

Mader, Nicholas S. (2010). *School Choice, Competition and Quality – Evidence from the Milwaukee Parental Choice Program*.

Abstract

Recent trends in education reform have reawakened the question of whether competition in education markets can induce schools to improve their academic quality, particularly those serving the lowest-achieving and lowest-income students. This dissertation draws evidence from Milwaukee Parental Choice Program, the largest-scale and longest running-private school voucher program in the United States, using an original dataset constructed of individual families, and public and private schools.

The first essay tests whether student enrolled in schools that face a higher threat show greater-than-average achievement growth. The availability of spatial locations, entry, and the size of competing private schools permits identification of marginal treatment effects for different levels of competitive threat. Heterogeneous responses to competition are estimated according to the number of voucher-eligible students enrolled by each public school. This approach finds that the marginal treatment effect is decreasing with respect to the scale of competition, and that public schools with high levels of student voucher eligibility—those, by targeting of the program, with the most low-income students—show the least positive response to competition.

The second essay presents a substantial refinement of the first, constructing a measure of competition equal to the expected loss of student enrollment due to changes in the choice environment. Preference parameters underlying household choice of schools are estimated, identifying the margins along which competition may occur, and reflect preference heterogeneity across household race/ethnicity and income types. These parameters are then used to predict how many students would be lost (or gained) to a school as private schools enter, exit and become better established. Tests of the response to competition show effects that are small in magnitude but, in contrast to Essay 1, precise, owing at least in part to the improved measure of competition faced by schools. The same pattern of heterogeneous responses in Essay 1 is reflected here as well, where schools with the greatest numbers of low-income students show the least response to competition.