

# A real education revolution will need (yes, you guessed it...) vouchers

Julie Novak



The big education talk started before the 2007 federal election. The opposition, led by Kevin Rudd, said in a discussion paper: 'Australia needs nothing less than a revolution in education.'

Certainly, since November 2007 the Rudd government has thrown more taxpayer resources into school education. But far from being a revolution, however, these measures basically amount to a continuation of policies pursued by previous federal and state governments. This year a \$14.7 billion 'Building the Education Revolution' scheme was tacked on to the government's main education plans.



With reports of governments paying double the industry rate for school halls, the school stimulus fiasco seems to confirm American economist Gordon Tullock's hypothesis that the private sector on average pays half the cost of providing comparable government services.

The underlying problem is that the Rudd education revolution rests on continuing the already heavy degree of centralised government control over education.

But for a real education revolution, governments can look no further than voucher funding that seamlessly follows the student to a government or non-government school of choice.

With students receiving sufficient funds to cover their education costs, a voucher removes in one fell swoop the grab-bag of archaic and often discriminatory existing school funding programs.

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One of the other aspects of vouchers that are increasingly hard to ignore is that it can be a most powerful tool to overcome educational disadvantage.

If a voucher system is weighted with more funds for students from low-income families, indigenous students or students with disabilities, then parents of children from these groups can take their children out of failing schools and place them in high-achievement schools.

Far from being in the realm of theoretical fantasy, vouchers are mainstream policy in more than 30 countries. There is also sufficient evidence from these countries that voucher schemes work.

Vouchers, together with supply-side reforms, have greatly expanded choices for students in a wide variety of places such as Sweden and the American cities of Cleveland, Milwaukee and Washington, DC.

Developing countries such as Bangladesh, Cote d'Ivoire, Colombia and Guatemala are also using vouchers in an effort to improve educational outcomes for the disadvantaged.

They also have been shown to improve the academic performance of students. Students receiving a voucher have recorded improvements in literacy, numeracy and science test scores in the US. Importantly, students who remain in their original schools also have registered test score gains. This is because all schools have a greater incentive to improve their educational packages to maintain their enrolments.

Studies have shown that vouchers effectively have serviced disproportionate numbers of disadvantaged students in the US. These have included children from African-American and Latin-American backgrounds, and from low-income and single-parent families. With students observed to register academic

improvements in a voucherised environment, this funding reform promises to redress educational disadvantage in ways that previous efforts have failed to do. There is also little doubt that vouchers come with a big tick of approval from parents, as evidenced by surveys in several countries.

Accepting that vouchers can make a difference, the next question to ask is how much would it cost? The Institute of Public Affairs estimates that a national school voucher could initially cost at least \$700 million a year, depending on voucher design.



For example, an effective approach that groups targeted vouchers for indigenous students and students with disabilities together could cost governments an initial \$2 billion.

This funding commitment is based on present enrolments and the removal of the funding discrimination between government and non-government schools.

However, vouchers have the prospect of delivering cost savings in the long run as schools discover new ways to deliver education more efficiently. So, for less than the Rudd government's education revolution, a voucher could be introduced to spur excellence in schooling.

To improve our education system even further, governments need to think outside the existing funding paradigms. For Australia to introduce a school voucher would represent nothing short of a revolution in how we fund students.

**A Real Education Revolution: Options for voucher funding reform** is available at [www.ipa.org.au](http://www.ipa.org.au)