

State Notes

TOPICS OF LEGISLATIVE INTEREST

July/August 2009



Explaining School Choice

By Andrew Saultz, Intern, and Kathryn Summers, Chief Analyst

The school choice movement throughout the United States has grown significantly in the last 20 years. Although the models vary greatly, the focus relies on a belief that schools will improve if families have increased options in where to send their children. Schools of choice models include the option to send students to other public schools in the same district, other public schools out of the home district, charter schools, private schools, or magnet schools. Schools of choice is the broad term that refers to any of these systems that allow for this flexibility.

Recent Trends

According to the National Center for Educational Statistics (NCES), and as shown in Table 1, the percentage of students enrolled in their home public school decreased nationally from nearly 80.0% in 1993 to approximately 74.0% in 2003. At the same time, this decrease in enrollment was accompanied by a shift in chosen public school enrollment from 11.0% to 15.4%. During this 11-year period, church and nonchurch-related private school enrollment each increased by approximately 1.0%. These data clearly show that families are attracted to the idea of schools of choice.

Table 1

Percentage Distribution of Students in Grades 1–12, by Type of School 1993 and 2003		
Type of School	1993	2003
Public, assigned.....	79.9%	73.9%
Public, chosen.....	11.0%	15.4%
Private, church-related.....	7.5%	8.4%
Private, not church-related.....	1.6%	2.4%

Source: U.S. Department of Education, National Center for Education Statistics. (2006). *The Condition of Education 2006* (NCES 2006–071), Indicator 36.

Types of Schools of Choice

According to the National Center on School of Choice at Vanderbilt University, options for school of choice fall into two main categories. The first are schools of choice that are not traditional public schools. This group includes magnet, private, charter, and home schools. These schools account for approximately 40,000 of the 133,000 schools in the United States, or about one third.

The National Center on School of Choice describes the second group of schools of choice programs as those that allow students to attend a traditional school in a district in which they do not live. This group includes open enrollment, school transfers, vouchers, and tax credits. Forty-seven states have some kind of open enrollment policy; all 50 have the school transfer option under the No Child Left Behind (NCLB) Act when a school fails to make adequate yearly progress in educational standards for two or more consecutive years. Nine states offer publicly or privately funded vouchers and seven states offer tax credits.



Specific Schools of Choice Options

Magnet schools are public schools that are designed to focus on one or more particular subjects. Examples include math and science magnet schools and magnet schools focused on the arts. Based on their specialization, these schools typically draw from a larger geographic base than other schools do. Some advocates of magnet schools point out that these schools are typically economically and racially diverse. According to the United States Department of Education, magnet schools are more racially diverse than their traditional counterparts, but have fewer students who are eligible for free or reduced-price lunch programs. Students who attend magnet schools are usually from multiple neighborhoods and districts. By the end of the 2001-2002 school year, more than 3,100 magnet schools operated throughout the country according to NCES. In the 2006-2007 academic year, Michigan had 420 magnet schools, which was the highest number for any state.

Charter schools are publicly funded schools that have an agreement with the local or state government on how the school will function. These schools typically have more flexibility with the curriculum, school day, and labor contracts. A formal charter that outlines the specifics of each charter school is required before it gains approval to operate. These schools are usually organized by parents, educators, private organizations, or community groups that look to this model as a way of providing more autonomy and innovation than may be afforded by a traditional public school. According to the Center for Educational Reform, as of April 2005, about 3,400 charter schools operated nationwide and 40 states and the District of Columbia had passed charter school laws. In Michigan, 229 charter schools operated during the 2008-2009 school year.

Open enrollment allows families to send students to another school inside or outside of the district in which they live. Under the No Child Left Behind Act, states must provide alternatives to students who are attending schools that continue to fail to make adequate yearly progress (AYP). Currently, 47 states have some form of both intradistrict and out-of-district open enrollment. All 50 states have some transfer option for students as required by the NCLB Act. Michigan's open enrollment is described below.

Vouchers are public or private payments, or a combination, to parents to cover the cost of educational expenses. Most voucher programs provide reimbursement payments to cover the cost of private school. According to the Center for Educational Reform, by the 2008-2009 academic year, nearly 80,000 students across the country in more than 75 programs used some type of private K-12 scholarship. Tax credits are offered in a number of states as a way of offsetting private school tuition cost through tax deductions or credits. Currently, nine states offer some type of tax credit for private school tuition and another seven states are reviewing it as a possibility. Michigan does not offer these types of tax credits or voucher programs.

Michigan's Schools of Choice Program (Open Enrollment)

In Michigan, the State School Aid Act (SAA) allows school districts, following a number of guidelines, to accept students from within the same intermediate school district (ISD) or from other ISDs, without having to obtain the permission of the home district of the student. If a



district chooses to take part in the Michigan School of Choice program as prescribed under Sections 105 and 105c of the SAA (MCL 388.1705 and 388.1705c), then it must follow these guidelines: First, it must publish the grades, schools, and special programs for which it will accept nonresident students. Next, the district must provide notice to the general public that it is accepting applications under Section 105 and/or Section 105c and the dates of the application period. The district also must specify the number of seats that are available through this program. Finally, the district must follow a timeline that is outlined in the SAA. There are different timelines for the limited and unlimited numbers of seats available. Districts are not legally required to provide transportation services to out-of-district students.

In Michigan, school districts that choose to enroll nonresident students receive, for each school of choice student, the lesser of their own foundation allowance or the foundation allowance of the district of residence. Districts may not charge tuition for nonresident students enrolled under Section 105 or 105c of the SAA.

Table 2 shows that the percentage of students who choose to participate in the schools of choice program outside of their resident ISD increased by 123.7% from the fall of 2002 to the fall of 2008. In the fall of 2008, nearly 16,000 students statewide (or 1.0%) were in schools of choice outside their home ISD. The percentage of students participating in schools of choice within their resident ISD rose 85.6% over the same time period, and accounted for nearly 4.0% of the statewide student population by the fall of 2008. The percentage of students attending charter schools increased by 55.5% over the six-year period, accounting for 6.5% of the number of students statewide. In total, more than 11.3% of Michigan's students (more than 183,000) attended school not in their resident district, but used schools of choice in another district within the home ISD, in another district outside the home ISD, or at a charter school. This is a 69.4% increase over six years.

To put these percentages in perspective, Table 2 also shows an estimated dollar value for the schools of choice program. Using an average per-pupil foundation allowance of \$7,500, nearly \$1.4 billion went to supporting educational choice. More than half of that amount went to charter schools, about one-third supported students enrolling in schools within their resident ISD, and the balance supported students enrolling in school districts outside their resident ISD. As a side note, the State's school population declined by more than 100,000 pupils, or almost 6.0%, between the fall of 2002 and the fall of 2008, resulting in reduced State spending of more than \$755.0 million.

The trend both within the State of Michigan and nationally is for people to want schools of choice. The data support the notion that this is an increasingly popular educational choice with families. However, as shown above, there is a cost to school choice programs, as districts whose resident students choose other educational options experience reduced funding, in addition to any losses due to declining enrollment.

State Notes
TOPICS OF LEGISLATIVE INTEREST
 July/August 2009



Table 2

Michigan Students Enrolled in Schools of Choice Programs and in Charter Schools from Fall 2002 to Fall 2008				
Sec. 105, 105c, and Charter School Students	Fall 2002	Fall 2008	Change: Fall '02 to Fall '08	Fall '08 Estimated Dollar Value
Number of Students Enrolled Outside the Resident ISD	7,080	15,838	8,758	\$118,785,000
Percent of Students Enrolled Outside Resident ISD	0.4%	1.0%	123.7%	
Number of Students Enrolled Within the Resident ISD	34,158	63,393	29,235	\$475,447,500
Percent of Students Enrolled Within the Resident ISD	2.0%	3.9%	85.6%	
Number of Charter School Students	66,986	104,127	37,141	\$780,952,500
Percent of Students in Charter Schools	3.9%	6.5%	55.4%	
Total Number of Choice Students	108,224	183,358	75,134	\$1,375,185,000
Percent Using Choice (Charters and School Districts)	6.3%	11.4%	69.4%	
Total Students Statewide	1,713,165	1,612,425	-100,740	(\$755,550,000)

Source: Center for Educational Performance and Information and Senate Fiscal Agency estimates