



**NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.**

NEWS RELEASE

*For release Friday, Sept. 22, 1995.
May be aired Friday A.M. and appear
in Friday A.M. and P.M. papers.*

*For more information, call
Tom Mather at the Center
at (919) 832-2839.*

EFFORTS TO EXPAND SCHOOL CHOICE NOT LIMITED TO NORTH CAROLINA

While North Carolina lawmakers balked at passing school-choice legislation in 1995, at least 10 states have enacted such laws so far this year, the N.C. Center for Public Policy Research says in a study released today.

More than 25 state legislatures were considering school-choice measures this year, with eight states enacting charter-school laws and two enacting school-voucher bills. In North Carolina, the General Assembly debated -- but did not pass -- bills that would have established programs for charter schools, open enrollment in public schools, and vouchers and tax credits for private-school tuition.

"The debate over school choice is far from over, even though the North Carolina legislature did not pass any school-choice bills this year," says Tom Mather, associate editor of *North Carolina Insight*, the Center's magazine. "Six school-choice bills are pending for the General Assembly to consider in the 1996 session. But many questions remain over public support for school choice, projected costs, potential lawsuits, political differences between the state House and Senate, and track records for school-choice programs in other states."

The Center takes an in-depth look at school choice in the September issue of *Insight*. The Center analyzes the range of school-choice options and discusses legislative developments in North Carolina and other states. It also features a pro/con discussion on whether to use public money to pay for private-school tuition.

School choice has been one of the most talked-about education proposals over the past decade. But following the debate can be confusing because of differing views about what school choice is. In the simplest sense, choice means letting parents pick which schools their children attend -- but that can include a range of options involving both public and private schools.

Public-school choice options include: *transfers*, in which districts allow students to attend other schools on a case-by-case basis; *magnet schools*, which focus on themes and draw students from anywhere in a district; *charter schools*, which are like magnets but are largely free from state and local educational regulations; and *open-enrollment programs*, in which students can attend any school in their district or state.

Private-school choice options use state tax money to pay for students' tuition at private and religious schools, including: *vouchers*, which are credit slips that schools can redeem for cash from the state; *tuition grants*, which are direct payments to parents; and *tax credits*, which allow parents to deduct tuition costs from their income taxes.

School Choice Gained Momentum in the 1994 Elections

Many conservatives have promoted vouchers and other choice options as ways to reform education by creating competition for the public schools. Thus, the school-choice issue gained momentum in the 1994 elections, when Republican candidates captured many local, state, and national offices -- including control of the N.C. House.

In 1995, that momentum contributed to the passage of charter-school laws in eight states: Alaska, Arkansas, Delaware, Louisiana, New Hampshire, Rhode Island, Texas, and Wyoming. Eleven states previously had approved charter-school programs, including: Arizona, California, Colorado, Georgia, Hawaii, Kansas, Massachusetts, Michigan, Minnesota, New Mexico, and Wisconsin.

Increased Republican clout also led to the passage of school-voucher bills in Ohio and Wisconsin. The Ohio law will provide vouchers worth up to \$2,500 to low-income families in Cleveland who send their children to private schools. The Wisconsin law expanded an existing voucher program in Milwaukee to include religious as well as private schools.

But the Wisconsin legislation was put on hold in August, when the state Supreme Court issued an injunction blocking the use of public money for religious schools. The court is considering whether the law violates the U.S. Constitution's requirement of separation of church and state. Similar concerns led the Puerto Rico Supreme Court to strike down a voucher program there in November 1994.

Concerns About School Choice Slow Legislative Action

Constitutional considerations also contributed to the N.C. General Assembly's caution in adopting bills that would establish programs for private-school vouchers and tax-credits. In addition to the First Amendment concerns, the N.C. Constitution prohibits the use of public money for private purposes and thus may bar public funds from going to private and religious schools.

The legislature's reluctance to move quickly on school choice can be attributed to several other factors as well, including:

- * Concerns that school choice could increase educational costs at a time when politicians are trying to cut government spending. Virtually all school-choice options lead to higher transportation costs. Plus, vouchers and tax credits would spend public money on private schools.

- * Substantial differences between the Republican-led state House and the Democrat-led Senate. For example, even though both the House and the Senate passed charter-school bills in May, the two chambers were unable to enact a compromise bill during the 1994 session.

- * The limited track record of most school-choice programs. Open-enrollment programs have attracted few students -- less than 2 percent of total public-school enrollment in states with comprehensive programs. Most states with charter schools began their programs within the past few years. Only two states, Iowa and Minnesota, offer tax credits for private-school tuition, and Wisconsin is the only state that provided vouchers before 1995.

- * The poor showings of school-choice measures on state ballot initiatives. Voters have defeated school-voucher initiatives by 2-to-1 margins in Oregon, Colorado, and California since 1990.

Such concerns have led to opposition to private-school choice in North Carolina from groups such as Citizens for Public Schools -- a bipartisan coalition of 28 organizations representing educators, parents, businesses, and other citizens. The coalition released an open letter in June opposing a tuition-

tax credit bill. The letter, signed by Democratic Gov. Jim Hunt and former Republican Gov. Jim Martin, charged that the bill would cost taxpayers \$92 million by 1997 -- just to provide tax credits to existing users of private schools.

Proponents of the tuition tax-credit maintained that it wouldn't cost the state any money because it would encourage students to transfer from public to private schools -- thus saving the state \$3,565 per student allotment. But House Republicans may have tipped their hand when they tried to insert \$20 million in the state's 1995-96 expansion budget to pay for the proposed tax-credit bill. Although the House Appropriations Committee never approved the money, it somehow ended up in a House budget proposal. Republican leaders later called the item a mistake and stripped the money from the final House budget, but some observers weren't convinced that it was just an oversight.

Nevertheless, some opinion polls have found increasing public support for school choice, particularly options that don't use public money for private-school tuition. Proponents contend that choice is the most effective way to improve the public schools.

"The problems facing primary and secondary education in North Carolina will never be addressed without changing the system's incentive structure," says Rep. Larry Linney (R-Buncombe), who introduced a voucher bill in the 1995 session. "This bill empowers parents by giving them choices and making the customer king or queen in a new market of educational services."

Pro/Con Debate Focuses on Private-School Choice

The Center makes no recommendations on school choice, but instead presents a pro/con discussion in *Insight* magazine on the debate over using state funds for private schools. The pro side is written by Vernon Robinson, president of the N.C. Education Reform Foundation, and the con side is written by Cecil Banks, president of the N.C. Association of Educators.

Robinson, a Republican candidate for State Superintendent of Public Instruction in 1992, argues that education reforms have failed because the government has a monopoly on the public schools. True reform, he says, will result only from a market-based approach to education in which parents are free to choose their children's schools -- public or private.

"The existing public school monopoly responds more to organized interest groups than to parents," Robinson says. "By contrast, school choice would force all schools to respond to the needs of their customers."

Vouchers and other school-choice options would improve public schools by making them compete with private and religious schools, Robinson says. Eventually, he says, that would increase educational opportunities, academic achievement, and parental involvement.

Providing vouchers or tax credits to private-school families would not increase government spending, he asserts, because the state would save money by not having to educate students who transfer from private to public schools. "I believe that the tax credits would not cost the state a dime," he says.

But Cecil Banks, a social studies teacher at Page High School in Greensboro, charges that vouchers and similar options would destroy the public schools by diverting much-needed funds to private and religious schools. The state would spend millions of dollars paying tuition for public-school students who transfer to private schools -- as well as those already enrolled in private schools.

"Taxpayers would pay big bucks for vouchers or tax credits that subsidize parents with children in private schools," Banks says. "In that sense, vouchers would be welfare for the wealthy."

Banks also disputes the notion that public schools would improve if forced to compete with private schools. Public schools can't compete on the same terms, he says, because private schools can exclude students who are less intelligent, cause disciplinary problems, or have learning disabilities. Furthermore, Banks says, studies show that private schools are no better than public schools when socio-economic factors are taken into account.

"Taxpayers must understand that vouchers and tax credits do not provide parents with choice," Banks says. "Such options leave choice in the hands of private schools. Unlike our public schools, private schools select who will enter their doors."

The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit corporation created to study public policy issues facing North Carolina and evaluate state government programs. The Center's research on school choice was funded by grants from The Broyhill Family Foundation of Lenoir, N.C., the Hillsdale Fund of Greensboro, N.C., and the Weyerhaeuser Company Foundation of New Bern, N.C., and Tacoma, Wash. The Center receives support from the Z. Smith Reynolds and Mary Reynolds Babcock Foundations, 10 other foundations, 156 corporate contributors, and some 900 individual and organizational members.

In addition to publishing *North Carolina Insight*, the Center has conducted studies on how the University of North Carolina system evaluates and rewards excellent teaching, how the state regulates pesticides, and the health of minority citizens. It also publishes a citizens' guide to the legislature, rankings of the effectiveness of all 170 legislators, and rankings of the most influential lobbyists.

Copies of the September issue of *Insight* magazine containing the Center's discussion of School Choice can be obtained from the Center for \$8 plus \$3.50 for postage, handling, and taxes. To order, call (919) 832-2839, fax to (919) 832-2847, or write to the N.C. Center for Public Policy Research at P.O. Box 430, Raleigh, N.C. 27602.

**Table 1. School Choice Legislation in the
1995 N.C. General Assembly**

Bill Number	Short Title	Sponsor	Brief Description	Status in N.C. Legislature at end of 1995 Session
HB 190	Education Expenses Tax Credit	Rep. Ken Miller (R-Alamance), et al.	Provides tax credits worth \$3,100 for private and religious schools and \$2,480 for home schools.	Pending in House Education Committee
HB 781	Children First/ Educational Opportunity	Rep. Larry Linney (R-Buncombe), et al.	Provides private-school tuition grants worth about \$2,050 for low-income families and \$1,400 for others.	Pending in House Appropriations Committee/Education Subcommittee
HB 954 (Committee Substitute) ¹	Parental Choice in Education	Rep. Steve Wood (R-Guilford), et al.	Provides refundable tax credits worth \$200 in 1996, increasing to \$1,000 in 1997, for tuition at private and religious schools. Allows public school students to attend schools outside their districts.	Passed House Education and Finance Committees. Pending in House Appropriations Committee/Education Subcommittee
HB 955	Charter School Educational Opportunity Act	Rep. Steve Wood (R-Guilford)	Sets guidelines for charter schools, with a variety of public agencies authorized to approve charters.	Passed House. Pending in joint House/Senate conference committee
SB 940	Charter School Act of 1995	Sen. Wib Gulley (D-Durham), et al.	Sets guidelines for charter schools, with final approval by the State Board of Education.	Passed Senate. Pending in joint House/Senate conference committee
SB 941	Charter Schools Act of 1995	Sen. Fletcher Hartsell (R-Cabarrus), et al.	Authorizes and sets guidelines for charter schools.	Pending in Senate Education/Higher Education Committee

¹ The original version of H.B. 954 introduced by Rep. Steve Wood would have provided vouchers worth \$1,500 and tax credits the same as in H.B. 190 for tuition at private and religious schools.

Table 2.
Key Arguments For and Against School Choice

For	Against
1. Parents who send their children to private schools would get something back for taxes they pay for public education, perhaps building more support for education funding. 2. Choice is needed to provide alternatives to the public schools, which some people perceive as unsafe, undisciplined, and academically inferior to private schools. 3. Charter schools and private-school choice options would create competition for the public schools, spurring them to improve. 4. Private-school choice could save public schools the expense of having to build new schools and educate students who transfer to private and religious schools. 5. School choice could build more support and interest in education because parents and students would have more input and control. 6. Parents would not be penalized financially for sending their children to private and religious schools. 7. Private-school choice would provide alternatives for low-income families that are unhappy with public schools but cannot afford tuition at private and religious schools. 8. School choice is the fair thing to do because we live in a free society in which citizens choose their own destiny.	1. Choice could starve the public schools of funds as more parents send their children to private schools, perhaps becoming less willing to pay taxes for public education. 2. Surveys show most parents do not want to send their children to other schools, public or private. Studies show that private schools are not significantly better than public schools when socio-economic factors are taken into account. 3. Public schools can't compete on the same terms because private schools can exclude students who are less intelligent, cause disciplinary problems, or have learning disabilities and other handicaps. 4. The state would incur large expenses in paying tuition for transfer students, as well as for those already enrolled in private schools. 5. School choice could greatly increase school systems' costs for administration and transportation. 6. Using public money to pay for tuition at private schools could violate the guarantee of separation of church and state in the U.S. Constitution, as well as the public purpose clause of the N.C. Constitution. 7. Vouchers and tax credits would not help many low-income families that could not afford private-school tuition, even with the proposed funding supplements. 8. Although we live in a free society, our choices are often limited in how we vote, where we live, the work we do, and other options.

Table 3. Charter Schools Authorized and Approved in the States, January 1995.¹

State ²	Year Law Passed	Number of Charters Authorized by Law	Number of Charter Schools Approved as of January 1995
1. Arizona	1994	No limit ³	3
2. California	1992	100	73
3. Colorado	1993	50	16
4. Georgia	1993	No limit	0
5. Hawaii	1994	25	1
6. Kansas	1994	15	0
7. Massachusetts	1993	25	14
8. Michigan	1993	No limit ⁴	8
9. Minnesota	1991	35	14
10. New Mexico	1993	5	4
11. Wisconsin	1993	20	1
TOTAL	—	—	134

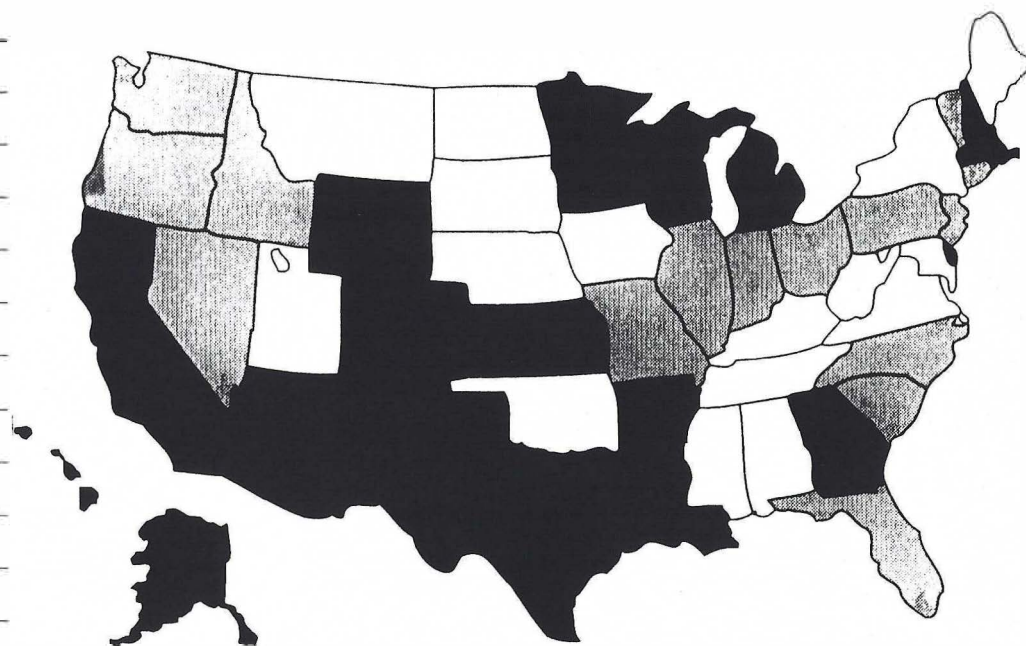
¹ Source: U.S. General Accounting Office, "Charter Schools: New Model for Public Schools Provides Opportunities and Challenges," Report to Congress, GAO/HEHS-95-42, Washington, D.C., January 1995, p. 6.

² Table does not include states that adopted charter school bills during the 1995 legislative session. By August 1995, charter school laws had been enacted in at least eight additional states—Alaska, Arkansas, Delaware, Louisiana, New Hampshire, Rhode Island, Texas, and Wyoming. See Drew Lindsay, "In States, G.O.P. Stymied in Push to Revamp Policy," *Education Week*, Vol. XIV, No. 39 (June 21, 1995), p. 14.

³ Local school districts may approve any number of charters in Arizona, but the state board of education and state board for charter schools may sponsor no more than 25 schools a year.

⁴ State universities may approve no more than 75 charter schools in Michigan, but the state puts no limit on the number of charters sponsored by other institutions.

**Figure 1.
States with Charter School Laws,
Existing and Under Consideration in 1995.**



Legend

- States with charter-school laws as of January 1995
- States that enacted charter-school laws during 1995 legislative session as of August
- States that were considering charter-school laws during the 1995 legislative session

Source: Center for School Change, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, Minneapolis, Minn.

Table 4. Student Participation Rates in Comprehensive, Statewide Open Enrollment Programs, 1992.

State	Number of Students in Open Enrollment	Percent of Total in Public Schools
1. Arkansas	1,667	0.4%
2. Idaho	2,580	1.2%
3. Iowa	5,227	1.0%
4. Massachusetts	1,100	0.1%
5. Minnesota	13,000	1.8%
6. Nebraska	3,300	1.2%
7. Utah	5,000	1.1%

Source: Ernest L. Boyer, ed., *School Choice*, The Carnegie Foundation for the Advancement of Teaching, Princeton, N.J., 1992, p. 12.

Table 5. Private-School Choice Legislation in State Legislatures, 1995.

State	Choice Options	Scope	Status of Bill
1. Arizona ¹	Vouchers	Pilot and phased in statewide, private schools	Several competing bills introduced; none advanced
2. Connecticut ²	Vouchers	Would let local systems adopt public or private-school choice plans	Governor postponed efforts to pass bill this year
3. Florida	Vouchers		Bill failed
4. Illinois ³	Vouchers for low-income families	Pilot program in Chicago, private and religious schools	Bill passed state Senate, pending in House
5. Minnesota ⁴	Vouchers	Targeted for at-risk students	Bill failed
6. North Carolina	Vouchers, tuition grants, and tax credits	Statewide, private and religious schools	Bills pending
7. Ohio ⁵	Vouchers	Pilot program in Cleveland, private and religious schools	Bill passed
8. Oregon ⁶	Vouchers	Statewide	Bill referred to committee for study
9. Pennsylvania ⁷	Vouchers	Statewide, private and religious schools	Bill failed
10. Texas ⁸	Vouchers	Statewide	Bill failed
11. Wisconsin ⁹	Vouchers	Would expand existing Milwaukee program to religious schools	Bill passed ¹⁰