



# TEXAS PUBLIC POLICY FOUNDATION LEGISLATORS' GUIDE TO THE ISSUES

## School Choice

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### THE ISSUE

Ninety percent of Texas school children attend government-assigned schools, giving the government a near-monopoly on K-12 education. While entities operating in a free market have an incentive to meet the needs of their customers, state-run monopolies have a captive customer base that allows them to put other priorities ahead of educating their students.

In the world of education, parents and students are the customers. Students are typically assigned to a government-run school according to their zip codes. Thus they often have little choice about which school they attend. Faced with a low-performing school, a family has only the alternatives of moving, homeschooling, or sending the children to a private school. Many parents are unable to afford private school tuition while also paying the taxes that fund public schools.

As rising property taxes—the primary form of financing public schools—continue to burden Texas homeowners, it is a good time to examine the cost of public education and the results.

Over the past 13 years, per-student costs have more than doubled, from \$5,282 per student in 1995-96 to \$11,024 in 2007-08—with little to show for it in student achievement or decreases in the dropout rate. Expensive reforms such as across-the-board teacher pay raises and class size reductions have done little to improve student learning. Since public schools do not have to compete with each other for students, it is no wonder they resist change and have failed to significantly improve.

Competition among schools and education models leads to real improvement in education. By allowing students to move to different schools, whether traditional public schools, private schools, or charter schools, provides greater incentive for schools to serve the individual needs of students and to operate efficiently. Competition, not more money, is the ultimate means to improve public education and can include vouchers to private schools, transfers within a public school district, magnet schools, virtual schools, education tax credits, and charter schools.

Texas is in the early stages of implementing a statewide network of electronic courses called the Texas Virtual School Network. Texas public school districts, open-enrollment charter schools, education service centers, and public or private institutions of higher education are all eligible to provide electronic courses. Current public school students are eligible to take up to two courses a semester at no cost, except during the summer. Homeschool students and private school students can also take electronic courses through the network, at up to \$400 per course.

The Texas Virtual School Network began offering electronic courses to high school students in the spring semester of the 2008-09 school year. The network provides supplemental online courses and therefore, does not grant diplomas. The student's home district or charter school awards credit for the course, receives credit for the student's TAKS score in that academic area, and is in charge of granting students their diplomas.

Another school choice option is the education tax credit. Tax credits save the state and taxpayers money, have a broad base of support, and are less vulnerable to attacks in court as they have never been declared unconstitutional at the state or federal level despite several court challenges. Arizona, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Minnesota, Pennsylvania, and Rhode Island all have an education tax credit or tax deduction program.

As lawmakers examine other ways to empower students to attend the school of their choice, they should consider creating an education tax credit scholarship program. Businesses could donate directly to a non-profit scholarship-granting organization and receive a tax credit against the business franchise tax. These scholarship-granting organizations would provide scholarships to families for private school tuition, transportation expenses to an alternate public school, or homeschool curriculum.

Charter schools are a form of public school choice. Charters are public schools funded with tax dollars but subject to fewer government regulations. They are held accountable for student academic performance just like traditional schools. Students and parents choose to attend charter schools. Charters do not have to hire certified teachers, are not subject to

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collective bargaining agreements, and have the freedom to try various teaching strategies, school structure, and hours of instruction to meet student needs. Texas charter schools serve a higher proportion of economically disadvantaged and minority students than do traditional public schools. Some charters are so popular with students and parents that they have long waiting lists and determine attendees by lottery. State law limits the number of open-enrollment charters to 215. The State Board of Education issued the remaining charters and hit the legislative cap in 2008.

## THE FACTS

- ★ A Harwood Group study found that 80 percent of African-American families would choose private schools if tuition were not an issue.
- ★ As of January 2010, there were 1,320 students enrolled in the Texas Virtual School Network.
- ★ Ten states have a total of 14 education tax credit or deduction programs.
- ★ According to the CATO Institute, implementing a public education tax credit could save Texas \$15.9 billion in the first 10 years of operation.
- ★ Student bodies at Texas charter schools are 83 percent minority and more than 70 percent economically disadvantaged.
- ★ Almost 128,000 Texas students attend a charter school comprising nearly 3 percent of all public school students.
- ★ More than 40,000 students were on a waiting list to attend a Texas charter school during the 2008-09 school year.

## RECOMMENDATIONS

- ★ Create open-enrollment school district policies that allow students to pick which school in their district they want to attend.
- ★ Improve student transfer policies within school districts and with neighboring districts so that students are not trapped in low-performing schools.
- ★ Allow homeschool students and private school students to take virtual school courses without paying a fee.

- ★ Expand the Texas Virtual School Network to provide full-time courses and allow it to become a diploma granting entity.
- ★ Create an education tax credit against the franchise tax that provides families a scholarship for private school tuition, transportation expenses to an alternate public school, or homeschool curriculum.
- ★ Eliminate or raise the cap on open-enrollment charter schools.
- ★ Help successful charter schools expand by lowering barriers to replication.

## RESOURCES

*Helping Parents Pay for Education: Examining Education Tax Credits & Deductions* by Brooke Dollens Terry, Paige Perez, and Brittany Wagner, Texas Public Policy Foundation (Apr. 2010) <http://www.texaspolicy.com/pdf/2010-04-PP10-EdTaxCredits-bt-pp.pdf>.

*A Charter School Q&A: Examining Charter Schools in Texas and the Nation* by Brooke Dollens Terry, Texas Public Policy Foundation (Mar. 2009) <http://www.texaspolicy.com/pdf/2009-03-PP05-charterschools-bdt.pdf>.

*Charter Schools in Texas: The Waiting Lists Grow Longer* by Brooke Dollens Terry and Blaine Yelverton, Texas Public Policy Foundation (Dec. 2009) <http://www.texaspolicy.com/pdf/2009-12-PP29-charterupdate-bt.pdf>.

*School Choice Delivers High Marks for Students, Parents, Teachers, and Taxpayers* by Jamie Story and K. Emma Pickering, Texas Public Policy Foundation (Apr. 2008) <http://www.texaspolicy.com/pdf/2008-04-PP10-schoolchoice-js.pdf>.

*The Horizon Program: A Model for Education Reform: A Report on the 10-Year Horizon School Choice Program in the Edgewood School District in San Antonio, Texas* by Robert Aguirre, Jessica Sanchez, and Brooke Dollens Terry, Texas Public Policy Foundation (Oct. 2008) <http://www.texaspolicy.com/pdf/2008-09-RR08-Horizon-vouchers.pdf>.

*Charter School Reform: Past, Present, and Future* by Jamie Story, Texas Public Policy Foundation (Sept. 2007) <http://www.texaspolicy.com/pdf/2007-09-PP22-charter-js.pdf> ★

