Maryland’s BOOST Is Promising, but More Work Is Needed

By Russell Rhine

EXECUTIVE SUMMARY

In 2016, Maryland’s educational freedom ranking rose to 46th place—above New York, Hawaii, California, and New Jersey—from 50th in the Cato Institute’s Freedom in the 50 States index. The improvement was due to the state’s adoption of the Broadening Options and Opportunities for Students Today (BOOST) voucher program that helps pay K–12 private school expenses for low-income households. Since Maryland does not offer interdistrict or intradistrict school choice, the addition of vouchers has significantly improved its level of educational freedom.

Private school vouchers remain controversial. Voucher supporters argue that more school choice increases the likelihood of finding a school that best accommodates children’s individual educational needs, whereas opponents suggest that vouchers redirect public school money and subsidize private school tuition for well-off families. Opponents further claim that students do not benefit academically.

BOOST was designed to address many of those concerns. Because the voucher’s cost is less than the marginal cost of educating a student in a public school, the voucher program actually strengthens public school finances; from 2016 to 2019, BOOST netted nearly $6 million in budgetary savings. Because eligibility is dependent on the student qualifying for free or reduced-price meals, vouchers are only available to low-income families. And although more than half of voucher recipients were already attending private school, most of the funding went to transferring public school students, who qualify for much larger awards.

Families’ educational preferences and children’s needs vary, and one-size-fits-all government institutions often fail to provide the desired education in the most appropriate setting. Empowering parents and children to choose private options over their neighborhood public schools lets them decide what they value in education.

Compared to other states’ voucher programs, Maryland’s is on the lower end of student participation and budgetary savings, but it is not at the bottom. Average BOOST spending, excluding the budgetary savings from reduced public school enrollment, amounts to less than one-tenth of 1 percent of Maryland’s elementary- and secondary-school budget. BOOST clearly has room to grow. With three years of program experience and applying lessons learned, expanding BOOST would better serve Maryland taxpayers and children.

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After 16 years as the nation’s worst state at offering educational options, in 2016 Maryland moved up to 46th, and the improvement is the result of BOOST.

INTRODUCTION

The modern school choice movement began in 1990 with the Milwaukee Parental Choice Program (MPCP). Growing from about 300 students in its first year to nearly 29,000 today, MPCP was the first of the current 27 voucher programs in 15 states, Washington, DC, and Puerto Rico. Almost 200,000 American students now use publicly funded private school vouchers.

Vouchers are controversial. Many proponents argue that children who have special needs, are enrolled in underperforming schools, or are from low-income families should have access to schools that best serve their needs, even if those schools are private. Opponents claim that voucher subsidies benefit only savvier low-income households and a few better-off families at a cost to the roughly 90 percent of all school-age children who attend public schools and that voucher students do not actually benefit academically from private schooling. Even though dozens of individual studies indicate that the positive effects of vouchers outweigh the negative, the debate continues. A 2017 literature review states that “in some settings, or for some subgroups or outcomes, vouchers can have a substantial positive effect on those who use them,” but the authors stop short of recommending that vouchers be widely adopted and instead state that further research on broad school choice is warranted.

Legal challenges in many states have slowed or prevented the expansion of vouchers and other school choice programs. Many state constitution Blaine amendments—named after 19th century U.S. Sen. James G. Blaine of Maine—prohibit government funding, even indirect, for religious schools. These amendments originally targeted Catholic schools but today apply to all schools of faith. In 2002, the U.S. Supreme Court ruled in Zelman v. Simmons-Harris that vouchers used for private schools do not violate the federal Constitution, but the court has not fully addressed the constitutionality of the state-level Blaine amendments. Justices have heard them challenged in Espinoza v. Montana Department of Revenue in the 2019–2020 term. That case addresses the constitutionality of a scholarship tax-credit program—a program that allows scholarships funded through tax-credit-eligible donations to be used at religious schools—but it might also bring more clarity to voucher programs.

Maryland’s constitution does not have a Blaine amendment, yet advancement of school choice in the state has been extremely slow. That said, after 16 years as the nation’s worst state at offering educational options, in 2016 Maryland moved up to 46th—above unchanged ratings for New York, Hawaii, California, and New Jersey—from 50th in the Cato Institute’s Freedom in the 50 States index. The improvement is the result of the state’s adoption of the Broadening Options and Opportunities for Students Today (BOOST) voucher program, signed into law and implemented in the fall of 2016.

The Freedom in the 50 States index dates to 2000 and measures various aspects of a state’s legal, fiscal, and regulatory environment. Maryland’s overall freedom rating, measured across 23 different dimensions, has remained in an unimpressive range of 45th to 48th since 2000. Maryland’s education ranking has been at the very bottom for all but one year.

The implementation of BOOST, while limited in size and scope, is a step in the right direction for Maryland families and children. It offers some families the opportunity to enroll their children in schools that better fit their unique interests, gifts, and challenges. BOOST vouchers are used in 21 of Maryland’s 23 counties as well as Baltimore. However, because of BOOST’s small budget, far too many Marylanders are still denied access to publicly funded school choice options.

MARYLAND SCHOOL CHOICE

In 2003, school choice came to Maryland when the state’s first charter school opened. Since then, the number of charter schools in the state has grown to 50, serving about 23,000 of Maryland’s 863,000 public school students. Maryland does not offer intradistrict or
interdistrict school choice; consequently, charter schools have been the only publicly funded alternative to traditional, address-assigned public schools for many students. Applications to attend these highly desired schools exceed openings, forcing student selection into charters by lottery. Annually, about 14,000 applicants are not picked and are placed on waiting lists. Additionally, most charter schools are in the Baltimore–Washington area, making them geographically inaccessible to many Marylanders.

Prior to 2016, Maryland private schools were only available to those who could afford the out-of-pocket cost or through privately funded scholarship programs such as the Children’s Scholarship Fund Baltimore. Private schools are more diverse in their offerings and character than public schools, less bound by regulation, and more dynamic—freer to experiment with curricula and adapt to students’ changing needs.

BOOST vouchers target low-income families. Funds are available to public school students as well as children in private schools and homeschools who qualify for free or reduced-price meals because their household incomes fall below 130 or 185 percent of the federal poverty guidelines, respectively. Each year, priority is given to already-participating BOOST students, children attending public schools, and those qualifying for free (as opposed to reduced-price) meals. The lowest-income families receive first consideration. Awards are distributed in the form of vouchers that are payable to participating private schools and range in value from $1,000 to $4,400, with an additional $1,000 adjustment for special-education students.

Annual state support for BOOST rose from below $4.8 million in its first year to nearly $6.6 million for the 2019–2020 school year, though that amount was less than Gov. Larry Hogan’s $10 million request. Figure 1 presents the percentage breakdown of awards and voucher dollars for the 2018–2019 school year (SY) based on how they qualified (SY2019–2020 data were not available as of the time of this writing). Geographically, all counties except for Garrett and Queen Anne have received vouchers. Over three years, more than half of the BOOST students were in Baltimore and Baltimore County, and in SY2018–2019, that share grew to 60 percent. Most of the funds went to low-income students who previously attended public schools, while students already attending private schools received the highest number of awards.

Even though low-income families benefit, and BOOST spending amounts to less than one-tenth of 1 percent of Maryland’s $8 billion elementary- and secondary-school annual budget, it still has its critics.

### CAN BOOST WITHSTAND ITS CRITICS?

The prevailing arguments against publicly funded voucher programs are that public school funds are diverted to private schools, hurting the public schools; that children from rich families who already have kids enrolled in private schools benefit from the program; that voucher amounts are too low to enable children from low-income families to transfer to private schools; and that voucher students do not benefit, academically or otherwise, from exercising choice. A careful look at BOOST reveals characteristics that address most of these concerns.

### Does BOOST Divert Funds from Public to Private Schools?

Private school voucher opponents argue that underfunded public schools need every penny and that vouchers transfer limited financial resources from public to private schools. The Maryland State Education Association (MSEA), the state’s largest union, says that “whether they are being proposed by President Trump or Governor Hogan, vouchers are a failed shell game that shifts taxpayer dollars from public to private schools.”

While it is true that vouchers are funded by states’ education departments, it is also true that students moving from public to private schools take their education costs with them,
potentially creating net budgetary savings and making students remaining in public schools financially better off. To capture Maryland's net budgetary effect and the effect on individual schools, the total voucher expense must be viewed in relation to public school savings from reduced enrollment and the resulting increase in resources per remaining public school student.

In the short run, public school expenditures can be categorized as fixed or variable costs. Short-run fixed costs do not vary with student population and include capital costs, interest on debt, administration costs, operation and maintenance, student transportation, and other support. Short-run variable costs fluctuate with enrollment, falling when students transfer out of public schools, and include instructional costs, student support, instructional staff support, enterprise operations, and food services. In the long run, all costs are variable, meaning that capital, and other short-run fixed costs, eventually fall with lower enrollments. Even buildings can be expanded, shrunk, bought, and sold in the long run.

Maryland's Department of Education publishes voucher expense data and per-pupil education costs. Using the U.S. Department of Education's Common Core of Data, a 2015 study calculated Maryland's short-run variable costs.
cost at 68.5 percent of total per-pupil education expense. The national average is 64 percent, ranging from 57.1 percent (Wyoming) to 73.9 percent (Rhode Island).

Table 1 presents three years of BOOST data. Maryland reports that in its first year (SY2016–2017), 548 BOOST recipients used their vouchers to transfer from public to private school and that an additional 1,916 nontransfer private school and homeschool students also received vouchers (column 1). The year’s total voucher expense was about $4.8 million ($2.3 million for transferring students plus $2.5 million for nontransfer students [column 2]). Column 3 shows that Maryland spent $14,983 per student on public education, and column 4 shows the rounded variable cost portion was 68.5 percent, or $10,263; unrounded per-pupil variable costs in Table 1 calculations are $10,263 for SY2016–2017 and $10,594 for the following two years. Since variable costs follow the child, for every child that transferred from public to private school, Maryland’s educational expenses fell by $10,263. Multiplying the number of public school transfers (column 1) by the unrounded per-pupil variable cost generates the year’s annual education savings of $5.6 million (column 5). The nontransfer students represent a direct Maryland expense with no corresponding savings. In total, in its first year, BOOST voucher payments cost taxpayers nearly $4.8 million but also reduced educational expenses by $5.6 million, netting a one-year budgetary savings of $855,119 (column 6).

Over three years, public school transfers

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<td>Public school transfers</td>
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<td>681</td>
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<td>810</td>
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In total, voucher payments were $15.6 million and Maryland’s Department of Education costs were reduced by $21.4 million, resulting in $5.8 million in net savings.\textsuperscript{18} These savings are not surprising; a 2018 study found that 16 voucher programs have produced more than $3 billion in net savings through 2015.\textsuperscript{19}

Annual public school funding might remain relatively stable despite declining enrollment and expenses. If this occurs, the savings still exist, but they are passively reinvested back into the schools. The result is smaller public school classes and higher per-student spending.\textsuperscript{20}

Does BOOST Benefit Rich Families with Children Already in Private Schools?

Writing about vouchers, the MSEA states that “the facts show that such programs overwhelmingly help students already in private school.”\textsuperscript{21} This argument has two components. The first is the implication that the rich benefit. The second is that it is unfair that people with children already in private schools receive funding.

Dispelling the idea that the rich benefit from BOOST is easy. BOOST, like most voucher programs, is specifically designed to help low-income families. To ensure that high-income families do not receive vouchers, students must qualify for the federal free or reduced-price meals program, which is targeted at low-income families. As a result, the average household income for all SY2018–2019 BOOST families was only $30,059.\textsuperscript{22}

Figure 2 shows that household earnings of private school students receiving vouchers are higher than those transferring from public schools. But, as previously mentioned, public school students receive funding priority, and private school families who receive vouchers are not rich. Private school awardees’ average household income of $25,561 and $45,714, for free and reduced-price meals, respectively, falls far below Maryland’s 2017 median household income of about $81,000.\textsuperscript{23}

The second objection is that taxpayers will pay for the tuition of students already attending private schools and that these students presumably are from families with enough money that they do not need assistance. It is true that if families, through financial sacrifice or other means, managed to send their children to private schools prior to receiving BOOST, they are still permitted to apply for BOOST aid. However, award amounts for students already attending private schools are much lower than those for students planning to transfer from public to private schools ($1,000 to $1,400 versus $3,400 to $4,400), and all are subject to the previously mentioned federal poverty income limits.

Are BOOST Voucher Amounts Too Low to Enable Children from Low-Income Families to Transfer to Private Schools?

MSEA asserts, without any supporting argument, that “private school voucher programs do not help low-income students escape failing public schools.”\textsuperscript{24} More to the point, the National Center for Learning Disabilities argues, “The amount of money awarded to families—whether upfront through vouchers or ESAs or months later through tax deductions and credits—is rarely sufficient to cover the full cost of private school tuition and fees. . . . When that difference is thousands of dollars, it means the voucher, ESA, or tax incentive really just functions like a coupon for parents who can already afford to send their child to a private school.”\textsuperscript{25} Those claims do not stand up to scrutiny.

When surveyed, only 6 percent of SY2017–2018 BOOST families who did not participate in the program the following year attributed it to cost or insufficient financial aid. Further, many students receiving BOOST vouchers also received other forms of financial aid. As a condition of receiving voucher payments, schools are not permitted to substitute BOOST funds for other aid. Maryland reports that of the 1,410 voucher students who attended the same private school for SY2017–2018 and SY2018–2019, 87 percent received additional aid from the private school or other
organization annually averaging $5,189 and $5,475, respectively. Combining BOOST vouchers with other aid increases private school affordability for low-income families. Many private schools routinely provide financial aid. However, some families may not have known this and, consequently, might not have applied for BOOST voucher funds, believing that private school would remain prohibitively expensive. If that occurred, it is an informational shortcoming, not a program-design flaw.

Do Studies Show That Voucher Students Perform Worse Academically Than Students Remaining in Public Schools?

MSEA claims that vouchers are harmful not only because they misdirect funds but also because they leave students worse off. “Study after study shows voucher programs fail to boost the academic achievement of participants—and often make it worse,” according to the teachers’ union. This is a complex issue because it is impossible to know the counterfactual—how individual
Research indicates that a competitive effect from school choice programs causes students’ test scores in affected public schools to improve.

Moreover, though the MSEA criticism focuses on “academic achievement” (typically measured by standardized test scores), there are other important reasons that low-income families would want to send their children to private schools. Some examples include the following:

- a safer environment
- more discipline
- smaller class size
- curriculum specialization (e.g., STEM)
- special needs (e.g., students with dyslexia)
- a more convenient location
- a favorite teacher
- better arts, sports, computer facilities, or other area of schooling
- greater formality (e.g., uniforms)
- religious component
- after-school programs
- joining beneficial social networks

Families vary in why they want to send their children to different schools, and assuming a specific reason, such as getting higher test scores, and then concluding a program has succeeded or failed based on that reason condemns a program even if it is providing what it should: a good education as determined by families. It also ignores the fact that providing options is itself a huge benefit to many families and children and a laudable education policy goal.

**CHOICE AS A GOAL**

People generally prefer controlling the things that affect their lives. Whether the decisions are trivial (e.g., clothes, food, haircut, etc.) or life altering (e.g., career path, spouse/partner, home type and location, etc.), individuals prefer autonomy to a government mandate. Even when the implications of making the “wrong” choice are severe, such as marrying the wrong person, surrendering the decision to government or some other decisionmaker is generally unthinkable. The same holds true for decisions about the welfare of minor children; parents, who generally know their kids the best and love them the most, often wish to remain in charge of matters affecting their children.

Additional education options should always be welcomed, especially when offered to families who would otherwise have no available alternatives and whose children might be attending underperforming schools or require a nontraditional learning environment. BOOST, like all publicly funded school choice, is voluntary. Families happy with their neighborhood public schools need not participate. But with it, those children who are not having their educational needs met can try different schools. The more options, the more likely it is that a child will find a school that fits any unique and changing needs.

Also, as previously mentioned, it is probable that all K–12 students—even nonchoice participants—benefit from more options because, broadly speaking, additional consumer choice increases competition, pressuring providers to produce better services at lower costs and to adjust to changing preferences quickly in order to retain and attract new customers. Without competition, industries stagnate. Since almost 90 percent of K–12 students attend “free” public schools, public school systems have historically faced little competition. Functioning largely as monopolies, there has been little incentive to innovate or improve efficiency. Choice helps some students move to better-fit schools but also benefits nonparticipating children through competitive pressure on all schools, public and private.
RECOMMENDATION FOR EXPANDING EDUCATIONAL OPTIONS IN MARYLAND

While greater access to education options is always preferable, the best institutions to produce choice are local. Whether they are governments, religious organizations, or other community interests, local institutions are better suited to design educational programs to meet their region’s unique characteristics and needs than distant policymakers. With BOOST now established and three years of data available, Maryland can work with local institutions and study the program’s effectiveness, tweak it if necessary, and expand it so that it provides more children with school options.

A 2018 study analyzed the aggregate budgetary impact of 16 voucher programs from their inception through SY2014–2015 in nine states and Washington, DC.30 The analysis isolated the variable education costs of students transferring out of public school and offset it with the voucher expense to generate net budgetary savings. Programs in Maine and Vermont were excluded because of their unique mission; since the 19th century, their purpose has been to fund private education in rural areas that have no public option. Additionally, Maryland, New Hampshire, North Carolina, and Arkansas were excluded because of insufficient data on what were all new programs.

Figure 3 shows voucher participation and budgetary savings for nine states and Washington, DC, for SY2014–2015 from the study and for Maryland for SY2018–2019 from this paper’s analysis. Maryland is on the lower end of both. Ohio served the most students and Florida saved the most money, while Mississippi served the fewest children and Utah saved the least money. Wisconsin and Florida have similar student participation levels, but Florida saved taxpayers $190 million more than Wisconsin in one year alone. Indiana and Georgia saved slightly more than $30 million each, yet Indiana served more than seven times the number of students. The wide range does not necessarily capture variations in program quality; it might be due to differing missions, program design, or funding levels.

The three states with the biggest voucher programs—as measured by the number of vouchers relative to the population below age 18—are Wisconsin, Indiana, and Ohio at 2.1, 1.9, and 1.2 percent, respectively.31 Maryland’s ratio amounts to only 0.2 percent, which leaves ample room for BOOST to grow. To bring Maryland closer to the top participating states, expanding BOOST by 16,000 vouchers—approximately 3,200 per year over five years—would roughly match Ohio’s 1.2 percent.

The corresponding benefits from the expansion would include the following:

- Annually helping an additional 16,000 children from low-income families meet education costs at a better-fit school;
- Reducing public school enrollment, or slowing its growth, which would likely increase per-pupil spending for the remaining students; and
- Annually saving Maryland taxpayers an additional $11.5 million ($2.3 million per year × 5 years) once the expansion was complete.32

A gradual, predictable increase in voucher quantity would give Maryland’s private schools the necessary time to expand their capacity to accommodate anticipated enrollment growth. Still, beyond the five-fold increase, further BOOST expansion, and the introduction of new, tailored programs to meet Maryland’s unique characteristics and educational needs, might be necessary. Wisconsin’s high 2.1 percent participation rate may be a bellwether for Maryland and other states. At more than 10 times BOOST’s 0.2 percent rate and nearly twice that of the suggested 1.2 percent rate, Wisconsin data suggest that America has a significant unmet demand for affordable private schools.
CONCLUSION

A one-size-fits-all approach to schooling ignores the benefit of school specialization, the value of private-sector experimentation, and the uniqueness of every child. Maryland policymakers, realizing that many low-income children were not reaching their potential because of their educational environments, created the BOOST voucher program. Annually, more than 2,000 vouchers assist parents in placing their children in more suitable schools. Still, because of choice opponents’ aggressive lobbying and misconceptions about the effects of school choice, combined BOOST and charter-school enrollment is limited to about 25,000 children statewide—less than 3 percent of Maryland’s school-age students.
A one-size-fits-all approach to schooling ignores the benefit of school specialization, the value of private-sector experimentation, and the uniqueness of every child.

NOTES

1. Maine and Vermont have voucher programs dating back to the 1800s that only apply to children living in districts that do not operate any public schools.


12. Salmon, BOOST December 2018; Karen B. Salmon, Joint Chairman’s Report—BOOST December 2017 (Baltimore: Maryland State Department of Education, December 31, 2017); Karen B. Salmon, Joint Chairman’s Report—BOOST December 2016 (Baltimore: Maryland State Department of Education,

13. Salmon, BOOST December 2018, p. 3.


18. Per-pupil costs for school year 2018–2019 were not available at the time of this writing, so school year 2017–2018 costs are used to estimate annual savings from students transferring out of public schools for both years.


30. Luken, Fiscal Effects of School Vouchers.


32. School year 2018–2019 budgetary savings were nearly $2.3 million for 3,136 vouchers (see Table 1). Assuming a similar ratio of public school transfers to nontransfers, a five-fold increase in vouchers would result in a five-fold increase in savings.