DOCUMENT RESUME

ED 396 062 UD 031 020

AUTHOR Boaz, David; Barrett, R. Morris
TITLE What Would a School Voucher Buy? The Real Cost of Private Schools. Cato Institute Briefing Papers No. 25.
INSTITUTION Cato Inst., Washington, DC.
PUB DATE 26 Mar 96
NOTE 26p.
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Cost Effectiveness; Educational Economics; Educational Finance; *Educational Vouchers; Elementary Secondary Education; Private Education; *Private School Aid; *School Choice; *Student Costs; Student Financial Aid; *Tuition Grants; Urban Schools

ABSTRACT

American schools are failing because they are organized according to a bureaucratic, monopolistic model. A school voucher of $3,000 per student per year would give more families the option of sending their children to nongovernment schools. However, many people believe that such a small amount could not possibly cover tuition at a private school; they may be thinking of such costly schools as Dalton, Andover, and Exeter, and concluding that all private schools cost in excess of $10,000 a year. In fact, Education Department figures show that the average private elementary school tuition in America costs less than $2,500. The average tuition for all private schools, elementary and secondary, is $3,116, or less than half of the cost per pupil in the average public school, $6,857. A survey of private schools in Indianapolis, Jersey City, San Francisco, and Atlanta shows that there are many options available to families with $3,000 to spend on a child's education. Even more options would no doubt appear if all parents were armed with $3,000 vouchers. (Contains 3 figures, 10 tables, and 19 references.) (Author)

WHAT WOULD A SCHOOL VOUCHER BUY?

The Real Cost of Private Schools

BY DAVID BOAZ AND R. MORRIS BARRETT

No. 25 March 26, 1996

Executive Summary

American schools are failing because they are organized according to a bureaucratic, monopolistic model. A school voucher of $3,000 per student per year would give more families the option of sending their children to non-government schools. However, many people believe that such a small amount could not possibly cover tuition at a private school; they may be thinking of such costly schools as Dalton, Andover, and Exeter and concluding that all private schools cost in excess of $10,000 a year.

In fact, Education Department figures show that the average private elementary school tuition in America is less than $2,500. The average tuition for all private schools, elementary and secondary, is $3,116, or less than half of the cost per pupil in the average public school, $6,857. A survey of private schools in Indianapolis, Jersey City, San Francisco, and Atlanta shows that there are many options available to families with $3,000 to spend on a child's education. Even more options would no doubt appear if all parents were armed with $3,000 vouchers.

Cato Institute • 1000 Massachusetts Avenue, N.W. • Washington, D.C. 20001 • (202) 842-0200

WHAT WOULD A SCHOOL VOUCHER BUY?
THE REAL COST OF PRIVATE SCHOOLS

by David Boaz and R. Morris Barrett

It is increasingly understood that America's education crisis is one of school structure, not of per pupil expenditures. Simply put, American schools are failing because they are organized according to a bureaucratic, monopolistic model; their organizing principle is basically the same as that of a socialist economy. For the same reason that socialist economies around the world have failed and continue to fail, America's centrally planned schools are failing.

Of course, not all American schools are failing; many are remarkable successes. The trouble is that most of the good schools charge tuition--they are private schools, independent of the government system. They illustrate the value of different schools for different children and the benefits customers derive from competition in school improvement.

The growing movement for school choice calls for a voucher or tax credit system to inject greater market mechanisms and pressures into the education system. Typically, choice plans target around $2,500 as an appropriate value for vouchers or tax credits (as in the 1993 California choice initiative). Many opponents of choice claim that $2,500 would not cover tuition at independent schools, and many well informed citizens are skeptical that a voucher in that amount would gain a student admission to a nongovernment school. However, government figures and other research show that the average tuition at independent elementary schools is less than $2,500. Furthermore, opponents overlook the dynamic market for education that would develop if a choice plan were effected.

How Bad Are the Government Schools?

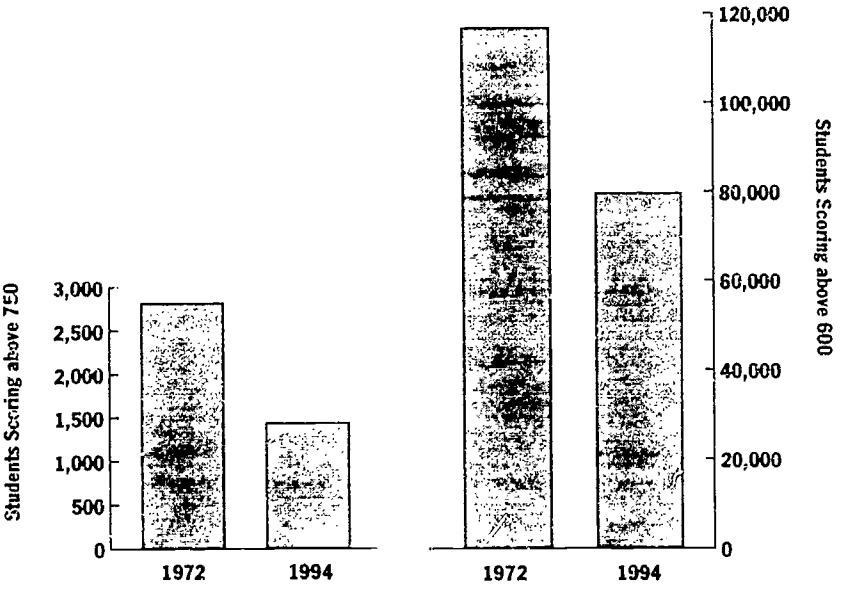
After more than a decade of national attention and reform efforts, there should be little doubt that America's schools remain in crisis. Scholastic Aptitude Test scores tell part of the story: they fell from 978 to 890 between

---

David Boaz is executive vice president of the Cato Institute and the editor of Liberating Schools: Education in the Inner City. *R. Morris Barrett is a writer in New York.*

Figure 1

Top-Scoring Students on the Verbal Portion of the SAT, 1972 and 1994



Source: College Board, "1994 Profiles of SAT and Achievement Test Takers," p. 9.

1963 and 1980; scores then recovered slightly, rising to 904 by the mid-1980s, but have remained flat since then. It is sometimes claimed by the education establishment that test scores have fallen because more students are taking college admissions tests these days. But the absolute number of students with outstanding scores has fallen dramatically as well: in 1972, 2,817 students scored above 750 (out of a possible 800) on the verbal test, and another 116,630 scored above 600. By 1994 those figures had dropped to 1,438 and 79,606, respectively (Figure 1).[1]

Another indicator of the government schools' failure is the number of colleges and businesses doing the work of the high schools: by the late 1980s, 25 percent of U.S. college freshmen were taking remedial math courses, 21 percent were taking remedial writing courses, and 16 percent were taking remedial reading courses.[2] Remedial reading--in college! A recent survey of 200 major corporations found that 22 percent of them teach employees reading, 41 percent teach writing, and 31 percent teach mathematical skills. The American Society for Training and Development projected in 1990 that 93 percent of the nation's biggest companies would

be teaching their workers basic skills within the next three years.[3]

Those trends, however, cannot capture the special tragedy of America's inner-city schools, which have become a key element of the vicious circle of poverty. Virtually every major newspaper in the country has recently--if not regularly--sent reporters into inner-city schools only to discover that such institutions are nightmares of gangs, drugs, and violence, with little if any learning going on. Bonita Brodt, who studied the Chicago schools for the Chicago Tribune, writes that she found

> an institutionalized case of child neglect. . . . I saw how the racial politics of a city, the misplaced priorities of a centralized school bureaucracy, and the vested interests of a powerful teachers union had all somehow taken precedence over the needs of the very children the schools are supposed to serve.[4]

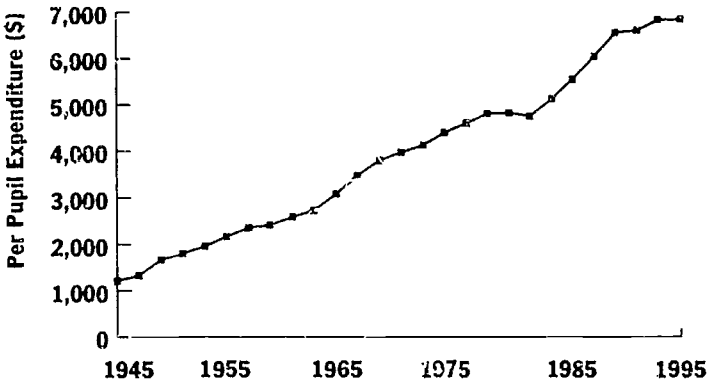
Education used to be a poor child's ticket out of the slums; now it is part of the system that traps people in the underclass. In a modern society a child who never learns to read adequately--much less to add and subtract, to write, to think logically and creatively--will never be able to lead a fully human life. He or she will be left behind by the rest of society. As former Minnesota governor Rudy Perpich concluded,

> As many as one-third of the nation's 40 million school-aged children are at risk of either failing, dropping out or falling victim to crime, drugs, teenage pregnancy or chronic unemployment. What is even more troubling is that, despite the wave of education reform that is sweeping the country, the evidence suggests that the gap between the educational "haves" and the "have-nots" is widening. As Americans, we must come to grips with the fact that our present educational practices are contributing to the creation of a permanent underclass in our society.[5]

When the poor quality of U.S. education is pointed out, we are frequently told that more should be spent on the government schools. But such claims are fallacious. Since World War II real (inflation-adjusted) spending per student has increased about 40 percent per decade, or about doubled every 20 years (Figure 2).[6]

Figure 2

Inflation-Adjusted Spending on American Schools



Source: U.S. Department of Education, Educational Testing Service, Digest of Education Statistics, 1995 (Washington: National Center for Education Statistics, 1995), Table 163.

The money does not go primarily to affluent school districts. The Boston schools, for instance, spend $7,300 per enrollee each year and more than $9,000 per student in average daily attendance.[7] The figure is $9,500 per enrollee in Washington, D.C., and $7,350 in New York City.[8]

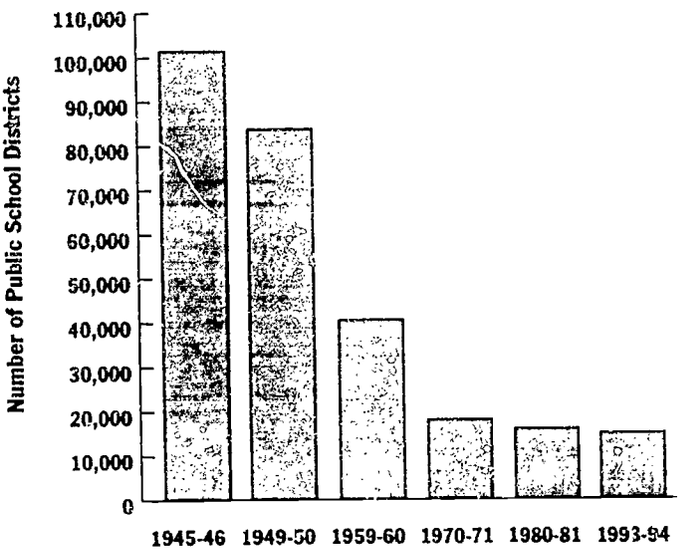
Why the Schools Don't Work

America's public school system was initiated in the early 1900s by Progressive Era reformers who believed that a rational, professional, and bureaucratic system--a "one best system"--could be established to maintain certain standards of education for all of society. Although such socialist thinking and economic planning have collapsed elsewhere in the world--most notably in the former Soviet Union, China, and Eastern Europe--we Americans have failed to apply the lessons in the few areas of our economy that are organized along similar lines. Tragically, although our unified, centralized government school system is a dinosaur in the information age, it fiercely resists market-oriented reforms.

The evidence is overwhelming that America's government schools are overcentralized, bureaucratic behemoths. The number of school districts plunged--from 101,382 in 1945-46 to 40,520 in 1959-60 to 14,881 in 1993-94--and the number of

Figure 3

Number of Public School Districts, 1945-94



Source: National Center for Education Statistics, Digest of Education Statistics, 1995, Table 88.

parents and students in each district rose ramatically during the same period (Figure 3).[9] The percentage of school funding provided by local government fell from 63.9 percent in 1946 to 43.9 percent in 1987.[10]

The nonteaching bureaucracy has mushroomed; it grew by 500 percent between 1960 and 1984. Over the same period, the number of teachers and principals grew by a comparatively puny 57 percent and 79 percent, respectively.[11]

The situation is markedly different for America's independent schools. For example, in 1987, while there were 3,300 employees in the central and district offices of the Chicago public school system, a mere 36 administrators oversaw the schools of the Catholic Archdiocese of Chicago, although its student population is 40 percent of that of the public schools and it serves a much larger geographical area.[12] In the nation's largest school district, New York City, John Chubb of the Brookings Institution found an even more striking contrast: 6,000 administrators in the government schools and only 25 in the Catholic schools, although the Catholic schools served about one-fourth the number of students the government schools did.[13] Evidence on that

point continues to mount; just recently, the Baltimore Sun reported that the Baltimore Archdiocese manages 34,000 students in 101 schools with 7 administrators, while the nearby Harford County public schools need 64 administrators to oversee 36,000 students in 51 schools.[14]

Massive school bureaucracies divert scarce resources from real educational activities, deprive principals and teachers of any opportunity for authority and independence, and create an impenetrable bulwark against citizen efforts to change the school system. The school systems have become susceptible to influence only from special-interest groups, notably the teachers' unions and other elements of the education establishment. Like factories of the former Soviet Union, America's government schools are technologically backward, overstaffed, inflexible, unresponsive to consumer demand, and operated for the convenience of top-level bureaucrats.

Not just free-market intellectuals hold those views. Albert Shanker, president of the American Federation of Teachers, acknowledged recently,

> It's time to admit that public education operates like a planned economy, a bureaucratic system in which everybody's role is spelled out in advance and there are few incentives for innovation and productivity. It's no surprise that our school system doesn't improve: It more resembles the communist economy than our own market economy.[15]

Reforming the Schools

The time has come to give the competitive market economy--the system that has given us two centuries of dramatically increasing living standards, the system on which we rely for everything from food and clothing to VCRs and world travel--a chance to improve our educational system. We need to give parents and students a chance to choose their schools. We need to give teachers and principals a chance to be more successful by producing successful students and--just as important--a chance to lose their jobs if they fail.

Researchers from across the political spectrum increasingly agree on the need to free the schools and empower educational consumers. In their comprehensive study, John Chubb and Terry Moe found that the most crucial factors in the development of good schools were autonomy, an educational mission, and effective leadership. Furthermore,

> Autonomy turns out to be heavily dependent on the institutional structure of school control. In the private sector, where schools are controlled by markets--indirectly and from the bottom up--autonomy is generally high. In the public sector, where schools are controlled by politics--directly and from the top down--autonomy is generally low.[6]

Both bureaucracy and direct democratic control, said Chubb and Moe, interfere with autonomy and school effectiveness. They found that teachers and principals are much more likely to view each other as partners in private schools than in public schools. The politicized bureaucracy of the government schools makes teachers and principals adversaries; the dynamic, market-directed private schools make them colleagues.

We need a program of educational choice to make independent schools available to all families. Such a program would ensure that every parent could choose from a variety of schools, both government run and independent. The government would pay or reimburse each child's educational expenses up to a certain level, and students would not be required to attend a government school to receive funding.

The simplest way to create a system of educational choice is a voucher plan or a tax credit system. Under such a plan, the state would give the parent or guardian of every child a voucher or tax credit to be spent on educational services at any public or private school in the state. Government schools would honor the voucher or tax credit as full payment, but independent schools should be free to charge an additional amount if they choose to do so--to allow more variety in the educational system.

Proponents of a voucher or tax credit system have generally targeted around $2,500 as the per pupil figure, as in California's Proposition 174. Opponents of choice--themselves usually upper middle class--frequently allege that such a small amount could not possibly cover tuition at a private school; however, they may be thinking of such costly schools as Dalton, Andover, and Exeter and concluding that all private schools cost in excess of $10,000 per year. Government figures show that the average private elementary school tuition in America is less than $2,500 (Table 1). Since the average tuition for all private schools, elementary and secondary, is now $3,116, less than half the public school figure of $6,857, it might be logical for advocates of choice to propose a voucher of $3,000.

Table 1

Private School Tuition, by Type of School and Level: 1993-94

Type of School	Average Tuition ($)
All private schools	3,116
Elementary	2,138
Secondary	4,578
Combined	4,266
Catholic schools	2,178
Elementary	1,628
Secondary	3,643
Combined	4,153
Other religious schools	2,915
Elementary	2,606
Secondary	5,261
Combined	2,831
Nonsectarian schools	6,631
Elementary	4,693
Secondary	9,525
Combined	7,056

Source: National Center for Education Statistics, Digest of Education Statistics, 1995, Table 60.

Government figures also reveal that in 1993-94 some 67 percent of all private elementary and secondary schools--more than 17,000 schools nationwide--charged $2,500 or less for tuition, and some 19 percent charged less than $1,000. Less than 31 percent of American private elementary and secondary schools charged more than $2,500 in tuition (Table 2).

It should be noted that those figures probably underestimate the real costs of both public and private schools, as Myron Lieberman has pointed out.[17] For instance, stated public school costs omit such real costs as capital outlays and pension liabilities. And private school tuitions are supplemented by contributions, fundraising events, in-kind contributions by parents, and below-market labor costs,

Table 2

U.S. Private Schools, by Tuition, 1993-94

Tuition ($)	Number of Schools
Less than 1,000	5,133
1,000 - 2,499	12,259
2,500 - 4,999	5,541
5,000 or more	2,904

Source: Based on National Center for Education Statistics, "Schools and Staffing Survey, 1990-91," Exhibit 8.

especially in Catholic schools. More research is needed so that voters and policymakers can know how much we are really spending for education, both public and private. But the purpose of this essay is to examine what a voucher will buy, so we limit our analysis to the tuition a family would pay if it chose a private school.

We might note also that an ideal voucher plan would allow families to add their own money to the amount of the voucher--so that a family willing to pay $2,000 for education could add that to a $3,000 voucher and be able to afford a $5,000 school. Privately funded voucher plans in Indianapolis, Milwaukee, and other cities have been used by many low-income parents to pay half the tuition at nongovernment schools in order to remove their children from undisciplined, ineffective, and often dangerous government schools. Surely middle-income families would be willing to put forth the same proportional effort. Some scholars predict that vouchers would mean that more total money would be spent on education, as families added their own funds to the vouchers.[18]

Skeptics may still wonder if $3,000 will buy a private school education in all types of American cities--high-cost cities, middle-income cities, and comparatively poor cities. To evaluate the usefulness of a $3,000 voucher in a variety of urban environments, the Cato Institute surveyed all independent schools in four disparate American cities: Jersey City, a small, working-class city outside New York City; Atlanta, a large southern city; Indianapolis, a mid-

sized, middle-income city; and San Francisco, a large, high-income city. The survey results indicate that for the 1994-95 school year, in each of those cities there were numerous private elementary schools that charged $3,000 or less. (In fact, in some cities the majority charged less than $3,000.) Although they were not as prevalent, in each city there were also independent secondary schools that charged $3,000 or less.

Cato Survey

Indianapolis

The public schools of Indianapolis and surrounding townships are in Marion County. For 1993-94 the Indiana Department of Education reports that the per pupil expenditure for Marion County schools was $4,678. At private schools the median tuition was $2,180. Forty-nine of the independent primary schools in Indianapolis charged less than the public schools' per pupil expenditure, and 42 of those charged less than $3,000 (Table 3, p. 12).

Fourteen independent secondary schools in Indianapolis charge less than the city's expenditure of $4,678 per student, and 11 of those charge less than $2,500. The median tuition at Indianapolis private secondary schools is $1,850 (Table 4, p. 13).

San Francisco

The public schools of San Francisco are in the San Francisco Unified School District. According to the Business Services Department, in 1994-95 the district paid $4,489 per pupil at public schools. Forty-one independent primary schools in San Francisco, by contrast, charged less than that amount, and 36 of those charged less than $2,500. The median tuition for San Francisco private primary schools was $2,225 (Table 5, p. 14).

Seven independent secondary schools in San Francisco charge less than the city spends, though only two charge less than $3,000. The median tuition for private secondary schools in San Francisco, one of America's most expensive cities, is $7,200 (Table 6, p. 15).

Jersey City

Jersey City's public schools are in Hudson County, New Jersey. The district currently spends $8,315 per pupil at public schools, even though low-cost alternatives to them abound. Not one of Hudson County's 40 private elementary schools charges as much as the government schools cost--in fact, only two cost more than $3,000. The median tuition is $1,775 (Table 7, p. 16).

As is the case with the primary schools, none of Jersey City's 16 private high schools costs as much as the public schools spend, and six cost $3,000 or less. The median cost is $3,210 (Table 8, p. 17).

Atlanta

Atlanta's public schools are located in Dekalb and Fulton Counties, Georgia. Those districts spend $5,769 per pupil at public schools. Thirty-three independent primary schools in Atlanta charge less than that amount, and 17 of those charge less than $3,000. The median tuition is $3,312 (Table 9, p. 18).

Fifteen of Atlanta's 29 independent high schools charge less than the government schools' costs, and six charge less than $3,000. Median tuition is $5,600 (Table 10, p. 19).

Tabulations of Data

Table 3

Tuition at Private Elementary Schools in Marion County, Indiana

School	Tuition ($)	School	Tuition ($)
Holy Cross Central School	1,280	Saint Pius X School	2,195
Saint Gabriel School	1,310	Saint Michael School	2,245
All Saints Catholic School	1,480	Saint Mark School	2,328
Indianapolis Baptist School	1,485	Capital City Seventh Day Adventist	2,335
Saint Monica's School	1,600	Saint Roch School	2,370
Gray Road Christian School	1,695	Nativity School	2,475
Chapel Hill Christian School	1,695	Trinity Lutheran School	2,500
Saint Phillip Neri School	1,739	Divine Savior Evangelical Lutheran	
Holy Angels Catholic School	1,760	School	2,500
Trinity Christian School	1,764	Tabernacle Christian Academy	2,520
Central Catholic School	1,770	Christ the King School	2,520
Saint Rita's School	1,800	Calvary Lutheran	2,560
Madrasa Tulilm	1,800	Saint Lawrence School	2,750
Lakeview Christian Academy	1,800	Saint Matthew School	2,775
Saint Jude Elementary	1,840	LPP & Arlington Elementary	2,829
Saint John Evangelical School	1,925	Saint Christopher School	2,875
Westside Christian School	1,940	Saint Simon the Apostle School	3,085
Our Lady of Lourdes School	1,940	Northside Montessori School, Inc.	3,100
Building Blocks Academy	1,980	Holy Spirit School	3,115
Saint Barnabas School	2,000	Saint Luke School	3,125
St. Joan of Arc School	2,060	Immaculate Heart School	3,140
True Belief Baptist Academy	2,060	Children's House	3,150
Zion Hope Christian School	2,090	Saint Thomas Aquinas School	3,250
Emmaus Lutheran School	2,100	Hebrew Academy of Indianapolis	4,995
Little Flower School	2,132	Sycamore School	5,025
Saint Richard's School	2,160	Worthmore Academy	5,500
Saint Andrew the Apostle School	2,180*	Orchard Country Day School	6,300

Source: Cato Institute survey of all private elementary schools in Marion County, Indiana.

*Median cost.

Table 4

Tuition at Private High Schools in Marion County, Indiana

School	Tuition ($)
Lord of Life Christian School	1,225
Salem Park Academy	1,270
Engledale Christian School	1,650
Suburban Baptist School	1,665
Indianapolis Junior Academy	1,700
Faithway Christian School	1,825
Baptist Academy	1,835
Indianapolis Christian School	1,850*
Calvary Christian	2,060
Colonial Christian School	2,200
Indianapolis Christian School	2,210
Heritage Christian School	3,454
Cardinal Ritter	3,700
Bishop Chartard High School	4,500
Park Tudor School	8,500

Source: Cato Institute survey of all private high schools in Marion County, Indiana.

*Median cost.

Table 5

Tuition at Private Elementary Schools in San Francisco County, California

School	Tuition ($)	School	Tuition ($)
St. Peter's Parish	900	International Christian School	2,250*
St. Anne Elementary	1,000	St. Mary's Chinese Day	2,300
San Francisco Chinese Parents Committee	1,000	St. Philip Elementary	2,340
St. Dominic	1,100	San Francisco Junior Academy	2,385
St. Paul Elementary	1,300	First Baptist Church	2,500
Sacred Heart Grammar	1,400	St. John's Elementary	2,480
Our Lady of the Visitación Elementary	1,450	San Francisco Christian Elementary	3,200
St. Charles Elementary	1,500	Cornerstone Academy	3,200
St. Stephen's Elementary	1,500	Hillwood Academic Day	3,500
Epiphany Elementary	1,600	Discovery Center	4,250
St. Thomas More	1,625	Children's School of San Francisco	4,400
Holy Name Elementary	1,650	Maria Montessori School of Golden Gate	4,900
St. Anthony's Elementary	1,650	Synergy	4,950
St. Finn Barr - Catholic	1,650	Town School for Boys	5,300
St. James Elementary	1,650	Rivendell Center for Integrative Education	5,300
St. Monica Elementary	1,700	Adda Clevenger Junior Preparatory and Theater	6,000
St. Cecilia Elementary	1,700	Katherine Delmar Burke School	6,100
St. Bridgid	1,725	Live Oak	6,250
St. Gabriel Elementary	1,748	Presidio Hill	6,595
St. Peter and Paul Elementary	1,800	San Francisco Montessori	6,625
Star of the Sea Elementary	1,850	Hamlin	6,800
St. Brendan Elementary	1,850	Chinese American International	6,830
Mission Dolores Elementary	1,900	San Francisco School	6,950
Zion Lutheran	1,975	Kittredge School	7,000
St. Emydius Elementary	2,020	Cathedral School for Boys	7,000
St. Elizabeth's Elementary	2,100	San Francisco Waldorf	7,000
Ecole Notre Dame des Victoires	2,100	Brandeis-Hillel	7,250
West Portal Lutheran Elementary	2,124	Lick-Wilmerding High	8,750
Immaculate Conception Elementary	2,180	Stuart Hall for Boys	8,825
St. Thomas the Apostle Elementary	2,200*	San Francisco Day	9,030

Source: Cato Institute survey of all private elementary schools in San Francisco County, California.

*The median, $2,225, falls between these two values.

Table 6

Tuition at Private High Schools in San Francisco County, California

School	Tuition ($)
St. Paul High	2,100
Voice of Pentecost Academy	2,600
Immaculate Conception Academy	3,450
Mercy High	3 950
St. Ignatius College Preparatory	4,100
S. R. Martin College Preparatory	4,100
Bridgemont High	4,375
Sacred Heart Cathedral Preparatory	5,100
Riordan High	5,615
New Learning School	7,200*
Woodside International	7,690
Hebrew Academy of San Francisco	7,900
Lycée Français International	8,350
Sterne	8,500
Drew College Preparatory	9,700
Urban School of San Francisco	9,750
French American International	9,930
San Francisco University High	9,950
Convent of the Sacred Heart	10,375

Source: Cato Institute survey of all private high schools in San Francisco County, California.

*Median cost.

Table 7

Tuition at Private Elementary Schools in Hudson County, New Jersey

School	Tuition ($)	School	Tuition ($)
St. Patrick's School	1,120	Holy Cross School	1,800*
Sacred Heart School	1,150	St. Francis Academy	1,800
Our Lady of Assumption	1,200	St. Peter School	1,830
Assumption All Saints	1,200	St. John Nepomucene School	1,850
Sacred Heart School (Jersey City)	1,250	St. Stephen School	1,850
St. Cecilia	1,255	Our Lady of Mount Carmel	
Mt. Pisgah	1,400	(Bayonne City)	1,900
St. Joseph Palisades Elementary	1,400	Our Lady of Victories	1,900
St. Augustine School	1,400	Our Lady of Mount Carmel (Jersey City)	1,935
Our Lady of Czestohowa	1.450	St. Aedan School	2,000
John Paul II	1,500	St. Anne School	2,090
Our Lady of Libera	1,500	St. Paul School	2,050
Immaculate Conception	1,500	St. Joseph School	2,100
St. Paul of the Cross	1,600	St. Vincent de Paul School	2,100
Beacon Christian Academy	1,600	St. Aloysius Elementary	2,150
St. Anthony School	1,650	Ibad El-Rahman	2,200
Holy Rosary School	1,700	St. John and Ann School	2,275
St. Mary Star of Sea	1,700	St. Nicholas School	2,345
Saint Mary Elementary	1,735	Our Lady of Mercy	2,350
Lutheran Parochial School	1,750*	Cornerstone School	3,750
		Mustard Seed School	4,600

Source: Cato Institute survey of all private elementary schools in Hudson County, New Jersey.

*The median, $1,775, falls between these two values.

Table 8

Tuition at Private High Schools in Hudson County, New Jersey

School	Tuition ($)	School	Tuition ($)
St. Anthony	1,850	St. Joseph of Palisades	3,320*
St. Mary High School	2,160	St. Dominic Academy	3,500
St. Aloysius High	2,300	Holy Family Academy	3,630
Al-Ghazaly	2,380	Hudson Catholic Regional High School	3,735
Holy Rosary Academy H.S.	2,600	St. Peter's Prep	4,700
Academy of St. Aloysius	3,000	The Bergen School	4,800
Academy of Sacred Heart	3,050	Yeshiva Gedolah of Bayonne	6,500
Marist High School	3,100*	The Hudson School	6,500

Source: Cato Institute survey of all private high schools in Hudson County, New Jersey.

*The median, $3,210, falls between these two values.

Table 9

Tuition at Private Elementary Schools in Dekalb and Fulton Counties, Georgia

School	Tuition ($)	School	Tuition ($)
New Covenant Christian	1,260	St. John's Episcopal	3,312*
Lithonia Adventist	1,850	Valeria Wade Christian	3,350
Light of the World Christian Academy	1,890	Pinecrest Academy	3,450
Atlanta North School of Seventh Day Adventists	1,950	St. Peter and Paul School	3,490
Florence Jackson Academy	2,009	Our Lady of the Assumption	3,492
Holy Fellowship Christian	2,080	Fellowship Christian Academy	3,950
Gate City Heritage House and Preparatory Academy	2,100	Roswell Foundation School	3,950
Christ Lutheran School	2,200	Immaculate Heart of Mary	4,000
Cornerstone Baptist School	2,250	Brimarsh Elementary	4,025
Cascade Adventist Elementary	2,450	St. Jude the Apostle	4,125
Glenn-Nova Christian	2,520	International Preparatory Institute	4,150
Southeastern Christian	2,520	Mt. Vernon Presbyterian	4,840
Northwest Community Academy	2,640	St. Martin's Episcopal School	5,525
Faith Academy	2,700	Wesleyan Day School	5,770
Pathway Christian School	2,750	High Meadows School	5,840
Old National Christian Academy	2,900	The Children's School	6,150
Green Forest Christian Academy	2,950	Greenfield Hebrew Academy	6,150
St. John the Evangelist Catholic School	3,100	The Epstein School	6,860
Mt. Carmel Christian	3,150	Trinity School, Inc.	7,270
		The Scheneck School	10,300

Source: Cato Institute survey of all private elementary schools in Dekalb and Fulton Counties, Georgia.

*Median cost.

Table 10

Tuition at Private High Schools in Dekalb and Fulton Counties, Georgia

School	Tuition ($)	School	Tuition ($)
New Life Assembly Christian	1,450	Mt. Vernon Christian Academy	5,600*
Becker Adventist School	2,210	The Heiskell School	5,900
Forrest Hills Christian	2,300	St. Pius X Catholic High	6,590
Stone Mountain Christian	2,475	Maris School	6,700
Green Pastures Christian Academy	2,650	Yeshiva High School	7,200
Mt. Pisgah Christian School	2,980	The Paideia School	7,440
Sister Clara Muhammed School	3,090	Holy Innocents' Episcopal School	7,790
Colonial Hills Christian	3,267	The Lovett Schoo	8,645
Cathedral Academy	3,500	Woodward Academy	8,710
St. Thomas More Catholic	3,676	Pace Academy	8,950
Great Atlanta Christian	4,330	Westminster School	9,805
Landmark Christian	4,430	The Cottage School	10,300
Masters Christian Academy	4,600	The Howard School	10,950
Atlanta Adventist Academy	4,800	Mill Springs Academy	11,500
		Brandon Hall School	11,700

Source: Cato Institute survey of all private high schools in Dekalb and Fulton Counties, Georgia.

*Median cost.

Conclusion

The data presented make it clear that, today, private schools are an option not just for the wealthy but also for people who can only spend $2,000 a year or even less. Does that mean that every American child, $3,000 voucher in hand, could have a quality private education immediately? Clearly not, but that is not the point. What this research establishes is that, in any of the cities surveyed, low-cost alternatives to the public schools are not only possible--they exist today. They offer a beacon of hope to families mired in the government school morass. A voucher or tax credit plan would open new options even for parents and students unable to contribute additional funds. Furthermore, if the voucher or tax credit were pegged at 50 percent of public cost (as in the California school choice initiative of 1993), the value would exceed $3,000 in many urban and suburban school districts.

Not surprisingly, the lower income cities cited above, Jersey City and Indianapolis, have greater proportions of low-cost schools than high-cost schools--neither city supports schools with tuitions over $8,500. That is probably a reflection of market conditions: educational entrepreneurs in those two cities cater to a clientele that, for the most part, cannot spend more than several thousand dollars for private school. Thus, the data indicate that the creation of schools follows basic principles of supply and demand.

In a worst-case scenario, a relatively small number of high school students in San Francisco and Atlanta could attend private schools immediately using only the voucher or tax credit. Yet the promise of choice is not what would be available the day after a choice plan was implemented; it is what would exist several years down the road. Choice would set in motion a dynamic process of change that, over time, would almost certainly result in new options and require government schools, perhaps for the first time, to attract students.

Most likely, those changes would be rapid and dramatic. Given that families who today choose private education are in effect paying for education twice (once for public schools in taxes and a second time for the private school), a voucher plan could create revolutionary demand for new educational institutions. If each and every family had the option of spending several thousand dollars on education--the millions that have heretofore gone to the government in taxes--we could reasonably expect educational entrepreneurs to respond.

Schools would expand; new schools would be established; some schools might lower their tuition or offer scholarships; new teaching methods would be tested and new technologies employed; and government schools would compete to stay open. All of that--and many other unanticipated developments--will occur when families are empowered to decide where resources are spent.

With greater freedom, markets constantly change, responding to changes in supply and demand. A few years ago there were no personal computer stores and no video stores, and there certainly was not enough poultry and seafood in the groceries to satisfy today's demand for lower fat meats. But when demand arose for such products--or when entrepreneurs perceived that there would be demand for those products if they were made available--stores were established to meet the demand.

Teachers and administrators may never have the same profit incentives that businesses like the computer or food industry have. However, in at least one respect the market would treat them identically: they would have to satisfy customers to survive. Indeed, under choice it is possible that some government schools would "go out of business." Given the grim reality of many government schools, such closures would probably be highly beneficial for all parties concerned.

Choice is not about giving up on the government schools or the many fine individuals working within them; there is no reason that government schools could not flourish under choice. Indeed, by providing autonomy--the key to success in almost any human endeavor--as well as an unequivocal mandate to please customers, choice could be the best thing that ever happened to the good teachers and principals in government schools.

Toward the end of their book, Chubb and Moe write, "It is fashionable these days to say that choice is 'not a panacea.' Taken literally this is obviously true." But they go on to say that only choice will address the basic institutional causes of educational failure and that, therefore, "reformers would do well to entertain the notion that choice is a panacea. . . . It has the capacity all by itself to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways."[19]

A program of vouchers or tax credits, with few restrictions on the kind of schools that parents can choose and a reasonable figure of $3,000 or so per student, will give families the clout to bring about a revolution in education. Schools will compete, expand, innovate, and proliferate. We know that affordable, high-quality private schools are out there. Why do we not give all children access to them?

Notes

The authors wish to thank Aaron Russell and Jessica Spicer for research assistance.

1. College Board, "1994 Profiles of SAT and Achievement Test Takers," p. 9.

2. U.S. Bureau of the Census, Statistical Abstract of the United States, 1988 (Washington: Government Printing Office, 1988), p. 142; cited in Lewis J. Perelman, "The 'Aca-

nemia' Deception," Hudson Institute Briefing Paper no. 120, May 1990, p. 16.

3. "C Stands for Company, Turned into Classroom," Wall Street Journal, March 1, 1990; cited in Perelman.

4. Bonita Brodt, "Inside Chicago's Schools," in Liberating Schools: Education in the Inner City, ed. David Boaz (Washington: Cato Institute, 1991), p. 66.

5. Quoted in "Educational Choice: A Catalyst for School Reform," City Club of Chicago, August 1989, p. 2.

6. William A. Niskanen, "The Performance of America's Primary and Secondary Schools," in Liberating Schools, pp. 51-64.

7. Boston Municipal Research Bureau, Boston Public Schools, Research Department; cited in Warren Brookes, "The Urban Education Deficit," Washington Times, January 18, 1990.

8. U.S. Bureau of the Census, Statistical Abstract of the United States, 1990 (Washington: Government Printing Office, 1990); Gary Putka, "New York Archdiocese Begins Campaign to Save 140 Catholic Schools in City," Wall Street Journal, January 30, 1991, p. A12. It is difficult to calculate a per pupil spending figure for Washington's schools when there is some confusion over whether the city has 80,450 students, as the school system claims, or only 67,000, as an independent audit found. See Sari Horwitz, "D.C. Study Challenges School Enrollment Data," Washington Post, April 28, 1995, p. A1, and idem, "District Superintendent Disputes Student Count," Washington Post, June 7, 1995, p. B7. If the audit figure is correct, the D.C. school system spends as much as $11,200 per student in average daily attendance--or even $12,875 if we account for the school system's inflated attendance claims. See David Boaz, "How Much Does D.C. Really Spend per Pupil?" Washington Post, August 3, 1995.

9. U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, 1987 (Washington: NCES, 1987), p. 70.

10. U.S. Department of Education, National Center for Education Statistics, The Condition of Education, 1994 (Washington, NCES, 1994) p. 328.

11. U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, 1989 (Washington: NCES, 1989), Table 35; and Lynne V. Cheney, "American Memory: A Report on the Humanities in the Public Schools," National Endowment for the Humanities, Washington, 1987, p. 25.

12. Casey Banas, "Enrollment's Down, Central Office Workers Up," Chicago Tribune, September 29, 1987; and Archdiocese of Chicago, "Chicago Catholic Schools, 1987-88 Report"; both cited in Herbert J. Walberg et al., We Can Rescue Our Children (Chicago: Heartland Institute, 1988), p. 12.

13. John Chubb, in "Making Schools Better," Manhattan Institute, Center for Educational Innovation, New York, 1989, pp. 10-11.

14. Mike Bowler, "Catholic Schools: More for Less," Baltimore Sun, October 8, 1995, p. 2C.

15. Quoted in "Reding, Writing & Erithmatic," editorial, Wall Street Journal, October 2, 1989.

16. John E. Chubb and Terry M. Moe, Politics, Markets, and America's Schools (Washington: Brookings Institution, 1990), p. 183

17. Myron Lieberman, Privatization and Educational Choice (New York: St. Martin's, 1989), pp. 65-73, 220-28; and idem, Public Education: An Autopsy (Cambridge, Mass.: Harvard University Press, 1993), pp. 114-42.

18. Milton Friedman, Capitalism and Freedom (Chicago: University of Chicago Press, 1962), pp. 94-95.

19. Chubb and Moe, pp. 215-17.

OTHER STUDIES IN THE BRIEFING PAPERS SERIES

24. **"V" Is Not for Voluntary** by Robert Corn-Revere (August 3, 1995)

23. **Public Schools: Make Them Private** by Milton Friedman (June 23, 1995)

22. **Temporizing on Term Limits: The Speaker Likes 12 Years, Not 6** by James Bond (February 7, 1995)

21. **An Antidote to Federal Red Ink: Term Limits** by Stephen Moore and Aaron Steelman (November 3, 1994)

20. **Missouri's Hancock II Amendment: The Case for Real Reform** by Dean Stansel (October 17, 1994)

19. **Patient Power: The Cato Institute's Plan for Health Care Reform** by Brink Lindsey (October 4, 1993)

18. **Are Quality Circles Illegal? Global Competition Meets the New Deal** by Charles W. Baird (February 10, 1993)

17. **The Davis-Bacon Act: Let's Bring Jim Crow to an End** by David Bernstein (January 18, 1993)

16. **Super Boondoggle: Time to Pull the Plug on the Superconducting Super Collider** by Kent Jeffreys (May 26, 1992)

15. **A Consumer's Guide to Taxes: How Much Do You Really Pay in Taxes?** by George Nastas and Stephen Moore (April 15, 1992)

14. **Why Political Scientists Oppose Term Limits** by Mark P. Petracca (February 18, 1992)

13. **Our Next Criminal Class: Milk Bootleggers** by James Bovard (June 14, 1991)

12. **Secretary Kemp and the Housing Policy Shell Game** by Cassandra Chrone Moore (April 16, 1991)

11. **Ending the Free Airplane Rides of Infants: A Myopic Method of Saving Lives** by Richard B. McKenzie and Dwight R. Lee (August 30, 1990)

10. **Market Squabbles: SEC v. CFTC** by Charles M. Seeger (June 13, 1990)

Published by the Cato Institute, *Cato Briefing Papers* is a regular series evaluating government policies and offering proposals for reform. Nothing in *Cato Briefing Papers* should be construed as necessarily reflecting the views of the Cato Institute or an attempt to aid or hinder the passage of any bill before Congress.

CATO INSTITUTE

Contact the Cato Institute for reprint permission. Additional copies of *Cato Briefing Papers* are $2.00 each ($1.00 in bulk). To order, or for a complete listing of available studies, write the Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001. (202) 842-0200 FAX (202) 842-3490.