

## Vouchers not so free market

Written by

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"The law of unintended consequences, often cited but rarely defined, is that actions of people and especially of government always have effects that are unanticipated or unintended." -- the Concise Encyclopedia of Economics.

Before lawmakers put finishing touches on any private-school voucher bill, they should consider the law of unintended consequences.

Opponents of vouchers worry that they'll lead to excessive entanglement of church with state. Proponents should worry about excessive involvement of state in private and religious schools.

Andrew J. Coulson, director of the Cato Institute Center for Educational Freedom, documented that problem during his recent look at voucher- and tax-credit programs in 15 states and the District of Columbia.

His paper, "Do vouchers and tax credits increase private-school regulation?" was the first empirical study of the topic. He reached an unequivocal answer:

"Voucher programs are associated with large and highly statistically significant

increases in the regulatory burden imposed on private schools (compared to schools not participating in choice programs). And this relationship is, more likely than not, causal. Tax credits do not appear to have a similar association."

Vouchers are state-funded certificates -- like food stamps -- that parents use to pay for private schools. With tax credits, the parent pays the tuition himself and then subtracts some or all the amount from his tax liability. Because the state has no direct involvement in the latter, policymakers appear less inclined to set conditions.

In their current forms, Indiana's legislative measures offer vouchers or "choice scholarships" that could be applied toward non-public school tuition, beginning with 7,500 of them in 2011-12. They also would increase a tax credit available to Hoosiers who donate to organizations that provide private-school scholarships to low-income children.

Here's where the law of unintended

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consequences kicks in. In order to accept voucher students, a private school would have to be accredited by the state or by an accreditation agency recognized by the state, administer the ISTEP test, comply with teacher-evaluation and data-collection requirements and meet certain school performance and improvement targets that apply to public schools.

The point of vouchers is to insert free-market forces into the educational system, thus increasing competition and causing all schools to improve. Although the strings attached to participating schools appear beneficial to students, or at worst innocuous, they would actually stifle the free-market intent.

Requiring ISTEP is a case in point. As it is now, many private schools administer tests such as the ERB, NWEA or Iowa Test of Basic Skills because they are more connected to their curricula or provide more useful data. As Coulson points out, state-mandated testing "exerts a homogenizing pressure on what is taught" and this limits consumer choice.

"Reporting poor results on an official test -- even one that does not well reflect a school's mission -- would put it at a competitive disadvantage. So an art-centric school that posts poor science scores is under pressure to increase the time and intensity of its science classes in order to avoid a black eye on official tests, which thereby takes away from its core mission."

Here's another example of how requiring

ISTEP would reduce choice: "Though language learning occurs most easily in younger children, a school that opted to focus on foreign languages and history in the early grades and then turn to mathematics in the later grades would be at a grave disadvantage on official mathematics tests in the early grades, creating pressure for it to abandon its pedagogical mission."

That's the law of unintended consequences.

Advocates of vouchers will no doubt argue that their proposal, even with limits on scholarships and restrictions on schools, is better than nothing.

Coulson's study suggests that a dollar-per-dollar tax credit is preferable. When the only private schools that can accept vouchers face the same curricula and testing mandates of public schools, it's really not a free market.

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