School Choice Across the Globe

Do other countries have more robust voucher programs than Wisconsin?

Introduction

The Wisconsin legislature, in expanding the statewide voucher program, sparked a vigorous debate about the role of school vouchers and private schools in the Wisconsin K-12 education system. All over the state, school superintendents and public school advocacy groups condemned the expansion of school choice. State Assembly Minority Leader Peter Barca declared it “could spell the beginning of the end of public education.”¹ In the past, State Superintendent Tony Evers exclaimed that expanding school choice was “morally wrong.”²

Despite the heated rhetoric, critics of school choice in Wisconsin may be surprised to learn that voucher programs are actually quite common across the economically developed world. Some countries – with the support of politicians that make Rep. Barca appear politically conservative – have far more wide-ranging, robust school choice programs than the Badger State.

When the Milwaukee Parental Choice Program (MPCP) was enacted in 1989, it became the first student voucher program in the United States. Since then, various caps and limitations have been implemented and lifted. Currently, any child in Milwaukee or Racine with a family income level of less than 300 percent of the federal poverty level is eligible for a voucher to attend a private school of their choosing. Outside of those cities, a family with an income at, or less than, the federal poverty limit is eligible for the Wisconsin Parental Choice Program. Participation in the program is limited to 1% of a school district’s enrollment.

from the prior year. In the debates about school choice, many may assume the concept of empowering parents and students to choose the education that best meets their needs is unique to Wisconsin or America. But this is not the case. School choice has been a longstanding part of the educational menu in many developed countries, and there is evidence that shows it improves academic performance.

In the Organization for Economic Cooperation and Development (OECD), an association of the world’s thirty-four richest countries, twenty-five countries allow for public funded vouchers or tuition tax credits for students to attend private schools. On average, 14 percent of students in OECD nations attend public funded private schools, which is a much higher percentage than in Wisconsin with only 3 percent of children in private schools with a voucher.

There is evidence to conclude these programs are working. The Program for International Student Assessment (PISA) study is a worldwide examination given to pupils in OECD countries that tests student performance on mathematics, science, and reading. Outcomes of the 2009 PISA study indicate private school students, regardless of whether privately or publically funded, perform on average twenty-five points higher in reading than students who attend public schools.

This paper analyzes the student voucher programs in three OECD countries: Sweden, The Netherlands, and Chile. Because of the differences between schools across sectors – public charter, private, and traditional public, it is very difficult to make comparisons of academic achievement between schools that are in the same city. Comparisons between educational systems in different countries raise the same issues and require the same precautions. Therefore, we do not claim that one program is superior to another. Nevertheless, when measured against Milton Friedman’s ideal vision of parental choice, the countries profiled in this paper have more robust school choice programs than Wisconsin.

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1 Starting in 2017, the cap will increase by one percent every year. Once the cap hits the 10 percent threshold, there will be no cap. School Choice Wisconsin: 2015-2017 Budget Updates, http://www.schoolchoicewi.org/index.php/news/news-releases/2015-17-budget-summary/


4 For a comprehensive survey of choice programs globally, see the review of the international research on education by the Cato Institute’s Andrew J. Coulson, which this paper draws from: “Comparing Public, Private, and Market Schools: The International Evidence,” Journal of School Choice, 3: 31-54, 2009.

5 Milton Friedman posited his novel voucher idea in a 1955 essay entitled “The Role of Government in Education.” He stated: “Government, preferably local governmental units, would give each child, through his parents, a specified sum to be used solely in paying for his general education; the parents would be free to spend this sum at a school of their own choice, provided it met certain minimum standards laid down by the appropriate governmental unit. Such schools would be conducted under a variety of auspices: by private enterprises operated for profit, non profit institutions established by private endowment, religious bodies, and some even by governmental units.”
Sweden

The Swedish education reforms of 1992 were ambitious by international standards, explicitly stating that Milton Friedman’s work on school choice informed their reorganization. When compared to Wisconsin, the Swedish voucher program stands out in two major ways: universal eligibility and equal funding for all types of schools.

At the initiative of a politically conservative government, Sweden moved from a predominately centralized educational system to a highly decentralized one. Before 1992, all local educational institutions were highly regulated by the powerful National Board of Education. Teachers were the employees of the federal government, and there were strict national regulations on class size, teaching methodology, and class room dimensions. But, the reforms weakened the federal government, replacing regulations with academic goals and curriculum guidelines. Local authorities and individual schools were empowered with having the final say in how education was operated.

Most significantly, the reforms created a system that drastically expanded the number of children receiving public funds to attend private schools. All Swedish students receive school vouchers to attend private schools, regardless of how much their parents earn or where they live. In addition, all schools — government, private, religious, and for-profit — must accept every student.

This differs from the choice programs in Milwaukee and Wisconsin. As explained above, eligibility for the Milwaukee choice program and Wisconsin choice program are limited by household income, and a cap restricts the number of eligible students in a school district, outside of Milwaukee and Racine. To be sure, these choice programs target families and students most in need of greater educational opportunity. However, the restrictive eligibility prevents all parents from having equal opportunity to make decisions about their child’s education. Moreover, private schools in Wisconsin can choose not to participate in the choice program.

Furthermore, in Sweden, the amount of public funding a private school receives to educate a student is the same amount that children bring with them to a public school. The monetary value of a Swedish school voucher is determined by local authorities in different areas according to their education budget. Vouchers are normally worth between $10,150 and $11,278. Put another way, in Sweden, money perfectly follows the student to whichever school the child chooses.

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10 Between 9,000 and 10,000 euros per annum.
This is in stark contrast to the Milwaukee Parental Choice Program, which only receives $7,210 per pupil for a K-8 student and $7,856 per pupil in grades 9-12. Alternatively, Milwaukee Public Schools receive significantly more funding. In 2013-2014, they received $14,333 per child enrolled.11 Shown in the chart below, while Wisconsin has made strides in fixing the funding disparity between private and public education sectors, the Badger State has a ways to go until they reach the funding equity in Sweden.

![Diagram showing historical per-pupil revenue between public schools, charters schools, and voucher schools, 2000-2013]

Notes: Public school comparative revenue data obtained from DPI historical data, http://sfs.dpi.wi.gov/node/30372/sfs_cmprvcst; charter and private school per-pupil revenue obtained from the Legislative Fiscal Bureau (2013a and 2013b).

Due to universal eligibility and equitable funding across all sectors, Sweden’s school choice program is immensely popular. The share of Swedish students in private schools has increased significantly over the past decade from 4% in 2003 to 14% in 2012.12

Despite its popularity, opponents have attempted to blame school choice for Sweden’s education problems. Ray Fisman of Columbia University, for example, argued that market reforms in school choice have been a cause of Sweden’s drop in international rankings — the steepest decline among any OECD countries.13 The PISA ranking for Sweden dropped from 7th to 23rd place since the test was first given in 2000.14

11 Legislative Fiscal Bureau (2013a and 2013b).
However, it is unlikely these criticisms are accurate. Correlation does not establish causation, so the fact that the voucher program was in place at the time Swedish educational attainment started to drop does not necessarily mean the voucher program is the cause of the decline. Other things are likely to have changed as well over a period exceeding twenty years. It is, moreover, unlikely that school choice could drive the type of changes seen in Sweden. The overwhelming majority of Swedish students have continued to attend public schools; roughly 15% of Swedish students currently attend private or “free” schools. Other scholars have noted that rising levels of immigrants, who face language barriers and other challenges, explain a significant portion of the decline.

After studying reasons for Sweden’s drop in PISA performance, a recent OECD assessment concluded that the Swedish disciplinary climate was poor. Sweden has the highest proportion of students late to school among all OECD countries. Its students showed less levels of perseverance when compared to students from other countries, and, on average, 15 year olds in Sweden receive approximately 200 hours less of instruction time per school year than other OECD countries. Although there is no conclusive answer to why Sweden has declined in its PISA ranking, these factors are more plausibly the cause than the Swedish educational choice reforms.

Lastly, the most robust study on the Swedish voucher system, conducted by economists Anders Böhlmark and Mikael Lindahl, concluded that students in private schools perform better on short-term test results and long-term achievement. The study found that the more private schools there were in a given area the better the average test results were. This is largely due to competition amongst schools.

The Netherlands

The Netherlands boasts one of the oldest – and largest – school choice systems in the world. A staggering 70 percent of all schools in the Netherlands are private schools, 90 percent of which are run by religious institutions. All these children receive public funds to attend private schools.

15 The PISA report on Sweden writes: In Sweden, there is no statistically significant performance difference between students in private and public schools after accounting for students’ socio-economic status. Between 2003 and 2012, results in public schools deteriorated by 33 points, while results in private schools declined a non-significant 25 points.
21 Glenn, What America Can Learn from School Choice in Other Countries, 28.
School choice in the Netherlands is sacrosanct and comprehensive, giving parents near-complete control over their child’s education. Parents have the ability to make decisions among schools, start new establishments, hire teachers and select a school’s principal.\(^{22}\)

Private and public schools receive their funding from the Dutch government, which amounts to $6,465 for primary students and $8,321 for secondary students.\(^{23}\)

In 1985, the Netherlands created a **weighted, universal voucher program.** It allocates more funds to children from low-income families and with disabilities. Additional “weighting” is also given to students based on their parents’ level of education.\(^{24}\)

Empirical research supported by the National Center for School choice at Vanderbilt University shows that weighting the vouchers of disadvantaged students in the Netherlands has succeeded in distributing appropriate resources to schools in accordance with their distinct needs, and decreased segregation among wealthy and poor students.\(^{25}\) The study found primary schools with a high number of students with weighted vouchers have about 58 percent more teachers per student, as well as increased support staff.\(^{26}\) This demonstrates how weighting a voucher according to need gives institutions the resources to ensure that student-specific requirements are met.

The Netherlands sets a high bar internationally for educating special needs children, as **they are eligible for greater public funds for their disability.** *The Going to School Together policy* adopted in 1990 states “parents of children with disabilities should be able to choose between any ordinary or special school for their child.”\(^{27}\) Dutch children who require special attention are given

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\(^{24}\) For example, a weight is given to students with parents who have no more than lower vocational training / pre-vocational education (ie, qualifications for a blue collar job or less) and students with one parent who has a primary education and the other parent with no more than vocational or pre-vocational training. for more information look at: https://www.ucy.ac.cy/equality/documents/Articles-Material/OECD_2014_Report.pdf.


a “personal budget” that parents can spend at any school they wish. Supplemental funding is also available to districts and institutions that are particularly deprived.  

Last July, Wisconsin implemented a Special Needs Scholarship Program, which allows children with special needs to be eligible for a voucher worth up to $12,000 to attend a private school. But, unlike the Netherlands, special needs children must satisfy rigid criteria: students must have attended a public school the prior year, applied to Wisconsin’s open enrollment program, and have had their open enrollment application rejected.

Lastly, similarly to what we found in a previous WILL study, there is evidence of higher quality and attainment in Dutch private schools — particularly Catholic and Protestant schools. Methodical examination of school performance in the Netherlands revealed that Catholic schools achieved higher scoring on standardized tests than other schools, public schools.

**Chile**

Milton Friedman visited Chile in 1975 when its economy was at an all-time low and when both the school system and economy were centrally controlled. He promptly recommended free market changes, including universal school choice. For example, decision-making was transferred from the Ministry of Education to approximately 300 municipalities across Chile and the contract between the Ministry of Education and the teachers union was terminated. Teachers had to either transfer to work for municipal local schools, or reapply for jobs in private schools. Local schools began to receive funding on a per student basis.

Most importantly, private schools were eligible to accept government funds for students that chose to attend their school. Chile provided vouchers to all students who desired to attend private school, tying the budget of the school directly to enrollment, similar to the Netherlands. Like Sweden and the Netherlands, public and private schools received the same amount of funding per student.

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28 Glenn, What America Can Learn from School Choice in Other Countries, 68.
34 Ibid.
The result of these reforms was a robust educational marketplace that closely reflects Friedman’s vision for choice. Over one thousand schools have opened and entered the market, and the enrollment in private schools rose from 20 percent in 1981 to 40 percent in 1988. Today, over half of Chilean students attend private schools with a government voucher. According to OECD data, in 2009 Chilean per pupil spending was approximately $3,000.

In 2008, Chile implemented a weighted voucher program – similar to the Netherlands – that provides more resources to disadvantaged students. A voucher for those children is worth 50 percent more than the vouchers of non-disadvantaged students. This extra funding is attached to the vouchers of low-income students in an attempt to remedy the achievement gap and social stratification. In 2011, the value of the voucher available to disadvantaged Chileans was increased by 21 percent (about 40% of the recipients). Furthermore, there are improvement plans in place for schools that accept weighted vouchers which ensures quality and progress for disadvantaged students.

Additionally, private schools are allowed to charge fees in addition to receiving government voucher funds, and schools are able to choose which students to accept and educate at their institution. This differs from the Wisconsin choice program, where private schools cannot reject students or make parents pay fees on top of a voucher.

A common critique is that Chile’s voucher program has contributed to the achievement gap that exists between wealthy and poor students. But, Andrew Coulson of the Cato Institute picks apart this argument. When the test scores of 15 year old Chilean students is compared to those of 15 year olds in other Latin American countries, Chile’s achievement gap is effectively identical to the rest of the countries.
He also notes that the achievement gap is improving. According to the Achievement Growth study, published in 2012 by leading education economists and political scientists from Harvard and Stanford, Chile’s achievement gap has improved at an annual rate of 4% from 1999-2009 on international tests such as PISA and TIMMS.\(^{45}\)

Lastly, Coulson explained that economists in 2008 found that the proportion of people under Chile’s poverty line dropped from 45.1 percent to 13.7 percent between 1987 and 2006.\(^{46}\) Since 1990 the wage of the poorest 10 percent of Chileans and the middle class (median wage) grew faster than the wages of the wealthiest in society (90\(^{th}\) percentile).\(^{47}\)

**Conclusion**

Educational choice promotes equality of social and economic opportunity in a powerful way. A recent study by the Brookings Institution concluded that school choice is instrumental in improving socio-economic status.\(^{48}\) Students in all countries stand to benefit from increased diversity in education, as there are rarely one-size-fits-all solutions to complex social subjects — particularly education.

As shown in this paper, school choice is not unique to the United States or Wisconsin, and new ideas can be gained from exploring school choice programs globally. What appears politically impossible here has been longstanding public policy elsewhere. **The policies of school choice across the globe demonstrate that Wisconsin has both reasons to hope and room to improve.**

\(^{45}\) TIMMS stands for Trends in International Mathematics and Science Study and was first conducted in 1995.


\(^{47}\) Ibid.

Bibliography


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