



Research Brief

Are voucher schools putting the squeeze on MPS?

For seventeen years an underlying rationale for Milwaukee's private school voucher program has been that competition from private schools is needed to bring about improvements in Milwaukee Public Schools (MPS). This past school year was a golden opportunity for private schools to ratchet up their competitive pressure on MPS: the cap on the number of vouchers was raised and the eligibility rules for students were loosened. As a result, 17,951 voucher students are enrolled in 127 schools at a cost of about \$112 million in 2006-2007.

What was the effect of the resulting increase in voucher students? Despite an increased availability of vouchers for more eligible children than ever before, demand did not meet expectations. In addition, most of the new voucher users were already in private schools and most were already in religious schools. These findings indicate that the voucher program may no longer be exerting the type of competitive pressure on MPS as originally envisioned. MPS did not lose thousands of children to private schools this year.

Key findings

- The 17,951 students using vouchers represent an increase over last year of 2,516 voucher users. However, the growth in total enrollment in these schools was much less, at 620 students; **almost 60% of the new voucher users were therefore not new to the private schools.**

- The 124 schools that participated in our census **predicted they would enroll 25,559 voucher users this year. The actual number of voucher users enrolled in these schools was 17,832.** The nine schools new to the program this year enrolled half as many voucher students as they had anticipated, 664 voucher users compared to a prediction of 1,284.
- Religious schools enrolled 80% of all voucher students in 2006-2007.** While Catholic voucher enrollment has declined from 47% to 37% of total voucher students over these years, Lutheran voucher enrollment has grown from 9% to 18%. Voucher enrollment in all other religious schools has grown from 11% to 26%. Secular schools enroll 20% of all voucher students.
- The **average religious school enrolls almost 3/4 as many voucher users as it had predicted,** while the average nonreligious school enrolls more than 1/2 as many as predicted and a newly opened school enrolls 2/3 as many as predicted.

These findings raise the question: why is MPS expected to respond competitively to the voucher program? How can MPS be expected to compete with a program consisting mainly of religious schools that attract students who most likely would never have been public school students? The result of lifting the voucher enrollment cap has shown the voucher program is perhaps not working as intended in the sense of putting pressure on the public schools to improve.

Public Policy Forum
633 West Wisconsin Avenue, Suite 406
Milwaukee, Wisconsin 53203
414.276.8240
www.publicpolicyforum.org

Research director:
Anneliese M. Dickman, J.D.
adickman@publicpolicyforum.org
Researcher:
Jeffrey Schmidt
jschmidt@publicpolicyforum.org

Administrative staff:
Jeffrey C. Browne, President
Jerry Slaske, Communications Director
Cathy Crother, Office Manager

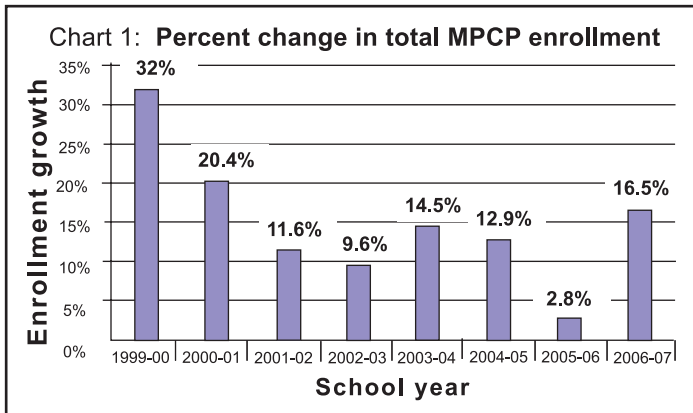
Research funded by:



Fleck Foundation



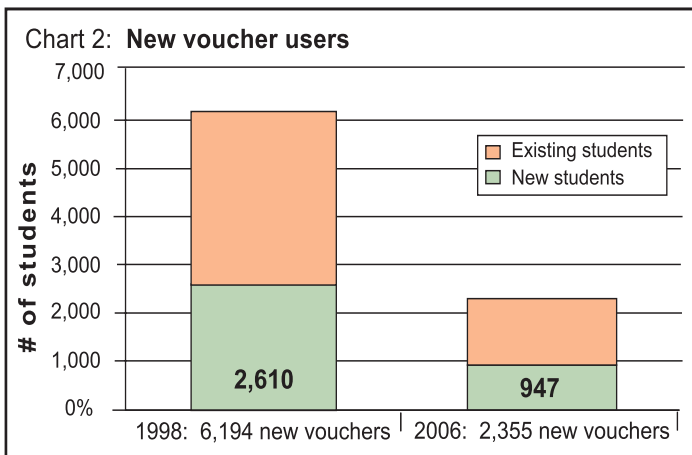
Greater Milwaukee Foundation



New voucher users and enrollment growth

Allowing parents to make the best schooling choices for their children, public or private, in the hopes of improving public schools is commonly called the market theory of education reform. Only in Milwaukee has the market theory been tested to scale. The Milwaukee Parental Choice Program (MPCP) has been providing options for parents for 17 years; this year nearly 18,000 children took advantage of this opportunity. This represented a growth of nearly 17% over 2005-2006, the largest one-year growth since 2000-2001 (see **Chart 1**). As competition for MPS, private schools seem to be thriving.

But upon closer analysis, it appears that MPS may not be feeling the competition that voucher advocates had hoped. In 1998 and 2006, the two years in which the program had structural changes to allow thousands more students to be eligible to receive vouchers, more private school students took advantage of the changes than public school students. The new voucher users tend to already be in private school; 58% of new voucher users in 1998 and 60% in 2006 (see **Chart 2**). In addition, the 124 schools that participated in our census predicted last February they



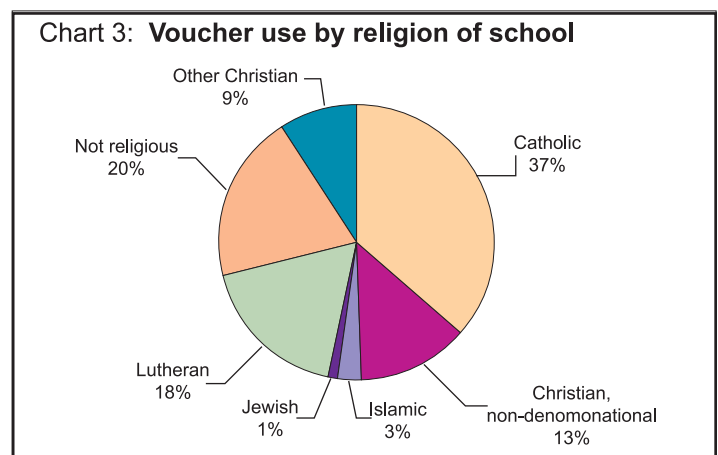
would enroll 25,559 voucher users this year. The actual number of voucher users enrolled was 17,832.

Ranking the schools by the number of new voucher users further illustrates how growth in voucher use does not necessarily equal overall enrollment growth (see **Table 1 on following page**). Harambee Community School, which ranked low in voucher enrollment last year, rose to third this year by enrolling 141 more students and increasing voucher use by 154. On the other hand, Wisconsin Lutheran High School ranked seventh in increased voucher use, with 76 more users, but grew by only five students in total. Jared C. Bruce Academy had the biggest decline in voucher use, with 57 fewer users, and had an enrollment decline of 49 students. Three schools near the bottom of the rankings – St. Philip Neri Catholic School, Hickman’s Academy Preparatory School, and Agape Center for Academic Excellence – seemed to be at risk of losing their tuition-paying populations because their enrollment decline was at least double their voucher use decline.

Religious school growth

Obviously, even students who were in private schools prior to accepting or being eligible for a voucher have made a choice other than MPS. Thus, the competition occurs not just when a parent is made aware of the voucher program or when a family first becomes eligible for a voucher, but when the parent makes a fundamental decision about what type of school is best for their child. Therefore, the voucher itself is not providing competition; data trends indicate that decisions about schooling are not driven by the availability of a voucher, but by something else. We see this in both the data on religious school enrollment and on startup schools.

Voucher enrollment in religious schools that participate in the choice program has grown from 67% of total voucher students in 1998 to 80% of total voucher students in 2006. While Catholic voucher enrollment has declined from 47%



1 This calculation includes only those 111 schools that participated in MPCP in both 2005-2006 and 2006-2007.

Table 1: Change in voucher users 2005-06 to 2006-07, top- and bottom-10 schools

School Name	Year Founded	Years in MPCP	Change in voucher users	Change in total enrollment	Change in payment
Greater Holy Temple Christian Academy	2003	4	188	203	\$1,146,776
St. Anthony School	1872	9	171	131	\$1,015,456
Harambee Community School*	1969	16	154	141	\$941,345
Messmer High School	1926	9	132	28	\$858,132
Atlas Preparatory School	2001	6	113	126	\$716,410
St. Joan Antida High School	1954	9	78	36	\$507,078
Wisconsin Lutheran High School	1903	6	76	5	\$494,076
Urban Day School	1967	17	67	32	\$269,792
The Hope School	2004	3	64	42	\$416,064
Parklawn Christian Leadership Academy	1993	9	62	61	\$384,859
Family Montessori School	1978	11	-10	-6	-\$52,008
St. Rose Catholic Urban Academy	1918	9	-10	-17	-\$59,809
Victory Christian Academy	2001	6	-12	-17	-\$78,012
Ceria M. Travis Academy	1996	10	-13	-15	-\$97,515
Siloah Lutheran School	1962	7	-20	-36	-\$119,618
St. Philip Neri Catholic School	1961	9	-22	-44	-\$133,271
Hickman's Academy Preparatory School	1997	10	-31	-72	-\$214,533
Agape Center of Academic Excellence	1995	11	-33	-211	-\$219,734
Parkside Elementary (Seeds of Health)	2000		-36	0	-\$208,032
Jared C. Bruce Academy	2001	5	-57	-49	-\$349,754

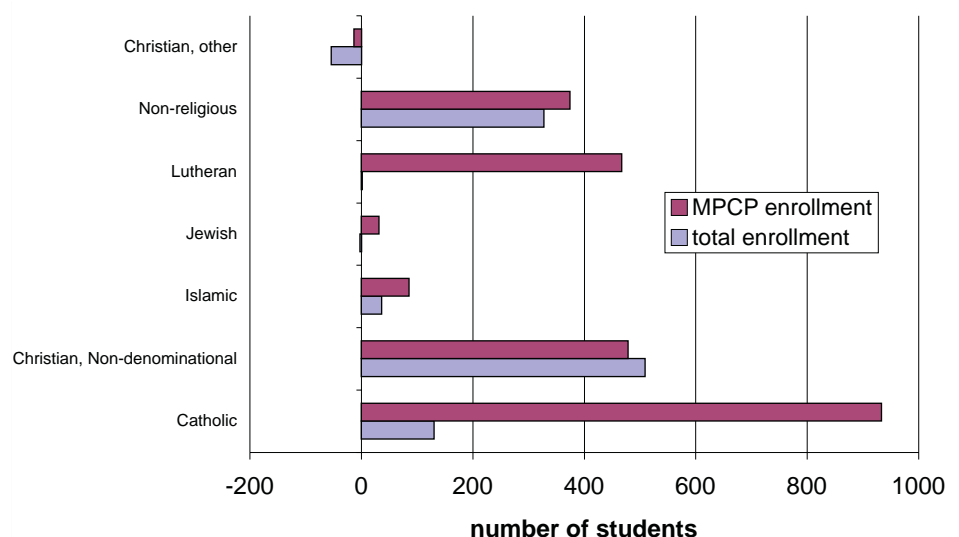
Bold indicates was in top ten for gaining voucher users last year as well.

*indicates was in bottom ten for gaining voucher users last year.

to 37% of total voucher students over these years, Lutheran voucher enrollment has grown from 9% to 18%. Voucher enrollment in all other religious schools has grown from 11% to 26%. Thus, religious schools' popularity among parents continues to grow. Secular schools enroll only 20% of all voucher students, down from 33% in 1998 (see **Chart 3 on previous page**).

Despite the great growth in the number of vouchers used in 2006, the total enrollment of religious schools grew only slightly. These schools had 1,981 more students use vouchers in 2006 than in 2005, but their total enrollment grew by less than a third of that number, 620 students.¹ The number of new vouchers used in religious schools varied by the type of school. As **Chart 4** indicates, in the Catholic and Lutheran schools in particular, new voucher users tended to be students that were already attending these schools. The

Lutheran schools, for example, had 467 more students use vouchers this year, but total enrollment in Lutheran schools grew by only one student.² Only non-denominational

Chart 4: Enrollment change by school type 05/06 to 06/07*


*Chart includes only those 111 schools open and accepting voucher students in both school years.

² This calculation does not include Milwaukee Lutheran High School, which had 164 more students use vouchers this year, because the school did not release total enrollment figures. However, the principal stated that the school uses vouchers to help current students afford tuition, not to attract new students.

Table 2: New MPCP schools, 2006-07

School Name	Total enrollment	Voucher users	Capacity	Predicted voucher users
CrossTrainers Academy	29	28	60	60
Destiny High School	93	86	420	350
Johnson Christian Academy	100	89	76	76
Milwaukee Seventh Day Adventist School	61	44	74	45
New Testament Christian Academy	82	27	135	82
Northwest Lutheran School	153	80	190	71
Teenpreneur #2	79	83	100	100
Travis Technology High School	98	98	200	200
Trinity Christian Academy for Nonviolence	138	129	300	300
TOTAL	833	664	1555	1284

Christian schools had as many new students as they did new voucher users.

The numbers, therefore, indicate that competitiveness differs among types of private schools. When more vouchers became available for use, non-religious schools had growth in both voucher use and new students, while religious schools had much greater growth in voucher use than they did in new students. What does this say about the competitive pressures placed on MPS? One conclusion is that religious schools might not be using the availability of new vouchers as a reason to recruit new students. They might be satisfied to use the vouchers for their current students. If so, lifting the voucher enrollment cap did not seem to provoke an intense competition for MPS students.

Another conclusion is that the demand for vouchers is not coming from dissatisfied MPS students. In fact, the demand for vouchers might come mainly from private school students. That would seem to indicate that the choice to attend private school is made without regard to the availability of a voucher. But if that is the case, why is there a difference between demand for religious schools and demand for secular schools? Perhaps the choice to attend private school is driven less by the rejection of public schooling than by the desire for religious education. Students in religious schools might not be fleeing MPS; secular public schools might not have ever been able to attract them in the first place.

New schools

The two types of schools that offer the greatest competition for MPS, non-religious schools and new start-up schools, show varying degrees of success in attracting students. Schools new to the MPCP in 2006 are shown in the **Table 2**. These schools opened their doors this year with 833 total students, 664 of whom use vouchers. The data cannot tell us whether these 664 students formerly

attended MPS (the voucher application no longer asks students to indicate where they attended school the previous year), but it is at least possible that all these students are former MPS students.

New schools have been the main source of growth in the voucher program for several years. In 2005, the Forum found that 40% of the overall growth in the program since 1999 was attributable to 29 start-up schools. In 2004-2005, 17 new schools accounted for 895 new vouchers; in 2005-2006, 15 new

schools enrolled 412 new voucher users. The nine new schools this year,³ with a total voucher enrollment of 664, again played a significant role in the program's growth. However, these nine schools did not enroll as many students as they might have hoped. New schools this year reported total enrollments ranging from 132% of capacity at Johnson Christian Academy, the only school over capacity, to 22% of capacity at Destiny High School. Most new schools did not enroll as many voucher users as they had predicted. Johnson Christian Academy and Northwest Lutheran School were the only two new schools to enroll more voucher users than they had anticipated. The others ranged from enrolling 98% of their predicted voucher use at Milwaukee Seventh Day Adventist School to 25% at Destiny High School.

The recent trend of a decline in the number of new schools, coupled with these schools' inability to attract as many students as anticipated during a year in which the number of available vouchers increased and eligibility rules for students broadened, calls into question the ability of the voucher program to put enough competitive pressure on MPS to effect change. Start-up schools have lately been the strongest competitors in Milwaukee's education marketplace. If that scenario is changing, as it appears to be, then schools with the most potential to attract MPS students would be established non-sectarian schools.

Non-religious schools

The 22 non-religious schools this year enrolled 4,506 total students, 3,417 of whom used vouchers (76%). This represented an increase of 327 in total students and an increase of 374 in new voucher users. Because the number of new students was nearly the same as the number of new voucher users, it is possible that most of the new voucher users were former public school students. However, the number of total voucher users of these 22 schools was predicted to be 5,977 students. In reality, each school, on

3 The analysis of new schools does not include two schools that opened at the beginning of the 2006-2007 school year but are now closed.

average, is currently enrolling only 54% of the voucher users that had been predicted (see Table 3).

These schools, on the whole, seemed to be better able to use the availability of vouchers to attract students into private schooling. At the school level, however, these schools did not enroll the number of voucher students that originally had been anticipated.

If competition in Milwaukee's education marketplace is uneven, it may be because of schools' recruiting habits, or it may be because the offering of schools is so diverse. Milwaukee's parents can choose among regular or specialty public schools, charter schools, private schools, and even public schools in suburban districts. Thus, the differing MPCP data trends might be a reflection of the numerous and sometimes confusing options parents must wade through as much as a reflection of the competitiveness of voucher schools. That parents make these choices without the benefit of readily available information on private school performance also clouds our ability to accurately judge competitiveness.

Nevertheless, we do have a few measures available that we can use to gauge private schools' competitiveness. Enrollment data allow us to roughly estimate dropout rates among MPCP high schools, while survey data inform us about responsiveness to parents.

Table 3: Voucher use, 2006-07

	Number of schools	Average enrollment	Average voucher use	Average % of predicted voucher users
Religious	89	230	74%	73%
Catholic	36	324	63%	77%
Christian, non-denominational	17	152	87%	72%
Islamic	2	296	87%	82%
Jewish	1	200	65%	47%
Lutheran	26	163	75%	71%
Other Christian	7	174	98%	68%
Non-religious	22	205	74%	54%
New schools	9	92.5	82%	67%

Dropout rates

Urban schools struggle to prevent high school dropouts. MPS has had a graduation rate in the past five years ranging from 66% to 55%, which no one agrees is acceptable. A frequent argument in support of school choice is that private schools are better at taking their high schools students from freshman year through graduation. Due to the growth in the program this year, there are more high school students using vouchers than ever before, and thus we have an opportunity to evaluate that claim.

Eleventh grade experienced the largest growth (43%) in voucher use. The ninth grade saw a 42% increase in voucher users, while twelfth grade had 35% more voucher users this year. In terms of cohorts of students, however, the group of students who used vouchers as tenth graders last year decreased by 59 students in the eleventh grade this

Table 4: High school voucher user cohorts

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
K4	677	831	1,118	1,004	1,030	1,099	1,382	1,420	1,565
K5	776	998	1,177	1,334	1,274	1,371	1,512	1,661	1,786
1	794	955	1,104	1,133	1,266	1,277	1,401	1,519	1,755
2	713	890	991	1,052	1,092	1,272	1,258	1,361	1,552
3	621	739	965	1,013	1,049	1,161	1,309	1,252	1,458
4	587	694	763	991	1,032	1,150	1,223	1,292	1,363
5	507	614	767	790	896	1,049	1,152	1,183	1,396
6	492	642	710	890	854	984	1,126	1,247	1,397
7	427	541	632	754	876	922	1,043	1,132	1,340
8	198	484	523	621	685	978	978	1,003	1,198
9	160	280	409	446	545	560	893	769	1,092
10	104	158	247	393	483	620	677	739	885
11	74	100	152	211	363	465	568	477	680
12	64	62	80	107	179	360	513	380	514
Total	6,194	7,988	9,638	10,739	11,624	13,268	15,035	15,435	17,981

year, a decrease of 8%. This was the only cohort group to experience a decline in students. (All other cohorts grew at rates ranging from 26% for K4 students moving to K5, to 2% for first graders moving to second grade.)

The overall increase in new high school voucher users this year did not eliminate the aggregate dropout rate among voucher users. The aggregate dropout rate for the past six years can be determined from **Table 4 on previous page**. The dropout rate in 2001-2002, that of the purple cohort, was 33%. The rate was 36% the next year for the orange cohort. In 2003-2004, the aggregate dropout rate improved to 12% (pink cohort) and in 2004-2005 there were no dropouts (blue cohort). Last year, the dropout rate declined once more, to 30%. This year's aggregate rate (yellow cohort) is 8%.

Thus, the aggregate dropout rate has varied considerably in the past six years. This aggregate measure is very limited in that it could bear no relation to the actual dropout rate. If all 514 seniors this year were different individuals than the 560 freshman four years prior, the actual dropout rate would be 100% rather than the aggregate 8% rate. For this reason, this aggregate measure is often controversial. However, a similar aggregate rate can be calculated for MPS for comparison purposes. For

2005-2006, using this method resulted in an aggregate MPS dropout rate of 45%, which lends support to the claim that private schools do a better job of retaining students throughout high school.⁴ Parents may be aware of this difference and may be choosing private schools and using vouchers for this reason.

Gathering and using parent feedback

But what if parents are not choosing schools for the reasons the data seem to indicate? What if religion is not a big factor or dropout rates are not important? The choices of parents are assumed to tell us something about the quality of schools and the reasons for those choices are assumed to be the basis for schools' competitive response. If parents want religious schooling, we expect to see more religious schools open or more voucher seats available in existing religious schools. But how do schools gather accurate information from parents about their wants and needs? To oversimplify, what if parents are choosing religious schools because they really want their child to finish high school, not receive religious instruction? How would a school know the difference?

The attempts by a school to gather and use parent feedback indicate the school's attempts to maintain competitiveness. In 2005-2006, we added a battery of questions to our MPCP school administrator survey to ask schools about their parent feedback mechanisms. The questions were developed and analyzed by Dr. Paul Manna of the College of William and Mary.⁵ The first question asked, "Does your school solicit feedback from parents in any of the following ways?" The nine options ranged from somewhat traditional contacts, including sending flyers home with students and meetings with a formal parent group, to more time- and resource-intensive activities like interviewing parents, calling parents at home, or asking them to fill out internet surveys. The next question asked how the school used that feedback to inform school operations; were there "examples where feedback caused administrators or teachers to do any of the following?" The 13 options ranged from relatively small actions like intervening to help an individual student, to more weighty measures, such as hiring or firing staff, creating or eliminating classes, and changing school disciplinary policies.⁶

Table 5: Summary of how MPCP schools seek and use parent feedback

SEEKING FEEDBACK		USING FEEDBACK	
Number of ways	Number of schools	Number of ways	Number of schools
0	7	0	23
1	14	1	14
2	26	2	18
3	28	3	15
4	24	4	11
5	10	5	20
6	9	6	8
4	5	4	5
8	2	8	5
9	1	9	4
	10	0	
	11	1	
	12	2	

⁴ See Milwaukee Journal Sentinel, April 19, 2006: "Milwaukee near bottom for graduation rates" <http://www.jsonline.com/story/index.aspx?id=416956>

⁵ Manna, Paul and Dickman, Anneliese. "Parent feedback and the behavior of private schools participating in the Milwaukee Parental Choice Program," presented at the 28th Annual Research Conference of the Association for Public Policy Analysis and Management, November 2-4, 2006, Madison, Wisconsin.

⁶ We sent the survey in October 2005 to 129 private schools. One school declined to participate and two schools were found not to be in operation, resulting in fully or partially completed surveys for 126 schools, an overall response rate of 98 percent.

Table 6: Ways that MPCP schools seek and use parent feedback

	Number of schools
Seeking parent feedback	
Send flyers home with students	94
Meet with formal parent organizations	82
Mail flyers home	62
Call parents	52
Interview graduating families	40
Interview families leaving before graduation	31
Suggestion box at school	24
Have parent complete internet surveys	17
Email parents	8
Using parent feedback	
Intervene to help a particular student	85
Create extracurricular activities	62
Create classes	39
Reward employee	39
Choose textbooks	37
Hiring decision	35
Change teaching method	29
Change scheduling policies	29
Change student discipline policies	24
Firing decision	19
Sanction employee, short of firing	14
Eliminate classes	12
Eliminate extracurricular activities	9

Table 5 on preceding page shows that, on average, schools used 3.25 methods to solicit parent feedback; 20% of schools used five or more methods and over 33% used fewer than three methods. Overall, the number of methods used varies among schools. Regarding using feedback, however, there is less variance among schools. While the average number of uses was 3.44, the table shows that nearly 44% of schools used feedback in two or fewer ways, and 23% of schools said they did not use feedback in any of the ways listed in the survey. At the other end of the scale, only 14% of schools indicated they use seven or more of the methods queried.

Table 6 breaks out the totals and reveals how the individual items vary. The percentages show that relatively traditional methods of seeking parent feedback tend to be the most popular. The vast majority of schools, 75%, sent flyers home with students and in 65% of the schools officials met with a formal organization representing the school's parents. Other more intensive efforts also were used for many, but not most, schools: 41% have called

parents by telephone, 32% have conducted exit interviews with graduating families, and 25% have interviewed families who leave the school prior to graduation.

Table 6 also shows that parent feedback appears to have consequential impacts in many schools. The most popular use is at the individual level, where 67% of schools reported that parent feedback led the school to intervene to help an individual student. Also notable is that in 49% of the schools, parent feedback led to changes in school extracurricular offerings. In addition, schools indicated that feedback influences personnel matters, such as decisions to reward employees (31% of schools); hire teachers, administrators, or staff (28%), and, less frequently, fire or sanction an employee (15% and 11%, respectively). Parent feedback also appears to influence curricular matters, such as creating classes (31% of cases) and choosing textbooks (29% of cases).

Why is there so much variation among these schools as to seeking and using parent feedback? What school-level factors account for differences in

the willingness of schools to reach out to parents and use the feedback that parents supply? The answers to these questions provide new insights about private schools' market behavior. We found that the two school factors that have significant impacts on schools' behavior regarding parent feedback are the percentage of black students that a school serves and the student-teacher ratio.

By analyzing the statistical relationship between school behavior and school factors, we found that the percentage of African-American students in the schools explained the variation in both the number of methods schools use to seek parent input and the number of ways they use it. Schools with more African-American students were significantly more likely to gather and use parent feedback in more ways. That finding is notable because the percentage of African-American students was the only variable systematically related to both the seeking and using behaviors and may reflect one of the MPCP's key goals, which has been to improve the educational opportunities for African-American students. That does not mean MPCP aims to

serve these students at the expense of others; still, there is evidence that these students' success is an especially high priority in these schools.

The student-to-teacher ratio measure, meanwhile, does not help to predict the number of methods schools use, but it is related to the number of ways that schools use feedback. A larger student-to-teacher ratio is generally associated with schools using feedback in fewer ways, while schools with many more students than teachers are less likely to incorporate parent feedback into their daily operation. This may suggest that these schools face staff or other logistical challenges that limit their ability to incorporate parent feedback.

Further, we found that schools with religious affiliations are actually more likely to use parent feedback once they have it, but that religion did not have a significant effect on whether they are more or less likely to initially seek parent feedback. This finding may help explain why voucher use in religious schools has grown more than in non-religious schools over the years. Perhaps religious schools are more responsive to parents. Interestingly, we found that schools with larger percentages of students using vouchers are significantly less likely to seek parent input but are neither

more nor less likely to use it. Does that mean schools that have successfully captured a large portion of the voucher market no longer need to respond to market forces? Or does it mean that these schools have been successful despite their uninterest in obtaining parent feedback?

Conclusion

Our survey results make clear that even though all private schools are market actors, given their diversity, we cannot expect them all to navigate their markets in the same way. The enrollment data trends confirm that competitiveness among private schools differs. Given that fact, it seems obvious that MPS's ability and desire to compete with them differ as well. Religious schools in Milwaukee are an attractive choice to parents with or without a voucher, but are they truly competition for MPS or do they serve a group of students that would never have chosen public schooling? If the latter, how can their success, if any, be expected to improve outcomes in MPS?