

P

Philadelphia

M A G A Z I N E

ThinkFest Recap: 3 Takeaways From Jeff Yass on School Vouchers

The stock trader thinks he can make Philly's schools better — while giving kids money for college.

Holly Otterbein

November 15, 2016

Jeff Yass is a stock trader in the Philadelphia suburbs. He is a board member of the Cato Institute, a libertarian think tank. He has donated millions of dollars to support Republican and Democratic candidates, including a pro-Tony Williams super PAC in the 2015 mayoral race. And today at *Philadelphia* magazine's ThinkFest event, he said he has an idea that can make Philly go from being the poorest big city in the country to the richest. Yeah, he can be a little hyperbolic. But you should still give him a listen.

1. He wants the government to give school vouchers to every child in Philadelphia. According to Yass, the federal, state and city governments currently spend a total of \$16,200 a year on each child in the School District of Philadelphia. In his mind, this hasn't produced good results: Many, many of the city's schools are considered "low-performing," he points out. As an alternative, Yass wants the government to give each child's family a \$10,000 voucher, which it can then use to spend on charter, private or parochial schools. If the family chooses to send their child to a public school — or, as Yass calls them, "government schools" — they do not get a voucher. Charters, in this scenario, would charge tuition. Yass argues that this would foster more competition among schools and lead to niche schools that teach more specific skills.

He wants the remaining \$6,000 to go to a savings account for each child ("Vanguard — half stocks, half bonds would be my preference," he says). "The money could not be touched until the student turns 18. Then it would be restricted for further education, starting a business, etc. If you want to attend a high-priced private school, you would have the option of using the whole \$16,000 for that purpose — no savings account. That's probably what upper-income people would do." Yass predicts that "on average, you could have \$109,000 when you graduate." (The school district did not immediately respond to a request to confirm Yass' estimate of the city's

per-pupil spending, but it has stated in the past that it is about \$12,570, significantly lower what he estimates. Yass says the district's figures do not account for all education-related costs.)

2. Whether you support it or not, he has an argument that I think could appeal to a lot of people in Philadelphia. Many residents are unhappy with traditional public schools. Some people blame Republicans for that; other people blame Democrats. But the fact remains: Seventy-seven percent of Philadelphians polled by the Pew Charitable Trusts said the city's public schools were "poor" or "only fair." Enrollment in charters has also skyrocketed in Philadelphia in recent years. As Pew wrote in a 2015 report, "For more than a decade, the K-12 enrollment trends in Philadelphia have been clear and consistent. In the past six years alone, the number of students in district-run schools has fallen 17 percent; Catholic-school enrollment is down 30 percent over the same period; and the number of students attending taxpayer-funded charter schools has doubled." Critics of vouchers say that they would lead to an all-out destruction of traditional public schools, and the city teachers union vehemently opposes vouchers. But perhaps they should prepare for the possibility of this idea appealing to people: Sure, it sounds impossible now, but then again, America just elected Donald Trump.

3. Yass's messaging has at least one major flaw. I won't explore the potential policy pitfalls of Yass's idea right now. But I want to say one thing about messaging. At one point, he said that the national average salary for a teacher is about \$57,000. Comparatively, Philadelphia teachers, he claimed, make about \$70,600 annually — plus benefits worth \$46,800. The obvious implication is that is was high. That kind of argument might work for upper-middle-class and wealthy families who feel overtaxed, but I highly doubt it will gain any traction among the poor and working class. To many Americans, a \$70,600 salary with good benefits for a hard-working teacher is seen as completely and utterly deserved — and, just as important, what many of them hope to achieve in their own lives