from my home with the same gang problems as the school they just left. When I learned about the CEO Foundation program I was so relieved. Now they attend St. Mary Magdalene school and I have yet to be called for a single incident. The boys’ grades are improving, and they are much happier in their new school.”

Parents also come to the private schools seeking discipline and an emphasis on teaching values. “The values they teach in a private school are to respect other people, to respect the teachers and your elders no matter if the children think something is wrong or not. This training is very important to my child and our family, because we’re a Christian family. And, for her to go to a school where she receives the same values that she’s getting at home, it keeps her from being confused as far as what we’re teaching her and what she’s learning in the world,”

explains Debbie McClung, whose daughter Ashlee attends Capital City Seventh-Day Adventist School in Indianapolis. This school of 80 inner-city, minority students currently enrolls 43 voucher recipients. High expectations, respect for home and community, discipline, and hard work are part of a moral system of education that is central to the success of the private schools. As Sister Gerry O’Laughlin explained, “We work from a spiritual base at Holy Angels. That’s what our families are looking for. That’s what works with our students.”

### **Keeping Doors Open**

The private schools that parents select are usually neighborhood schools. This is especially true in cities like Indianapolis, where parents fear for the safety of children bused to some far-away public school in another part of the city. Parents typically want convenient access to their children’s school themselves, and the knowledge that their child is not traveling alone through the city is a great relief. One mother, Sandra Allensworth, expressed her feelings in a letter to Mr. Rooney: “Thank you so much for allowing my three children the opportunity to attend St. Andrew the Apostle parochial school. It is such a blessing and the school is only four blocks from our home. They previously were bused to a school many miles away. I love the school and so do the children, and the teachers and principal are so close and involved in helping the children to achieve to their best.”

St. Andrews enrolls 207 mostly African-American students, 40 of whom participate in the CHOICE voucher program.

An important effect of the voucher programs has been to keep open the doors of private schools that otherwise would have closed. "If the business community in Milwaukee had not come to our assistance, we would no longer exist," says Sister Leonis Skaar, principal of St. Matthew's School in Milwaukee. Like many of the parochial schools in the inner cities, St. Matthew's has lost most of its income as its parishioners have moved to the suburbs. Its costs have also risen as fewer sisters of religious orders are available to teach; many of the lay teachers have incomes above the poverty level only by working a second job.

Although the schools still operate on a shoestring, PAVE has allowed St. Matthew's to stay open. The voucher program is invaluable to these students challenged by the high-crime and gang-infested area of Milwaukee's near south side, where many children roam through the streets during the day, never attending school at all. The students of St. Matthew's are low-income and truly multicultural, including Hispanic, Native American, Slavic, black, and Hmong children.

The Genesis Academy, a nondenominational private school in San Antonio, credits the corporate voucher program with supporting 22 of its 31 students. The school, which opened its doors in fall 1992, enrolls pre-kindergarten through 12th-grade students, most of whom come from low-income and Hispanic families. Robert Lara, principal and classroom teacher at the Genesis Academy, noted with satisfaction the effect his school is already having on the students enrolled. "Our students are coming from public schools infested with gangs and drugs, and lacking the special attention these children need to succeed. When they arrive they are easily angered, with poor attitudes about school. Now they are more than academically better off—they are emotionally happier."

### Politicians Sign On

Beyond the effect of these voucher programs on the children they serve, their impact on the political environment of the nation is profound. Despite the defeat of voucher ballot measures in Colorado and Oregon, it is becoming more likely that a voucher program that includes religiously affiliated schools will pass.

In Maryland, for example, Governor William Donald Schaefer has included a voucher provision in his 1993 budget for up to 200 low-income children in Baltimore. The voucher, set at 50 percent of the overall per pupil cost or \$2,908, can be used at participating non-public schools, including religious schools. The provision, now before the state House Appropriations Committee, has the support of Committee Chairman Howard P. Rawlings, a minority Democrat from Baltimore, and other key Democratic and Republican leaders in the legislature. If passed, the Baltimore program will be the first

of its kind in the nation. As Governor Schaefer noted in his State of the State address, "Maybe its time to see how our public schools perform against private schools and parochial schools."

Governor Schaefer and Delegate Rawlings are not alone. Mayor John Q. Norquist of Milwaukee has endorsed the efforts of Governor Tommy Thompson to raise the limit of the number of students participating in the Milwaukee publicly funded school choice plan. He also promotes the inclusion of parochial schools "for choice to have a bigger impact on quality."

State Representative William Crawford, who represents a low-income, largely minority area of Indianapolis, has proposed voucher legislation similar to the Maryland provision. In Indianapolis, eligible low-income students would receive up to \$1,500 to attend private schools, including religious schools. In Florida, state Representative Carlos Valdez is fighting to pass a voucher pilot program for low-income children identified as academically at-risk in Dade County. The voucher would provide almost \$3,000 for children to attend Miami-area private schools, including parochial ones.

Connecticut state Representatives Tim Barth and James Amann have proposed school choice and vouchers as a means to desegregate the state's schools and improve the quality of inner-city education—an alternative to the busing proposal advanced by Governor Weicker. The Barth-Amann bill, supported by a bipartisan coalition in the state House, would grant parents a voucher worth a maximum of \$2,500 per child to attend private schools, including those religiously affiliated. It also would allow for the interdistrict transfer of students in the public school system. Representative Barth is confident that his plan will garner the support of the full legislature. These efforts, and others like them, demonstrate the political viability of the issue on both sides of the political aisle.

### A Model for Business Philanthropy

It is no accident that politicians are becoming more interested in vouchers. They sense a growing constituency for choice, especially in low-income black and Hispanic neighborhoods. The best evidence comes from the long waiting lists of parents hoping to receive a voucher. In Milwaukee and other cities, politicians also are reacting to a groundswell from parents who are ineligible for private vouchers and want to know how their children can be included.

The private voucher programs offer similar opportunities for business leaders seeking to help inner-city education. Over the past decade, businesses have poured hundreds of millions of dollars into urban public schools. These efforts so far have failed to improve urban public schools or the skill levels of their graduates. Patrick Rooney's idea offers a different approach: instead of trying to improve public schools directly, why not give inner-city students the opportunity to go to private schools that already do a better teaching and discipline job than do public schools?





# MITI MOUSE

---

## Japan's Industrial Policy Doesn't Work

KARL ZINSMEISTER

Over the past two decades, sharp increases in international business competition and the pace of commercial innovation have sent a series of tremors rippling through the U.S. economy. Highly visible industries—such as steel and automobiles—contracted and restructured. Venerable airlines, banks, and retailers failed. Even in thriving industries like computers, some high-flying pioneers ignominiously bit the dust. When the early 1990s brought recession followed by the doldrums of sluggish economic growth, many Americans seemed to panic. Looking for ways to soup up American output, they gave the White House keys to Bill Clinton, who promised “economic change.”

Candidate Clinton made it clear that the way he would pursue long-term change was through increased governmental steering of the economy. “Mr. Clinton wants to pull the American economy in the direction of the managed capitalism found in Japan and Western Europe, where governments play a larger role than Washington in shaping industries and markets,” summarized the *New York Times* in 1992.

### Clinton's Managed Capitalism

In the first months of the new administration we have begun to see exactly how President Clinton intends to use the federal apparatus to try to shape American industry. In late February, he unveiled an expansive new industrial policy with \$17 billion of funding. The president proposes to remake the Commerce Department's National Institute of Standards and Technology into an aggressive, new technology-targeting agency. He says he will use U.S. national laboratories to do more research for private companies. He wants a national network of government-run “manufacturing extension” centers, a joint government–corporate program to develop “clean” cars, and a major government push to build a grid of so-called information superhighways across the country. The president says he will transfer billions of dollars from defense research into new programs that are supposed to produce civilian products instead. He has announced that the Pentagon's Defense Advanced Research Projects Agency will be renamed simply the Advanced Research Projects Agency, to reflect a wider set of responsibilities.

More efforts along these lines surely are coming. Last year Mr. Clinton campaigned on his “Rebuild America Fund,” to which he proposed to allot \$80 billion of fresh spending over a four-year period so that a government network of railways and roads, communications lines, and environmentalist public-works projects could be built. He endorsed a plan by Democratic senators to create a Civilian Technology Corporation that would coordinate private research and channel public funds to specific industries and companies.

Upon taking office, President Clinton set up a new National Economic Council in the White House to monitor trade patterns and protect “vital” domestic companies and sectors. Mr. Clinton originally conceived this panel as an “Economic Security Council,” out of the notion that government's national security responsibilities extend directly into the realm of business and industry oversight.

He appointed as his chief economic adviser Laura D'Andrea Tyson, an unorthodox economist who argues that selective protectionism, subsidies to damaged and/or critical industries, and managed trade—meaning government negotiations to divide up the global business pie—will improve the well-being of American consumers. Ms. Tyson welcomes the idea of the federal government picking winners among technologies, and writes that it would be “criminal” to waste the peace dividend by failing to spend it subsidizing commercial technology.

The new administration also has hinted at a taste for trade protection and business subsidies. At his Little Rock economic summit last December, the president-elect listened sympathetically as corporate executives bemoaned foreign competition, and commiserated with them over the plight of the ailing old-line enterprises. Protectionist pressure has since been building fast, with big companies and unions from the airline, auto, steel, oil, semiconductor, agriculture, textile, apparel, and movie industries already in line by Inauguration Day. At the end of January, Commerce Secretary Ron Brown levied steep tariffs on steel imports, and the Treasury

---

KARL ZINSMEISTER is an Ithaca, New York writer and an adjunct scholar at the American Enterprise Institute.