

# The Cost-Effectiveness of Wisconsin's Private School Choice Programs

This report compares the cost-effectiveness of public schools and private schools in Wisconsin's private school choice programs (PSCP). Using conservative assumptions that rely solely on data from the Wisconsin Department of Public Instruction (DPI), it presents a Cost-Effective Index showing a significant advantage for PSCP schools.

## Highlights:

- Private schools in the Milwaukee Parental Choice Program are **89% more productive** than schools in the Milwaukee Public Schools.
- Private schools in the Racine Parental Choice Program are **92% more productive** than public schools in the Racine Unified School District.
- Private schools in the statewide Wisconsin Parental Choice Program are **42% more productive** than public schools outside of Milwaukee and Racine.

Advantages exist even when recently approved higher payments are considered.

The findings reinforce a 2019 study by Corey DeAngelis, Ph.D., a scholar whose research has appeared in *Social Science Quarterly*, *School Effectiveness and School Improvement*, *Educational Review*, and *Peabody Journal of Education*.

## THREE PSCP PROGRAMS EVALUATED

More than 90 percent of PSCP students participate in three programs: the Milwaukee Parental Choice Program (MPCP); the Racine Parental Choice Program (RPCP); and the statewide Wisconsin Parental Choice Program (WPCP). (A fourth, the Special Needs Scholarship Program, is not addressed here.)

These programs have experienced steady growth. The number of participating private schools has grown 73% since 2016-17. Student enrollment in that period is up 49%. *See Attachment A.*

Income eligibility provisions limit participation to families with income at or below 300% of the Federal Poverty Limit (MPCP and RPCP) and families with income at or below 220% of the Federal Poverty Limit (WPCP). Most comparisons in this report are between PSCP students and public schools' students from all income levels.

## METHODOLOGY

Substantial data is available to assess and compare the cost-effectiveness of Wisconsin public schools and private schools in the state's choice programs. The data allows for public-private comparisons that would not be possible in most, if not all, other states.

The data comes from the state's Department of Public Instruction (DPI), an agency that is not favorably disposed to

private school choice. There is, thus, no 'pro-school choice' bias in the data.

The following describes the methods used in (a) calculating cost-effectiveness and (b) comparing the productivity of schools and school districts.

## Three Measures of Effectiveness

- 1. DPI Report Cards.** DPI Report Cards are the principal measures of effectiveness used here. Per DPI, the scores reflect "data on multiple indicators for multiple years across four Priority Areas (Achievement, Growth, Target Group Outcomes, and On-track to Graduation)." The scores rank public and private choice schools on a scale of 0-100.
- 2. ACT Test Results.** The college-readiness ACT test is an additional measure of effectiveness. Eleventh grade Wisconsin students, including those in PSCP programs, take the test. DPI data allow for comparisons of ACT composite scores of PSCP students and public school students.
- 3. Standardized Test Scores.** PSCP students take the standardized tests administered to public schools students, allowing yet another comparison. The DPI reports the percentage of students scoring at various proficiency levels. This report uses the percentage of students scoring "proficient" and "advanced" as a measure of effectiveness.

## The Cost-Effective Index

This report uses a Cost-Effectiveness Index (CEI) for schools and school districts. It measures the relationship between per pupil revenue (inputs) and DPI Report Card scores (outputs). The following equation illustrates.

$$\text{CEI} = \frac{\text{DPI's Report Card Score}}{\text{Per-Pupil Revenue}/(1,000)}$$

For example, using that formula, a school with a Report Card score of 65 and per pupil revenue of \$12,000 would have a CEI of 5.4 per \$1,000 of revenue. See below.

$$5.4 \text{ per } \$1,000 \text{ of Revenue} = \frac{65}{12 (\$12,000/\$1,000)}$$

The higher the index score, the more productive a school is. So, a school with a Report Card score of 65 and revenue of \$13,000/pupil would have a CEI index score of 5.0 (65/ (13,000/1000)).

## Comparing Productivity

The relative productivity of schools (or districts) is determined by comparing CEI scores. The formula below uses the two examples from above to illustrate. It shows that the school with revenue of \$12,000/pupil is 8% more productive.

$$\frac{5.4}{5.0} - 1 = 8\%$$

## Determining Revenue

As shown above, per-pupil revenue is the denominator in calculating the CEI score. Measures of revenue used in this report are described below. The assumptions used understate actual public school revenue and overstate private school revenue; the resulting CEI scores therefore understate private school cost-effectiveness.

**Public school revenue.** DPI reports public school revenue from four sources: (1) state aid; (2) local property taxes; (3) federal aid; and (4) local non-property tax revenue. In calculating the cost-effectiveness score, this report uses per pupil state aid and local property taxes as the denominator. This conservative estimate of revenue available to public schools also excludes private donations received by public schools.

**Private school revenue.** Revenue for students in choice programs consists mainly of state per pupil payments. Many PSCP schools supplement the state payments with private fundraising. As explained in **Attachment B**, this report uses a conservative estimate that likely overstates the amount of private fundraising. It uses as the denominator (1) the average state payment to private schools and (2) a per pupil estimate of private fundraising.

Table 1 compares per pupil revenue at traditional public schools with estimated per pupil revenue at PSCP schools. Estimated PSCP revenue in 2021-22 was 70% of public school revenue. See **Attachment C** for a graphic depiction of 2021-22 data.

Table 1

School Year	16-17	17-18	18-19	19-20	20-21	21-22
Average Public Revenue	\$11,888	\$12,204	\$12,608	\$13,127	\$14,067	\$14,216
Average PSCP State Payment	\$7,646	\$7,853	\$8,077	\$8,369	\$8,623	\$8,659
PSCP Fundraising Estimate	\$1,093	\$1,123	\$115	\$1,197	\$1,233	\$1,235
Estimated PSCP Revenue	\$8,739	\$8,976	\$9,232	\$9,566	\$9,856	\$9,894
PSCP Revenue As % Of Public Revenue	74%	74%	73%	73%	70%	70%

## Results

Table 2 presents CEI scores for PSCP schools, the Milwaukee Public Schools, Racine Unified School District, and public schools other than MPS and RUSD ("Statewide Public"). **Attachment D** provides a graphic depiction of comparative Report Card scores.

Table 2

	Report Card Score*	Per Pupil Revenue	Cost-Effectiveness/ \$1,000 of Revenue
MPCP	69.6	\$9,894	7.0
MPS	56.8	\$15,388	3.7
RPCP	68.1	\$9,894	6.9
RUSD	50.5	\$13,987	3.6
WPCP	70.7	\$9,894	7.1
Statewide Public	70.4	\$14,219	5.0

\*The Report Card scores are weighted averages that reflect varying enrollment levels.

Table 3 uses the cost-effectiveness scores to calculate the relative productivity of PSCP schools and public schools. Attachment E provides a graphic depiction.

Table 3

	Cost-Effectiveness/ \$1,000 of Revenue	Productivity
MPCP	7.0	89% More Productive than MPS
MPS	3.7	
RPCP	6.9	92% More Productive than RUSD
RUSD	3.6	
WPCP	7.1	42% More Productive than Statewide Public
Statewide Public	5.0	

### Higher State Payments

Governor Evers in June 2023 signed legislation increasing PSCP payments effective in 2023-24. While higher revenue payments will reduce cost effectiveness scores — all else being equal — the estimated impact on the PSCP productivity advantage will be modest.

The average payment in 2023-24 will be \$11,185. Adjusted for inflation in the last two years (Bureau of Labor Statistics, CPI Urban Index), the comparable amount in 2021-22 would have been \$9,995 (compared to the actual average payment of \$8,659).

Table 1 estimates that PSCP schools would have raised \$1,235/pupil in private funds in 2021-22. It is highly unlikely they would have raised that much if the average voucher payment were \$9,995. Assuming they instead raised an average of \$500/pupil (an arbitrary assumption), per pupil revenue would have been \$10,495 instead of \$9,894.

The resulting cost-effectiveness scores (6.61/\$1,000

for MPCP and WPCP; 6.64/\$1,000 for RPCP) remain substantially higher than for public schools. In other words, PSCP schools retain a clear productivity advantage even with increased state payments.

### ACT Scores

Eleventh grade students take the college-readiness ACT test. Despite income eligibility levels, PSCP students consistently outscore public school students from all income levels.

Table 4 presents average PSCP and public school scores for a seven-year period. Highlights:

- In all but one year, the MPCP score exceeded that for MPS students.
- The RPCP score exceeded that for RUSD in all the years.
- The WPCP score exceeded that for public schools' students in all the years.

Table 4

School Year	ACT Composite Scores						
	15-16	16-17	17-18	18-19	19-20	20-21	21-22
MPCP*	17.53	17.22	17.24	16.85	17.43	16.41	16.77
MPS (All Income)	16.52	16.25	16.13	15.52	15.99	16.8	15.84
RPCP*	19.55	19.95	19.37	17.65	18.53	17.07	17.6
RUSD (All Income)	17.67	17.22	16.9	17.12	16.93	16.3	16.52
WPCP**	22.47	21.34	20.96	20.59	20.37	19.73	20.37
Statewide All Income (excluding RUSD & MPS)	20.06	20.05	19.8	19.59	19.8	19.1	19.22

\*Eligibility limited to families with income at or below 300% of the federal poverty level.

\*\*Eligibility limited to families with income at or below 220% of the federal poverty level.

## Standardized Test Scores

Table 5 compares the percent of PSCP and public-school students scoring "proficient" and "advanced" on standardized tests (English Language Arts and Math) in 2021-22.

For Milwaukee and Racine, the comparison is with all public school students. The MPCP and RPCP advantage over all public-school students is noteworthy given income eligibility restrictions.

WPCP eligibility is limited to families with income at or below 220% of the federal poverty limit. Table 4 compares those students with low-income students (income at or below 180% of the federal poverty limit) and with all students. WPCP students substantially outperform low-income students and have similar scores to all students.

Table 5

	MPCP	MPS All Income
ELA	20.2%	16.4%
Math	16.1%	10.5%

	RPCP	RUSD All Income
ELA	22.5%	18.6%
Math	19.3%	12.9%

	WPCP	State Low Income (Excluding MPS & RUSD)
ELA	42.1%	25.0%
Math	38.5%	24.3%

	WPCP	State All Income (Excluding MPS & RUSD)
ELA	42.1%	42.5%
Math	38.5%	41.9%

Apart from Table 4, results reported here are for 2021-22. The results are not outliers; they are consistent with results over several preceding years. Data for earlier years are available at [schoolchoicewi.org](http://schoolchoicewi.org).

## Summary

A wide array of data from the DPI allow the cost-effectiveness of public and PSCP schools to be measured. The data allow for public-private comparisons that would not be possible in most, if not all, other states.

Using that data and conservative assumptions, this report demonstrates a clear cost-effectiveness advantage when PSCP schools are compared to public schools.

That advantage, reflected primarily by CEI scores, is supplemented, and reinforced, by comparing scores on (1) the college-readiness ACT test and (2) the state's

standardized tests of academic achievement. *Except where noted, comparisons are between PSCP students and public school students from all income levels.*

The comparisons use revenue estimates that likely understate the PSCP advantage.

The report also estimates the impact of recently approved increases in PSCP payments. It concludes that a significant cost-effective advantage will still exist when the new payments take effect in 2023-24.

## Attachment A

### PSCP Program History

2016-17 through 2022-23

	16-17	17-18	18-19	19-20	20-21	21-22	22-23	Seven Year Average Growth
MPCP Schools #	121	125	129	130	131	129	129	-
MPCP Schools Growth %	3.4%	3.3%	3.2%	0.8%	0.8%	-1.5%	0.0%	1.4%
MPCP Students #	27,975	28,680	28,904	28,951	28,535	28,770	28,958	-
MPCP Students Growth %	1.2%	2.5%	0.8%	0.2%	-1.4%	0.8%	0.7%	0.7%
RPCP Schools #	19	23	26	27	25	27	31	-
RPCP Schools Growth %	0.0%	21.1%	13.0%	3.8%	-7.2%	8.0%	14.8%	7.6%
RPCP Students #	2,531	3,003	3,334	3,649	3,843	3,940	3,935	-
RPCP Students Growth %	19.0%	18.6%	11.0%	9.4%	5.3%	2.5%	0.1%	9.4%
WPCP Schools #	121	153	213	254	280	301	315	-
WPCP Schools Growth %	47.6%	26.4%	39.2%	19.2%	10.2%	7.5%	4.7%	22.1%
WPCP Students #	3,059	4,534	7,119	9,732	12,089	14,452	17,079	-
WPCP Students Growth %	21.3%	48.2%	57.0%	36.7%	24.2%	19.5%	18.2%	32.2%
Total Schools #	208	237	280	313	333	347	360	-
Total Schools Growth %	7.8%	13.9%	18.1%	11.8%	6.4%	4.2%	3.7%	9.4%
Total Students #	33,565	36,217	39,357	42,332	44,467	47,162	49,972	-
Total Students Growth %	3.9%	7.9%	8.7%	7.6%	5.0%	6.1%	6.0%	6.5%

## Attachment B

### PSCP Private Fundraising

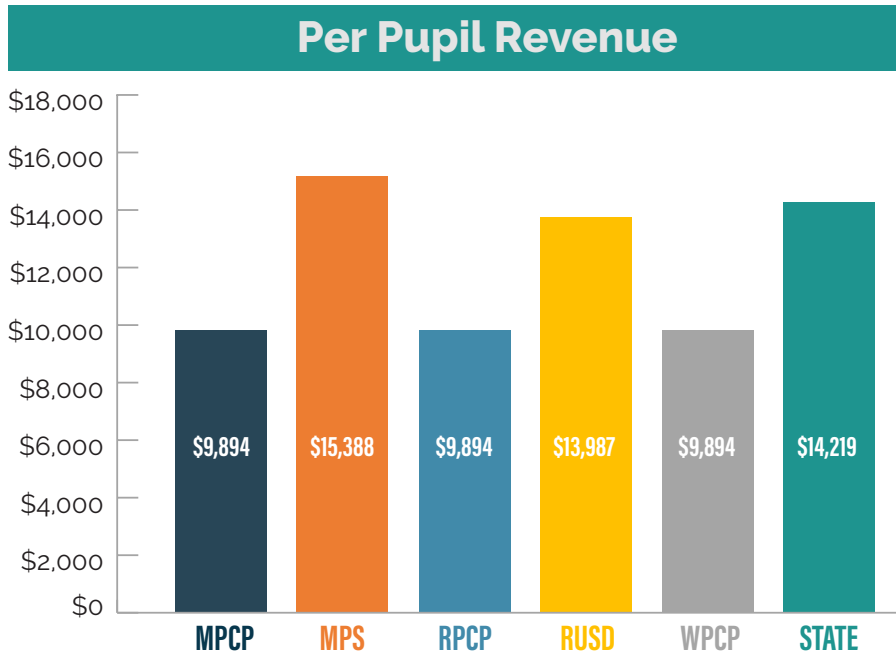
Table 1 assumes per pupil private fundraising equaled 14.3% of the average voucher amount for the years 2016-17 through 2021-22. This is an estimate. There are no data available on actual private fundraising.

The basis for the estimate are data from state-required CPA audits. For the latest year data are available (2020-21), the audits showed that schools enrolling 58% of PSCP students had an average per pupil spending of \$9,894. That exceeded the average state payment in 2021-22 by \$1,235, or 14.3%. Schools would need to have raised private funds to account for the difference.

Schools with 42% of PSCP students had an average per pupil spending LESS than the average state payment. Therefore, the 14.3% estimate overstates private fundraising. It is used in this report as a conservative proxy of revenue available to PSCP schools.

## Attachment C

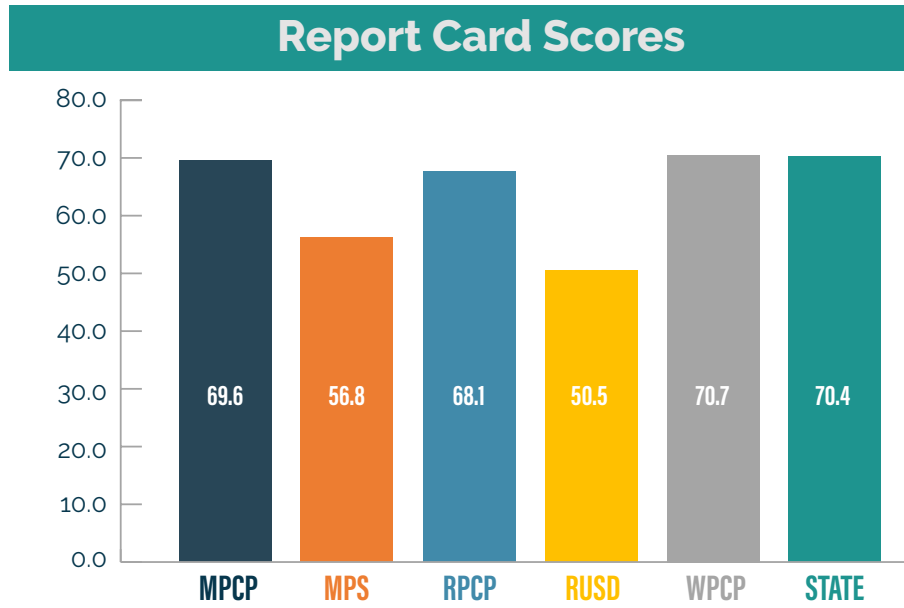
### 2021-22 per Pupil Revenue Comparisons





## Attachment D

### 2021-22 State Report Card Comparisons



## Attachment E

### 2021-22 Cost-Effectiveness Index Comparisons

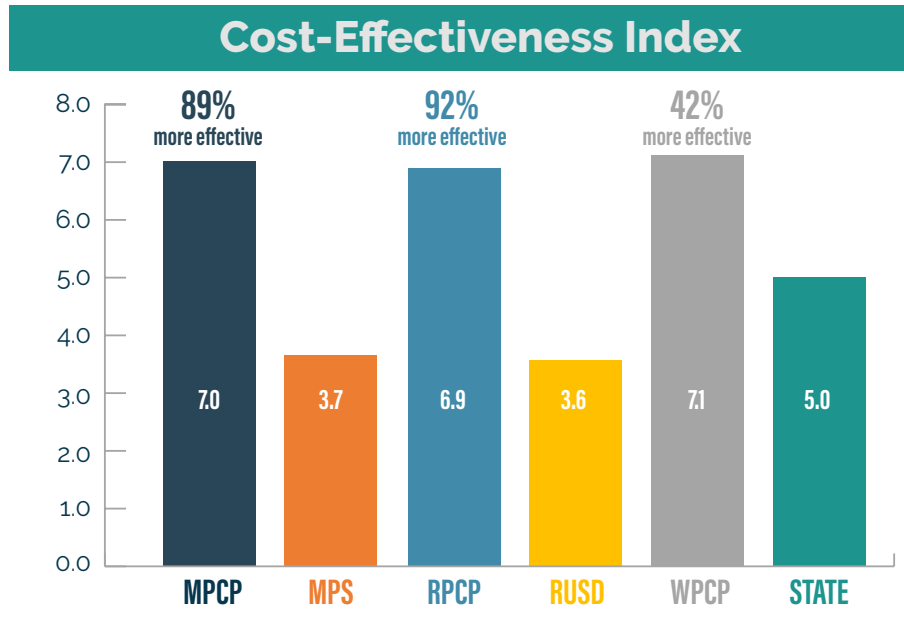


Figure 3

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