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Utah's Revolutionary New School Voucher Program

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On Monday, Utah Governor Jon Huntsman, Jr., signed into law the “Parent Choice in Education” Act (H.B. 148).¹ The legislation, which was sponsored by Rep. Stephen H. Urquhart (R-St. George) and Sen. Curtis S. Bramble (R-Provo), creates a sweeping school voucher program that puts Utah on track to offer all children a scholarship to attend the school of their parents’ choice. By enacting the “Parent Choice in Education” Act, Utah has created the most comprehensive school choice program in the nation. State and local policymakers across the nation should consider similar programs to expand educational options and introduce competition into education.

Setting a New Standard. Today, 12 states and the District of Columbia provide public funding for school choice.² In all, approximately 150,000 children across the United States will attend a K–12 private school using a publicly funded tuition scholarship in 2007.³

Utah’s new program, scheduled to begin in the fall of 2007, will be by far the most expansive school choice program in the nation. The program will offer scholarships to each of the estimated 500,000 children currently enrolled Utah’s public schools and to low-income children currently attending private schools.⁴ The program will also offer scholarships to all students entering kindergarten in the fall of 2007. This means that all children in the state will have the opportunity to participate by 2020, thereby creating the nation’s first universal, means-tested school voucher program.

How the Program Will Work. The “Parent Choice in Education” Act will provide scholarships to assist families that choose to send their children to private schools. The scholarship amount varies between \$500 and \$3,000 depending on family income. (See Table 1.)

All current public school students will be able to use a voucher to transfer to a private school. Among current private school students, only those who meet the income guidelines for the federal free and reduced school lunch program will be eligible to receive scholarships. Moving forward, all students entering kindergarten in 2007 and thereafter will be eligible to use scholarships to attend a school of choice. This means that by 2020 all children in the state will be eligible to participate.

In order to admit students participating in the voucher program, private schools must meet a number of guidelines. For example, they must administer a nationally norm-referenced test, report individual test results to parents, and report school-wide performance results to the state government. Further, participating private schools must disclose information relating to teachers’ credentials and the school’s accreditation status. Schools also must have

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Maximum Per Child Voucher	Annual Household Income	
	Family of 3	Family of 4
\$3,000	\$30,710	\$37,000
\$2,750	\$38,388	\$46,250
\$2,500	\$46,065	\$55,500
\$2,250	\$53,743	\$64,750
\$2,000	\$61,420	\$74,000
\$1,750	\$69,098	\$83,250
\$1,000	\$76,775	\$92,500
\$500	\$84,453	\$101,750

Source: Parents for Choice in Education, "2007 Voucher Legislation: Summary of H.B. 148," http://choiceineducation.org/elections_bills_2007HB148summary_voucher_amounts_table.php (February 13, 2007).

an independent auditor assess relevant information about the school's budget and accounting procedures and include this information in the school's application to the state.

Projecting the Fiscal Impact. Utah's Office of the Legislative Fiscal Analyst projects that the voucher program will cost \$9.3 million in fiscal year 2008 and \$12.4 million in fiscal year 2009.⁶ Much of this cost is due to a particular aspect of the program's design. The program is structured to spare public schools a portion of the potential revenue losses that result from students transferring into private schools. When a student leaves a public school, the legislation requires the state to continue to supply

that public school's district the portion of the per-pupil funding that is over and above the state-wide average voucher amount, and to continue doing so for a period of five years following the transfer or until the student was scheduled to graduate.⁷ Unfortunately, this will minimize the voucher program's competitive effect that might otherwise spur innovation in the public school system.⁸

Nevertheless, the voucher program has the potential to save Utah taxpayers considerable resources over time. Five years after a student transfer, the state is no longer required to provide per-pupil funding to a public school district on behalf of that student. Moreover, public schools will not receive state funding for any new students entering kindergarten who elect never to attend public schools.

A comprehensive analysis of the program's impact conducted by Dr. Susan Aud of the Milton and Rose D. Friedman Foundation finds that the program will generate significant fiscal savings.⁹ According to Aud, Utah public schools currently receive \$6,325 in revenue per student. Aud estimates that the average voucher awarded will be \$2,731. As students begin using vouchers to transfer from public to private schools, state resources that would have been dedicated to educating the child in public school will be freed up. Initially, this money will be reinvested in public education. But the state will begin reaping savings after the five-year holding period. Over time, these resource savings achieved through student transfers should be considerable.

Constitutional Issues. Many school choice programs that have been implemented across the coun-

1. Nicole Stricker, "Guv quietly signs school voucher bill," *The Salt Lake Tribune*, February 13, 2007.
2. Dan Lips and Evan Feinberg, "School Choice: 2006 Progress Report," Heritage Foundation *Backgrounders* No. 1970, September 18, 2006, at www.heritage.org/Research/Education/bg1970.cfm.
3. *Ibid.*
4. The U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, Table 33, August 2005, at nces.ed.gov/programs/digest/d05/tables/dt05_033.asp.
5. For more information, see Utah H.B. 148, at bb.utahsenate.org/perl/bb/bb_docdisplay.pl?HB0148_text.
6. Office of the Legislative Fiscal Analyst, State of Utah, "H.B. 148—Education Vouchers—As Amended," *Fiscal Note*, January 30, 2007, at bb.utahsenate.org/perl/bb/bb_docdisplay.pl?HB0148_text.
7. Jennifer Toomer-Cook, "House OKs school vouchers," *Deseret Morning News*, February 3, 2007.
8. For example, see Caroline Minter Hoxby, "Rising Tide," *Education Next*, Spring 2001, at www.educationnext.org/20014/68.html.
9. Dr. Susan Aud, "Utah Public Education Funding: The Fiscal Impact of School Choice," Milton and Rose D. Friedman Foundation, January 2007, at www.friedmanfoundation.org/utahfiscal.pdf.

try have been subjected to legal challenges. Opponents of school choice argue that programs that allow parents to educate their children in private or religious schools violate either the federal or the state constitution. At the federal level, the legal question was settled in 2002 when the Supreme Court upheld the constitutionality of Cleveland's school voucher program.

Some state constitutions do present different legal hurdles. Nevertheless, school choice programs have been successfully defended in states such as Arizona, Illinois, Ohio, and Wisconsin.¹⁰ However, state courts have struck down voucher programs in Colorado and Florida.¹¹ But school choice supporters believe that the new Utah program is on firm legal footing. "Utah precedent is very favorable to school choice, and we are confident this program will withstand legal challenge," explained Dick Komer, a senior attorney with the Institute for Justice. "School choice is perfectly consistent with the Utah and U.S. constitutions."¹²

Expanding Educational Options and Introducing Competition. With the "Parent Choice in Education" Act, Utah lawmakers are implementing a revolutionary vision of education reform. By 2020, all Utah families will be able to use a portion of their children's share of public education funding to enroll them in a school of their choice. The vision for this universal voucher program was outlined by Nobel Laureate economist Milton Friedman in his seminal essay "The Role of Government in Education" in 1955. Under this system of universal school vouchers, families have the opportunity to shop for

the best school for their children, and schools have to compete to offer superior services and, thus, attract students.

Research on the existing, more limited school choice programs has shown a number of positive benefits. First, school choice has been proven to increase parents' satisfaction with their children's schools.¹³ Second, students in private school choice programs show increased academic achievement. Eight "random-assignment" studies of five different school voucher and tuition scholarship programs have been undertaken, and all but one have shown that students using scholarships performed significantly better academically. All of the studies found a positive effect.¹⁴ Third, research has shown that competition has a positive effect on public schools, as they respond to competition by improving performance and becoming more efficient.¹⁵ Researchers will watch Utah's new program closely to determine how a universal school voucher program affects education overall.

Conclusion. By enacting this broad school choice program, Utah has taken the lead in providing real options to parents and empowering them to choose the best schools for their children. As Utah families begin to participate in the voucher program and enjoy the benefits of widespread school choice, state and local policymakers across the nation should study the Utah program and implement similarly widespread school voucher initiatives.

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10. Richard D. Komer, "School Choice: Answers to Frequently Asked Questions About State Constitutions' Religious Clauses," Institute for Justice, March 2004, at www.ij.org/pdf_folder/school_choice/FAQ/legal_FAQ_state.pdf.

11. Nicole Stricker, "Fight over voucher program may not be finished," *The Salt Lake Tribune*, February 11, 2007.

12. "Institute for Justice Pledges to Defend Universal School Choice in Utah," Institute for Justice, February 12, 2007, at www.ij.org/schoolchoice/other-news/utah-2_12_07pr.html.

13. Multiple studies have reached this conclusion. For example, see Jay Greene and Greg Forster, "Vouchers for Special Education Students: An Evaluation of Florida's McKay Scholarship Program," *Manhattan Institute Civic Report* No. 38, June 2003, at www.manhattan-institute.org/html/cr_38.htm.

14. Jay P. Greene, *Education Myths* (Lanham, Md.: Rowman and Littlefield Publishers, Inc., 2005), pp. 150–154.

15. Caroline Minter Hoxby, "Rising Tide."