

THE HONG KONG COUNCIL OF SOCIAL SERVICE
Specialized Committee on Elderly Service
Resource Group on Financing of Subvented Elderly Services

Arguments FOR and AGAINST Voucher System

| Concerns | For | Against | Insights for HK |
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| <p>Quality improvement</p> | <p>Competitions bring about improvements in quality.</p> <p>a) Yet, there is still no clear evidence that the U.S. voucher programs have effectively assist students in overcoming achievement hurdles, as evident in the U.S. General Accounting Office (2001) and the RAND Corporation (Gill, Timpane, Ross, & Brewer, 2001) reports.</p> <p>b) In Chile, it was found that each type of school specializes : public schools achieve higher performance with disadvantaged children while private schools produce higher scores with 'high quality' students.</p> | <p>Lack of evidence to prove this claim.</p> <p>a) <i>The U.S. General Accounting Office (2001) found little or no difference between the academic achievement of voucher students and that of public school students</i> in Cleveland, Ohio, and Milwaukee, Wisconsin, the two urban school systems with publicly funded voucher programs.</p> <p>b) In Chile, <i>public schools produce higher quality education as measured by the achievement test scores</i> after controlling for school resources and the type of students enrolled.</p> | <ul style="list-style-type: none"> • U.S. was using the voucher system as a tool to improve the rather poor quality of the public schools at the point of introduction. • In HK, the situation is reverse. The subvented service is providing a high quality services, much better than the private market. |

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| Effect on public (subvented) services | | <p>Vouchers drain tax dollars from public schools and crowd out funding for crucial reforms that can improve public schools.</p> <p>a) \$27.6 million was diverted to vouchers in the first five years of Cleveland's voucher program. <i>These money could have helped reduced class size, prevent dropout, or fund preschool programs in the public sector.</i></p> <p>Besides the funds for vouchers themselves (a maximum of \$2,250 per child), tax dollars went to other expenses such as record keeping and transportation (Oplinger & Willard, 1998).</p> <p>“Voucher system also serve the political interests of the government as it greatly reduced the power and cohesion of personnel in the (public) education sector”(Parry, 1997)¹</p> | <ul style="list-style-type: none"> • Funding for the subvented services will definitely be less than before the introduction of the voucher system. • When the funding source becomes so diverse, and the subvented services are “competing” for the vouchers, their cohesion and bargaining power will be affected. |

¹ Parry T.R. (1997). Theory Meets Reality in the Education Voucher Debate “ Some Evidence from Chile. Education Economics, Dec97, Vol.5, Issue 3, p.311.

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| <p>Increase client choice</p> | <p>Clients are freely to choose from the public and private markets</p> <p>a) There are claims that private schools are selecting students, but there are evidences to prove that this is not true. In a state-mandated evaluation of the Milwaukee voucher program from 1990 to 1995, it was found that students who ultimately enrolled were from very low-income families. (Witte, Sterr, and Thom, 1995)</p> <p>In fact, participating private schools must adhere to anti-discrimination provisions established within their respective states in all the 5 voucher programs,</p> <p>In Milwaukee, Cleveland, and</p> | <p>Greater inequality and segregation as clients with better socio-economic background will demand exclusive services while the needs of difficult or disadvantaged groups are ignored</p> <p>a) Private schools that participate in voucher programs frequently exclude students who have special education needs, disabilities, behavioral problems, poor academic performance, or the wrong religious affiliation. In other words, under voucher programs, the real "choice" belongs to the private schools, not the poor kids.</p> <p>In 1999, Tammy Johnson of Wisconsin Citizen Action claimed that Kids... with learning disabilities... kids who have behavioral problems, kids who have been involved with the juvenile criminal justice system. Those kids get left behind [by school vouchers because] a lot of private schools... don't have to take</p> | <ul style="list-style-type: none"> • Seniors & their carers might not be given real choices, unless some mechanisms to prevent “creaming” and discrimination are provided. These guidelines must be clear and easily accessed by the users. • The SCNAM provides a potential system for this purpose, but improvements on the accessibility and clarity should be made. • There should also be some mechanisms to prevent the “over-charging” effect like the rent vouchers in U.S. |

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| | <p>Florida, voucher students are enrolled in schools on a <i>first-come, first-served basis or through a lottery system; the schools cannot pick and choose among them.</i></p> <p>These <i>guidelines are clear and can be easily obtained by contacting the state education departments</i> in the states where voucher programs exist.</p> <p>The <i>state of Ohio actually provides schools that serve special needs voucher students with extra financial aid.</i> One of Florida's voucher programs specifically serves students with disabilities.</p> | <p>them, so that leaves it for public education to deal with those children. (Fuller & Caire, 2001, p. 10)</p> <p>d) In U.S., the <i>rent vouchers are found to have limited the choice of the low income families. Low-income households in metropolitan areas with more vouchers have experienced faster rent increases than those where vouchers are less abundant.</i></p> <p>In the 90 biggest metropolitan areas, <i>vouchers have raised rents by 16 percent on average,</i> a large effect consistent with a low supply elasticity in the low quality rental housing market.</p> <p><i>Vouchers have caused a \$8.2 billion increase in the total rent paid by low-income non-recipients,</i> while only providing a subsidy of \$5.8 billion to recipients, resulting in a net loss of \$2.4 billion to low-income</p> | |
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| Value for money | <p>Service providers will have the strongest incentive to respond to demands since failure to do so leads to losses or school closure.</p> <p>a) If the voucher program in Milwaukee were to end and the school district were to take in all the participating students, operating costs within the district would rise an additional \$70 million, putting an increased strain on local and state taxpayers (Helgerson & Millen, 2001).</p> <p>Currently, voucher students receive slightly less than two-thirds of what the state and the city of Milwaukee pay to educate students in the public schools.</p> | <p>Vouchers go to clients who do not need them</p> <p>a) In Florida, there is <i>no income limit for students to quality for the A+ voucher program. The voucher thus direct money to many students who aren't poor or haven't been attending public schools.</i></p> <p>A study in Ohio also found that one in three students participating in the Cleveland program were already enrolled in a private school before receiving a voucher (Policy Matters Ohio, 2001).</p> <p>Private production and individual choice will narrow attention to private concerns while sacrificing the goals of public education</p> | <ul style="list-style-type: none"> • If we still want to target the services to those who are not financially viable, probably some kind of means-testing has to go with voucher system to determine the subsidy level, as well as preventing the vouchers go to those who do not need them. |

References :

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