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Voucher Regulation Reduces Quality of Private School Options

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Education reformers and academics calling for greater regulation of private school choice programs have good intentions. They want all kids to get the best education possible and they believe that they can achieve that goal by preventing disadvantaged families from making bad choices. After all, if parents are only allowed to make good choices, shouldn't their children get good educations?

If only it were that easy.

My just-released study – co-authored with George Mason University graduate student Blake Hoarty – suggests that higher-quality private schools are less likely to participate in two of the most highly regulated voucher programs in the country, the Milwaukee Parental Choice Program and the Ohio Educational Choice Scholarship Program.

The data suggest that school choice regulations reduce the quality of private schools participating in voucher programs, with quality measured by tuition and customer reviews. Specifically, we find that an increase in tuition of \$1000 is associated with a 3 to 4 percent decrease in the likelihood of participation in a voucher program. We also find that a one-point increase (out of five points) in a school's GreatSchools review score is associated with around a 15 percent decrease in the chance that a school participates in the Milwaukee voucher program.

But this isn't the first study to find that voucher regulations could inadvertently reduce the quality of options available to families in need. A recent peer-reviewed evaluation I conducted with colleagues at the University of Arkansas also finds that higher-quality private schools are less likely to participate in voucher programs in three other locations: Washington, D.C., Indiana, and Louisiana. And another recent peer-reviewed evaluation I conducted with the Heritage Foundation's Lindsey Burke finds that voucher program regulation likely leads to less private school specialization.

Why does regulation reduce the quality of private schools that participate in voucher programs? Individual private school leaders decide whether to participate in voucher programs each year. The decision is made by comparing expected benefits to expected costs. The primary benefit associated with voucher program participation is, of course, the additional voucher funding. The main cost of participation is additional red tape. Private schools that participate in voucher programs have to comply with many regulations such as admitting students on a random basis, requiring all teachers to have bachelor's degrees, and administering state standardized tests.

These types of regulations are costly to participating schools for at least three reasons: (1) private schools must allocate additional resources to comply with them, (2) private school leaders lose autonomy, and (3) private schools may lose revenue if families don't like the way that regulations change the educational services their children receive.

Lower-quality schools that are more desperate for financial resources have stronger incentives to accept voucher program regulations. On the other hand, higher-quality private schools are more likely to turn down the voucher offer if they have an educational model that is already working for their students.

No one doubts that school choice regulators wish to help kids. But policies should be made based on facts rather than intentions. And the evidence suggests that voucher regulations reduce the quality of schools available to the families that need the best options. Instead of trying so hard to prevent low-income families from making the “wrong” decisions for their kids, education policymakers should realize that their well-intentioned regulations of voucher programs likely do more harm than good.

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