

## The Lynde and Harry Bradley Foundation and School Choice

“My style was the style of the toddler and the adolescent: fight, fight, fight, rest, get up, fight, fight, fight. No one ever accused me of being pleasant. I made a difference. It was acknowledged by friend and foe.”<sup>1</sup>

—Michael S. Joyce, President of the Lynde and Harry Bradley Foundation

### Part A

#### MILWAUKEE, WISCONSIN, APRIL 1992

Michael Joyce, president of the Lynde and Harry Bradley Foundation, was reading through the decision handed down just weeks before by the Wisconsin State Supreme Court allowing a Milwaukee school choice pilot program to proceed as scheduled. Nearby, on his desk, lay a book, *Politics, Markets, and America's Schools*, by John Chubb and Terry Moe. These two documents—the book and the court decision—represented the twin strategies the Bradley Foundation had pursued in order to promote school choice in America's schools.

Seven years earlier, when the newly founded Bradley Foundation entered the debate surrounding education, Joyce had set the objectives of influencing policy experts, lawmakers, judges, and, down the road, the public. Bradley's ultimate goal was to effect real-world change in the way schools were run and students taught.

That goal had been partially met. For two years Bradley's hometown city of Milwaukee had been conducting a publicly funded school choice pilot program—the first of its kind in the country. But now the program was encountering difficulties. Not enough schools were eligible to participate in the program, and those schools that were participating held little appeal to parents. Joyce understood that what Milwaukee's families needed was a parallel, privately funded program that would expand the range of schools to choose from. But from the beginning of Bradley's involvement in education reform, Joyce had wanted to avoid funding demonstration projects—“work in the trenches,” as his colleague at the Foundation Dan Schmidt called it.<sup>2</sup>

Bradley's strategic efforts in the legal and public-opinion arenas had succeeded beyond expectation. In some ways those strategies were now played out—the objectives had been met.

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<sup>1</sup> Borsuk, Alan J., “Joyce Retiring as Leader of Bradley Foundation.” *Milwaukee Journal Sentinel*, April 12, 2001.

<sup>2</sup> Interview with Daniel P. Schmidt, September 2006.

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Teaching Case Writing Program Director Barry Varela prepared this teaching case under the supervision of Professor Joel Fleishman and Assistant Professor Kristin Goss as a basis for class discussion rather than to illustrate either the effective or ineffective handling of an administrative situation. In addition to footnoted sources, information was drawn from a descriptive case written by Steven Schindler for Joel Fleishman.

Was it time for Bradley to get out of education reform? Or should Bradley try to help save school choice in Milwaukee by taking a new strategic direction and funding a demonstration project?

Michael Joyce would make his recommendation regarding Bradley's future involvement in education reform at the Bradley Foundation board of trustees meeting in June. What should he do?

## THE LYNDE AND HARRY BRADLEY FOUNDATION

Born into a prominent Milwaukee family in 1878, inventor and industrialist Lynde (pronounced "lined") Bradley as young man found employment in an electrical repair shop, taking correspondence courses in electrical engineering. After opening the first X-ray laboratory in Milwaukee and working for the Milwaukee Electric Company and the American Electric Fuse Company, Bradley entered into business for himself with the financial backing of orthopedic surgeon Stanton Allen in 1909. The Allen-Bradley Company offered a line of resistance units, rheostats, crane controllers, and other electronic products.<sup>3</sup> With Allen as president, Lynde Bradley as vice president and treasurer, and Lynde's younger brother, Harry Bradley, as secretary and superintendent, the Allen-Bradley Company grew to become a leading maker of electronics and radio parts. After Allen died in 1916, Lynde Bradley was named president of the company, devoting himself to product research and development while his brother directed the firm's sales, personnel, and finances.

Under the stewardship of Lynde Bradley, Allen-Bradley began making industrial automation products such as motor starters and contactors, registering over \$3 million in sales annually by 1929.<sup>4</sup> When Lynde Bradley died in 1942, his will directed that assets from his estate be used to create a charitable organization. The Lynde Bradley Foundation, renamed in 1958 the Allen-Bradley Foundation, mainly concerned itself with supporting local philanthropic entities such as hospitals and boys' clubs.

After World War II, Harry Bradley increased his political activity, writing frequently for the conservative magazine *The National Review* and becoming an early supporter of the John Birch Society, a far-right organization founded in Appleton, Wisconsin, in 1958. Harry Bradley died in 1965.

In 1985 the conglomerate Rockwell International purchased the privately held Allen-Bradley Company for \$1.651 billion. The purchase increased the value of the Allen-Bradley Foundation from \$14 million to more than \$290 million, and the organization changed its name again, to the Lynde and Harry Bradley Foundation. With the sudden infusion of funds, the Foundation set about redefining itself. The board of trustees decided that, while the Foundation would continue to support local charities, it should also establish itself as a voice in broader public policy debates. To that end it hired a professional staff for the first time, including Michael S. Joyce as president of the Foundation. Dedicated to "strengthening American democratic capitalism and the institutions, principals and values which sustain and nurture it,"<sup>5</sup> the Lynde and Harry Bradley Foundation soon became known as one of the nation's leading conservative foundations.

*Michael S. Joyce*

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<sup>3</sup> "Allen-Bradley Rheostats and Electric Controlling Apparatus: Perpetual Catalog." Allen-Bradley Company, Milwaukee, 1910. Retrieved from <http://www.rockwellautomation.com/ab100years/pdf/1910ProductCatalog.pdf>

<sup>4</sup> "One Hundred Years: A Century of Quality." *A-B Journal*, November 2003.

<sup>5</sup> "About the Lynde and Harry Bradley Foundation." Retrieved from <http://www.bradleyfdn.org/ourhome/About.html>

The late Michael Joyce was born in Cleveland, Ohio, in 1942 to a working-class family. He attended Cleveland State University, earning a degree in history and philosophy in 1967. After a period teaching at Catholic high schools in the Cleveland area, Joyce worked for a textbook publisher and earned a doctorate in education from Walden University. In 1978 he moved to New York to work for the newly founded Institute for Educational Affairs (IEA), which sought to promote the careers of promising conservative undergraduates and graduate students. IEA was led by the prominent neoconservative intellectual Irving Kristol and by William E. Simon, president of the conservative John M. Olin Foundation and a former Treasury Secretary under presidents Nixon and Ford. The next year, Simon asked Joyce to serve as executive director of the Olin Foundation. In 1980, while still at the Olin Foundation, Joyce worked on the transition team of the incoming Reagan administration.

In 1985 Joyce left the Olin Foundation to become president of the new Lynde and Harry Bradley Foundation in Milwaukee. There he directed the Foundation's effort to promote faith-based social policies and other conservative causes, including school choice and welfare reform. His work at the Olin and Bradley foundations led Kristol to characterize his colleague as "the godfather of modern philanthropy" supportive of conservative causes, while Joyce's liberal critics were known to refer to him as "the prince of darkness."<sup>6</sup> Michael Joyce died in February 2006 of liver disease.

## SCHOOL CHOICE

The idea that financial support for public education might be better routed through individual students than through institutions is an old one—indeed, older than public education in America. In *The Wealth of Nations* (1776), British philosopher Adam Smith argued that individuals, rather than governments, should pay for the cost of schooling,<sup>7</sup> an idea seconded by Thomas Jefferson when he created the Virginia state school system.<sup>8</sup> Thomas Paine in *The Rights of Man* (1792) proposed a system whereby the state would provide an allowance of four pounds a year to every student under the age of 14; families could spend the allowance at the school of their choosing.<sup>9</sup>

Popular support for state-run schools arose in New England in the early nineteenth century and steadily gathered momentum. Educational reformers such as Horace Mann (1796-1859) promoted standardized, publicly funded schooling as a means of bringing education to larger segments of the population and unifying American society. By the end of the nineteenth century, compulsory schooling of children was universal, state governments had assumed responsibility for financing and operating schools, and most states had prohibited the use of public funds for religious institutions (including schools). Nevertheless, the practice of routing education funds through individuals persisted, largely in postsecondary schooling. In the twentieth century, federal school-choice programs in higher education were exemplified by the Servicemen's Readjustment Act of 1944 (i.e., the G.I. Bill), which provided for college or vocational education for individuals who had served in the military, and by the Basic Educational Opportunity Grant (i.e., Pell Grant) program, which beginning in 1972 has distributed aid to college students based on a financial-need formula.

In 1955 the economist Milton Friedman initiated the modern debate over school choice in elementary and secondary education in an article entitled "The Role of Government in

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<sup>6</sup> Borsuk, Alan J., "Michael Joyce: 1942-2006." *Milwaukee Journal Sentinel*, February 27, 2006.

<sup>7</sup> Kirkpatrick, David W., *Choice in Schooling: A Case for Tuition Vouchers*. Chicago: Loyola University Press, 1990, p. 31.

<sup>8</sup> Kirkpatrick, op. cit., p. 34.

<sup>9</sup> Kirkpatrick, op. cit., p. 34.

Education.” Friedman proposed a simple school choice program in which all students would receive tuition vouchers valued at the same amount. Each student could apply the voucher to any school, public or private, approved to take part in the system.<sup>10</sup> In their 1964 book, *Education for Democrats*, the British economists Alan T. Peacock and Jack Wiseman modified Friedman’s demand-side financing plan by classifying tuition vouchers as taxable income, thereby reducing the benefit to the rich under the progressive income tax.<sup>11</sup>

In the wake of the Soviet launch of *Sputnik* in 1957, which stoked fears that American students were falling behind their rivals in the Communist Bloc, Congress passed the National Defense Education Act (NDEA) in an attempt to bolster the study of foreign languages, math, and science. Former Harvard president James Conant’s influential book *The American High School Today* (1959), based on the results of a two-year study, recommended further measures, such as increased consolidation of high schools and the use of differentiated curricula (i.e., tracking programs). After a few years the *Sputnik* scare faded, the public’s attention turned to other matters, and education once again took a back seat to more pressing concerns (e.g., civil rights, America’s deepening involvement in Vietnam). As the 1960s closed, parents and educators on both the right and the left increasingly felt that education in America was failing worse than ever. Student achievement was declining, as the schools produced graduates who lacked basic skills and were unprepared for the world of work. Due to a variety of factors, including rising enrollment, new technologies, and society’s newfound commitment to serving children with special needs, the per-student cost of public education was rising. Drugs, gang involvement, and violence were perceived to be epidemic. Racial and economic segregation persisted despite legal and legislative reforms, and the consolidation of school districts (ironically, one of Conant’s recommendations) introduced an element of impersonality into the educational system.

In response to these problems, the liberal social scientist Christopher Jencks of Harvard University in 1970 proposed a voucher system that would operate in a highly regulated market. Under Jencks’s plan, schools would not be permitted to charge or accept payment beyond the value of the tuition voucher, even if some parents were willing to pay more; those schools with excess demand would be required to allocate at least half their admission places by lottery. While both the conservative Friedman and the liberal Jencks acknowledged the need for increased competition, the Friedman system sought to empower the demand side of the educational market while the Jencks system emphasized the importance of regulating the supply side.<sup>12</sup>

The same year that Jencks’s proposal appeared, the Center for the Study of Public Policy (CSPP) issued a report on school choice on behalf of the U.S. Office of Economic Opportunity (OEO). Adapting features of Jencks’s plan, such as the prohibiting of parents who accepted vouchers from supplementing school budgets with their own funds, the OEO report recommended a regulated voucher system based on student need. The report met with indifference; no school district in the country could be persuaded to adopt its recommendations. However, the CSPP report, combined with Jencks’s work, did serve the purpose of elevating (at least temporarily) school choice to a more prominent place on the national agenda.<sup>13</sup>

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<sup>10</sup> Friedman, Milton, “The Role of Government in Education.” In Robert A. Solo (ed.), *Economics and the Public Interest: Essays Written in Honor of Eugene Ewald Agger*. New Brunswick, NJ: Rutgers University Press, 1955.

<sup>11</sup> Jongbloed, Ben, and Jos Koelman, *Vouchers for Public Education? A Survey of the Literature Commissioned by the Hong Kong University Grants Committee*. Center for Higher Education Policy Studies, June 2000, p. 15. Retrieved from

<http://www.utwente.nl/cheps/documenten/engart00vouchers.pdf#search=%22jencks%20voucher%22>.

<sup>12</sup> Jongbloed, op. cit., p. 16.

<sup>13</sup> Kirkpatrick, op. cit., p. 64.

Meanwhile, with the founding of 41 “freedom schools”—alternative schools established in opposition to racially segregated public schools—during the Mississippi “freedom summer” of 1964, a number of African-American civil-rights activists began promoting various versions of school choice.<sup>14</sup> Throughout the 1960s and 1970s, as desegregation and school busing programs threatened the integrity of African-American neighborhoods and schools, a small, little-noticed movement kept alive the idea of school choice among black intellectuals.

Despite perennial dissatisfaction with the state of American schooling, reform efforts accomplished little and education remained a fruitful issue for politicians of all stripes. In 1981 newly elected President Ronald Reagan created the National Commission on Excellence in Education and directed it to “present a report on the quality of education in America . . . to the American people by April of 1983.”<sup>15</sup> That report, entitled *A Nation at Risk*, enumerated the many failings of the American educational system and concluded, in language evocative of Cold War fears, that the country had, over the course of the preceding 20 years, committed “an act of unthinking, unilateral educational disarmament.”<sup>16</sup> The report issued five policy recommendations, none very controversial: that high school graduation requirements be strengthened; that schools and colleges be held to higher standards and expectations; that more time be devoted to learning the five “New Basics” (English, mathematics, science, social studies, computer science); that the teaching profession be reformed in various ways; and that, with the public’s support, educators and politicians be held responsible for the reforms.<sup>17</sup> While the Commission was no doubt well intended, its policy prescriptions were vague and the report offered little in the way of specific methods for implementing them. While the report’s denunciations of the status quo inflamed the national educational debate, the most notable direct effect of the report was to save the Department of Education, which Congress had been threatening to defund. Education scholar Frank Newman, of the nonpartisan Education Commission of the States, later said, “There’s no question the sense of doom was overdone, but a wake-up call was necessary, so I don’t fault the report.”<sup>18</sup>

In an effort to overcome the “sense of doom” found in *A Nation at Risk*, Michael Joyce and the Bradley Foundation sounded their own call for education reform. That call came amid a much broader movement among conservative thinkers to advance their ideas.

## THE CONSERVATIVE WAR OF IDEAS

### *Foundations as Supporters of Liberal/Progressive Ideas*

Though a few avowedly conservative grantmaking institutions date to midcentury or earlier—the American Enterprise Institute was founded in 1943, the Foundation for Economic Education in 1946, the Olin Foundation in 1953—prior to the 1970s the vast majority of philanthropic foundations supported causes that were generally perceived to be liberal or progressive. (For the

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<sup>14</sup> Forman, James Jr., “Fifty Years After *Bolling v. Sharpe*: The Secret History of School Choice: How Progressives Got There First.” *Georgetown Law Journal*, 93, May 2005.

<sup>15</sup> Gardner, David Pierpont, “Letter of Transmittal.” From *A Nation at Risk: The Imperative for Education Reform*. National Commission on Excellence in Education, U.S. Department of Education, April 26, 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/letter.html>.

<sup>16</sup> National Commission on Excellence in Education, “A Nation at Risk.” From *A Nation at Risk: The Imperative for Education Reform*, U.S. Department of Education, April 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/risk.html>.

<sup>17</sup> National Commission on Excellence in Education, “Recommendations.” From *A Nation at Risk: The Imperative for Education Reform*, U.S. Department of Education, April 1983. Retrieved from <http://www.ed.gov/pubs/NatAtRisk/recomm.html>.

<sup>18</sup> Applebome, Peter, “A Prophecy Both False and Successful.” *The New York Times*, June 11, 1997, p. B9.

purposes of this case study, “liberal” and “progressive” are used interchangeably to denote the left side of the modern American ideological spectrum, as opposed to “conservative” on the right.) For example, the midcentury right-wing newspaper columnist Westbrook Pegler accused the Ford Foundation of being a “front for dangerous communists,”<sup>19</sup> and with the appointment of former Kennedy staffer McGeorge Bundy as president of Ford in 1966, the foundation’s liberal activism increased. Ford poured money into civil-rights organizations; by 1970 they would account for 40 percent of Ford’s annual grantmaking. As by far the wealthiest foundation in America, Ford exerted outsized influence on its colleagues. A former president of the Rockefeller Foundation used a colorful metaphor to characterize Ford’s clout: What the “fat boy in the canoe does makes a difference to everybody else.”<sup>20</sup>

On the other hand, the idea that big foundations work to change society in any fundamental way has been challenged by critics on the left. They have argued that foundation efforts to ameliorate the worst economic and social injustices serve only to preserve the status quo. Leftist critics see philanthropic foundations, including Ford, as essentially conservative institutions.

Whatever the truth of the matter, by the late 1960s conservative leaders had become thoroughly convinced that the big foundations were bastions of liberal, even far-left radical, orthodoxy.

The various upheavals of the 1960s—the civil rights movement, the antiwar movement, consumer protectionism, environmentalism, the outlawing of teacher-led prayer in the public schools, the loosening of sexual mores, the gay rights movement, feminism—led cultural and political conservatives to conclude that an oppositional movement was called for. Conservative foundations would play a key role in funding the conservative movement.

### *The Conservative Counterrevolution*

Modern American conservatism derives in large part from Enlightenment political and economic theories, especially those of Adam Smith (1723-1790), who argued that society was best served by individuals pursuing their self-interests in a free marketplace. While asserting the primacy of the individual in the economic realm, conservatism also promotes the ideas of Edmund Burke (1729-1797), who stressed the importance of respecting those time-tested, inherited institutions and customs that serve to maintain order and continuity in a world of inevitable change. Conservatism finds further inspiration in the work of Alexis de Tocqueville (1805-1859), who, while condemning bureaucratic, managerial government as an instrument of “soft oppression,” stressed the importance of civil society (voluntary organizations distinct from the family, the market, and the state) in empowering individuals. Finally, one controversial strand of modern conservatism derives from Plato’s notion of the philosopher king—that only a select few “wisdom-lovers,” uniquely qualified by education and inborn nature, were fit to rule the ideal society. Drawing on the writings Plato, as filtered through such twentieth-century thinkers such as Leo Strauss (1899-1973), some conservatives (often called “neoconservatives”) came to believe in the necessity of promoting a ruling elite of political philosophers.

By the early 1970s, conservative leaders were convinced that their ideas were not getting a fair hearing in academia, the media, and government. Even the Republican administration of President Nixon was viewed as too liberal; it had, after all, created such agencies as the Environmental Protection Agency and the Occupational Safety and Health Administration, and Nixon had signed into law the Endangered Species Act, the Educational Improvement Acts of 1972 (which included Title IX), and the Water Quality Improvement Act.

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<sup>19</sup> Sherman, Scott, “Target Ford.” *The Nation*, June 5, 2006.

<sup>20</sup> Mac Donald, Heather, “The Billions of Dollars That Made Things Worse.” *City Journal*, Autumn 1996.

Reflecting the conviction that the entire system of American free enterprise was under attack, corporate lawyer Lewis F. Powell Jr. in 1971 wrote a 6,000-word confidential memo, addressed to the National Chamber of Commerce, urging a marshaling of forces against “the Communists, New Leftists, and other revolutionaries,” as well as against “the chorus of criticism [that comes] from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians.”<sup>21</sup> Working from the premise that “few elements in American society today have as little influence in government as the American businessman, the corporation, or even the millions of corporate stockholders,”<sup>22</sup> Powell outlined a strategy of counterattack that included developing and promoting scholars and speakers; influencing secondary schools, universities, and postgraduate schools; monitoring and demanding equal time on television and radio and in the press; publishing pamphlets, magazines, books, and scholarly journals; engaging in direct political action; pursuing legal cases; exercising stockholder power; and becoming more aggressive in general. Powell called, in short, for conservatives to engage in an ambitious, multifront, long-term war of ideas. Two months after writing the memo, Powell was nominated by President Nixon for a seat on the Supreme Court.

While the Powell Memo may or may not have had much direct influence on conservative strategists, it reflected and summarized a major component in their thinking. Soon after the memo’s issuance, brewing magnate Joseph Coors founded the Heritage Foundation, and within a few years several other important conservative think tanks, including the libertarian Cato Institute and the free-market Manhattan Institute, were created.

In 1978 former Treasury Secretary William E. Simon called on his colleagues in the world of conservative foundations to do their part in establishing a conservative counterintelligentsia:

Foundations imbued with the philosophy of freedom (rather than encharged with experimental dabbling in socialist utopian ideas or the funding of outright revolution) must take pains to funnel desperately needed funds to scholars, social scientists, writers and journalists who understand the relationship between political and economic liberty and whose work will supplement and inspire and enhance the understanding and the work of others still to come.<sup>23</sup>

(For a summary view of how Simon’s call was put into practice, see Exhibit A, “Grantmaking in Twelve Core Conservative Foundations, 1992-1994.”)

When Simon’s protégé at the Olin Foundation, Michael Joyce, assumed the presidency of the Bradley Foundation, he put into practice Simon’s call to funnel funds to conservative thinkers. Joyce later recalled:

At Olin and later at Bradley, our overarching purpose was to use philanthropy to support a war of ideas to defend and help recover the political imagination of the founders: the self-evident truth, that rights and worth are a legacy of the creator – not the result of some endless revaluing of values. We attempted to demonstrate that these principles are as

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<sup>21</sup> Powell, Lewis F. Jr., “Confidential Memorandum: Attack of American Free Enterprise System,” August 23, 1971. Retrieved from [http://www.reclaimdemocracy.org/corporate\\_accountability/powell\\_memo\\_lewis.html](http://www.reclaimdemocracy.org/corporate_accountability/powell_memo_lewis.html).

<sup>22</sup> Powell, *op. cit.*

<sup>23</sup> Simon, William E., *A Time for Truth*. Reader’s Digest Press, McGraw-Hill Book Company, 1978, p. 230.

valid today as they were in 1776 and 1787; that they have not been repealed by events or by the presence of more sophisticated ideas or sweeping policy programs.<sup>24</sup>

## THE BRADLEY CAMPAIGN IN THE WAR OF IDEAS

One of Michael Joyce's first acts, upon assuming the presidency of the Foundation, was to commission historian John Gurda to write a book about the lives and beliefs of the Bradley brothers. Joyce believed that foundations, once their founders had departed, tended to stray from the ideological orientation of the founders, inevitably in a leftward direction. He summed up his view:

[T]he most potent enemy of civil society, social and ethical relativism, has lost little of its potency in the shaping of elite institutions, from the academy and the arts, to the media, entertainment, and the judicial system. For many conservatives, pessimism is normative: they see it as the fate of institutions, from Harvard and Princeton to Hollywood and the Ford Foundation to drift into liberalism.<sup>25</sup>

Gurda's *The Bradley Legacy* represented Joyce's attempt to stave off the Bradley Foundation's "drift into liberalism." As Joyce said, "Anyone who wants to challenge Bradley and the donors' intent has to deal with this book."<sup>26</sup>

Having done what he could to set the Foundation upon an unwavering conservative course, Joyce turned his attention to the hard work of strategic grantmaking. While very large compared to what it had been just the year before, Bradley was still a relatively small foundation, dispersing a total of about \$23 million dollars in its first year under Joyce. (Compare that amount to the approximately \$200 million the Ford Foundation was spending annually during the mid 1980s.) Most of Bradley's money that first year went to traditional local institutions such as museums and theaters, as Joyce looked to the future and solicited policy-minded grant proposals. Like his mentor William Simon, Joyce believed that the way to change society was through a war of ideas, waged first among the intellectual elite. "Our ideas formed our methods,"<sup>27</sup> he said:

We have the conviction that most of the other media are derivative from books. Books are the way that authors put forth more substantial, more coherent arguments. It follows that if you want to have an influence on the world of ideas, books are where you want to put your money.<sup>28</sup>

Joyce also believed that liberal foundations had a bad habit of dictating to grantees in a high-handed and self-defeating manner. He argued:

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<sup>24</sup> Joyce, Michael S., "Harmonizing Sentiments: Philanthropy and the American Political Imagination." Speech presented at the Waldemar A. Nielsen Issues in Philanthropy Seminar Series, Georgetown University, March 28, 2003, p. 2. Retrieved from [http://cpnl.georgetown.edu/doc\\_pool/Nielsen0208Joyce.pdf](http://cpnl.georgetown.edu/doc_pool/Nielsen0208Joyce.pdf).

<sup>25</sup> Joyce, op. cit., p. 6.

<sup>26</sup> Miller, John J. "Strategic Investment in Ideas: How Two Foundations Shaped America." Washington, DC: Philanthropy Roundtable, 2003, p. 37. Retrieved from <http://www.philanthropyroundtable.org/files/How%20Two%20Foundations%20Reshaped%20America.pdf>.

<sup>27</sup> Joyce, op. cit., p. 2.

<sup>28</sup> Alterman, Eric, *What Liberal Media? The Truth About Bias and the News*. New York: Basic Books, 2003, pp. 85-86.

For a generation of foundation officials the top down funding approach was a favored model for grant making: experts design and implement programs of service for needy clients. . . . Top down funding tends to produce an unwanted sclerosis of bureaucracy, monopoly and politicization.<sup>29</sup>

Joyce's conviction that change begins with ideas, and that ideas are best promulgated through books, combined with his belief that foundation grantees should be left alone and trusted to do their work, led him to shun involvement in traditional demonstration-type projects. Instead, he sought out independent scholars:

Because it is ideas that matter, our efforts almost invariably began with the seeds of intellectual argument. Ours was an act of discovery, not of creation. We certainly believed in finding and funding the best conservative scholars to make the case in journals, magazines, and books.<sup>30</sup>

The first scholars Joyce would find and fund were located not at a conservative think tank or other organization, but at the famously centrist Brookings Institution.

#### *John E. Chubb and Terry M. Moe*

John Chubb and Terry Moe met at Stanford University in the early 1980s as young assistant professors of political science who shared an interest in education policy. During 1983 and 1984, Chubb and Moe contributed to a research team committed to expanding the data gathered by the 1980 nationwide High School and Beyond (HSB) survey of 60,000 students in more than 1,000 public and private schools. The results of the 1983-84 expansion, called the Administrator and Teacher Survey (ATS), were combined with the original survey results to form the array of statistics known as ATS-HSB. Chubb and Moe set about the daunting challenge of analyzing and drawing conclusions from the enormous, complex, and unwieldy ATS-HSB data set.

Several years before, Chubb and Moe had met a visiting scholar from the University of Chicago, Paul E. Peterson, author of the influential book *School Politics Chicago Style*. An expert on urban politics, Peterson was known for his willingness to question the core assumptions of conventional welfare and education policies. In 1983 Peterson moved to the Brookings Institution, in Washington, D.C., to direct the Governmental Studies program; in 1985 he brought Chubb to Brookings as a senior fellow. Though Moe remained at Stanford as a tenured associate professor of political science, he continued to work with Chubb through the auspices of Brookings. "[Peterson] brought us both there, supported our research, and made it OK for Brookings to do research that had pretty conservative implications," Chubb recalled.<sup>31</sup>

Meanwhile, Michael Joyce, newly arrived at the Bradley Foundation and looking for an "opening gambit" in the field of education reform, had learned of Chubb and Moe's project at Brookings. Aware of the iconoclastic work of Paul Peterson, who had struck at and drawn fire from thinkers on both the left and the right, Joyce was confident that his protégés Chubb and Moe would be equally keen to challenge received wisdom. "[W]e . . . sought out liberal individuals or institutions willing to rethink the assumptions of their enterprises when the unintended consequences of the policies they advocated became apparent," Joyce recalled of his approach.<sup>32</sup> He continued:

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<sup>29</sup> Joyce, op. cit., p. 7.

<sup>30</sup> Joyce, op. cit., p. 4.

<sup>31</sup> Mazzacappa, Dale, "Market Forces: Professor Paul Peterson's Influential Protégés." Education Sector, *Connecting the Dots*, April 2006. Retrieved from [http://www.educationsector.org/usr\\_doc/PetersonDots.pdf](http://www.educationsector.org/usr_doc/PetersonDots.pdf).

<sup>32</sup> Joyce, op. cit., p. 4.

For Bradley that meant an opening gambit in school choice that came with one of our smallest grants in this area, a \$75,000 stipend that helped John Chubb and Terry Moe write their ground-shifting 1990 book *Politics, Markets, and America's Schools*.<sup>33</sup>

“We were already known as ‘the conservative foundation,’ though we hadn’t done anything yet,” recalled Bradley Vice President for Program Daniel P. Schmidt of those early days. “I think Joyce was especially interested in Chubb and Moe’s work because of their association with Brookings.”<sup>34</sup>

To have the opening salvo in its war of ideas delivered by a nonconservative organization was an important tactical triumph for Bradley. Indeed, Joyce later said, “It helped in no small degree that *Politics, Markets, and America's Schools* was published by the Brookings Institution, one of America’s stiff-upper-lip think tanks.”<sup>35</sup>

### *The Wisconsin Policy Research Institute*

While Chubb and Moe were analyzing ATS-HSB survey results and writing their book, Bradley Foundation staff launched a second offensive in the war of ideas. Believing that left-leaning academics from the University of Wisconsin exerted unopposed influence over policymakers in Madison (the state capital and also the seat of the university), Bradley staff sought to establish a counterweight. In 1987 the Foundation provided funds to establish a think tank devoted to state-level issues, the Wisconsin Policy Research Institute (WPRI, pronounced “whipree”). WPRI directed its energies toward the issues of education, welfare and social services, criminal justice, taxes and spending, and economic development, providing for the first time a decidedly conservative voice in state policy debates. WPRI conducted opinion polls and sponsored studies, publishing the results in a series of reports disseminated to the media, the public, and policymakers in state government. One of the first reports (March 1989) published by WPRI was Chubb and Moe’s “Educational Choice: Answers to the Most Frequently Asked Questions About Mediocrity in American Education and What Can Be Done About It.” The report organized into an easily digestible question-and-answer format the preliminary findings of the study that would be more fully explicated in their book published the next year.

### *Publication of Chubb and Moe’s Book*

Based on analysis of the ATS-HSP data set, *Politics, Markets, and America's Schools* asserted that schools that exhibit the qualities of “autonomy, clarity of mission, strong leadership, teacher professionalism, and team cooperation”<sup>36</sup> perform better than those that do not; a not unexpected assertion. Crucially, though, Chubb and Moe asked *why* some schools exhibit those qualities and some do not. They concluded that those qualities were highly unlikely to arise among schools subject to “institutions of democratic control” (i.e., state boards of education, elected school boards, teachers’ unions, and other bureaucracies) and were most likely to arise in schools that competed in a “market system.”<sup>37</sup> Conventional reform programs, such as those recommended by the NDEA (1958), Conant (1959), *A Nation at Risk* (1983), and countless other commissions, experts, and reports, were doomed to failure because they neglected to address the root of the problem: that the “system’s familiar arrangements . . . impose a distinctive structure on the

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<sup>33</sup> Joyce, op. cit., p. 5.

<sup>34</sup> Schmidt interview, op. cit.

<sup>35</sup> Joyce, op. cit., p. 5.

<sup>36</sup> Chubb, John E., and Terry M. Moe, *Politics, Markets, and America's Schools*. Washington, DC: The Brookings Institution, 1990, 67.

<sup>37</sup> Chubb and Moe, op. cit., p. 189.

educational choices of all the various participants—and that this structure tends to promote organizational characteristics that are ill-suited to . . . effective performance.”<sup>38</sup> What was needed, according to Chubb and Moe, was a completely new institutional framework: school choice. “Our guiding principle in the design of a choice system,” they stated, “is this: public authority must be put to use in creating a system that is almost entirely beyond the reach of public authority.”<sup>39</sup> Their provisional proposal included the following characteristics on the supply side:

- “The state will have the responsibility for setting criteria that define what constitutes a ‘public school.’ . . .
- “Any group or organization that applies to the state and meets . . . minimal criteria must then be chartered as a public school. . . .
- “Existing private schools will be among those eligible to participate. . . .
- “District governments can continue running their present schools, assuming the latter meet state criteria. . . .”<sup>40</sup>

Funding would be provided in the following manner:

- “The state will set up a Choice Office in each district, which, among other things, will maintain a record of all school-age children and the level of funding—the ‘scholarship’ amounts—associated with each child. Schools will be compensated directly by this office based on the specific children they enroll. . . .
- “As it does now, the state will have the right to specify how much, or by what formula, each district must contribute for each child. Our own preference is for an equalization approach that requires wealthier districts to contribute more per child than poor districts do. . . .
- “While it is important to give parents and students as much flexibility as possible, we think it is unwise to allow them to supplement their scholarship amounts with personal funds. . . .
- “Complete equalization, on the other hand, strikes us as too stifling and restrictive. A reasonable trade-off, we believe, is to allow collective add-ons (much as the current system does). . . .
- “Scholarships may also vary within any given district, and we strongly think that they should. Some students have very special educational needs—arising from economic deprivation, physical handicaps, language difficulties, emotional problems, and other disadvantages—that can only be met effectively through specialized programs that are costly to provide. State and federal programs already appropriate public money to address these problems. Our suggestion is that these funds should take the form of add-ons to student scholarships. . . .
- “The state must pay to support its own Choice Office in each district. . . .”<sup>41</sup>

The process of choosing a school would operate as follows:

- “Each student will be free to attend any public school in the state, regardless of district, with the relevant scholarship . . . flowing to the school of choice. . . .

<sup>38</sup> Chubb and Moe, *op. cit.*, p. 21.

<sup>39</sup> Chubb and Moe, *op. cit.*, p. 218.

<sup>40</sup> Chubb and Moe, *op. cit.*, p. 219.

<sup>41</sup> Chubb and Moe, *op. cit.*, pp. 219-221.

- “To the extent that tax revenues allow, every effort will be made to provide transportation for students that need it. . . .
- “To assist parents and students in choosing among schools, the state will provide a Parent Information Center within its local Choice Office. . . .
- “The application process will be handled in simple fashion by the Parent Information Center. . . .
- “Schools will make their own admissions decisions, subject only to nondiscrimination requirements. This is absolutely crucial. Schools must be able to define their own missions and build their own programs in their own ways, and they cannot do this if their student population is thrust on them by outsiders. . . .
- “Schools will set their own ‘tuitions.’ . . . [S]chools are free to admit students with different-sized scholarships, and they are free to keep the entire scholarship that accompanies each student they have admitted. This gives all schools incentives to attract students with special needs, since these children will have the largest scholarships. . . .
- “The application process must take place within a framework that guarantees each student a school, as well as a fair shot at getting into the school he or she most wants. . . .
- “Schools must also be free to expel students or deny them readmission when, based on their own experience and standards, they believe the situation warrants it. . . .”<sup>42</sup>

Finally, schools would be governed and organized as follows:

- “Each school must be granted sole authority to determine its own governing structure. It may be run entirely by teachers or even by a union. It may vest all power in a principal. . . .
- “More generally, the state will do nothing to tell the schools how they must be internally organized to do their work. . . .
- “Statewide tenure laws will be eliminated, allowing each school to decide for itself whether or not to adopt a tenure policy and what the specifics of that policy will be. . . .
- “Teachers will continue to have a right to join unions and engage in collective bargaining, but the legally prescribed bargaining unit will be the individual school or—as in the case of the district government—the larger organization that runs the school. . . .
- “The state will continue to certify teachers, but requirements will be minimal—corresponding to those that, in many states, have historically been applied to private schools. . . .
- “The state will hold the schools accountable for meeting procedural requirements. . . .
- “The state will not, on the other hand, hold the schools accountable for student achievement or other dimensions that call for assessments of the quality of school performance. When it comes to performance, schools are held accountable from below, by parents and students who directly experience their services and are free to choose. . . .”<sup>43</sup>

Chubb and Moe were nothing if not confident in their policy prescriptions:

Without being too literal about it, we think reformers would do well to entertain the notion that choice *is* a panacea. This is our way of saying that choice is not like . . . other reforms and should not be combined with them as part of a reformist strategy for

<sup>42</sup> Chubb and Moe, *op. cit.*, pp. 221-223.

<sup>43</sup> Chubb and Moe, *op. cit.*, pp. 223-225.

improving America's public schools. Choice is a self-contained reform with its own rationale and justification. It has the capacity *all by itself* to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways.<sup>44</sup>

Reaction to the book's June 1990 publication was "instant and sharply divided,"<sup>45</sup> according to the *New York Times*. News stories about the book's publication ran in the *Washington Post*, *Wall Street Journal*, and *Times* among others, and the book was widely reviewed in the popular press and in academic journals. Opinion pieces in the major newspapers were mostly negative. The *Seattle Times* wondered if "think tanks are scraping the bottom of the tank for thinkers,"<sup>46</sup> and the *St. Louis Post-Dispatch* called the book's ideas "appealing but naïve."<sup>47</sup> The *Boston Globe* weighed in on Chubb and Moe: "The scope of their vision is outrageous, but they will surely provoke valuable debate."<sup>48</sup> Joining in the chorus of denunciation, the *Times* ran an op-ed declaring the book "dangerous claptrap"<sup>49</sup> and an editorial asserting that, while Chubb and Moe's plan "deserves consideration," it laid out a "treacherous path."<sup>50</sup> Granted space on the *Times* op-ed page to rebut their critics, Chubb and Moe lamented that proposing systemic change in education was "like waving a red flag in front of a bull."<sup>51</sup>

Five months after the book's publication, the *Times* characterized the debate over school choice as "rather like a Ping-Pong match that so far, no one has won."<sup>52</sup> The match continued into the next year, as nationally syndicated *Washington Post* columnist William Raspberry characterized school choice as the "hot new issue in education" and advocated a modified version of Chubb and Moe's plan, while Nicholas Lemann in the *Atlantic Monthly* deemed school choice, *pace* Chubb and Moe, a "false panacea."<sup>53</sup> In February of 1991, the *Boston Globe*'s editorial page gave a guarded endorsement of school choice, as long as it was "equitable,"<sup>54</sup> and several weeks later the *Christian Science Monitor* declared school choice the "buzzword for the '90s."<sup>55</sup> Within the year, the *Philadelphia Inquirer*, the *Atlanta Journal and Constitution*, and the *San Francisco Chronicle*, among many other smaller papers, endorsed school choice with varying degrees of enthusiasm.

To help promote the book and keep the issue of school choice on the forefront of public debate, the Bradley Foundation awarded Chubb and Moe four additional grants of \$75,000 (for a total of \$300,000) over 1991 and 1992. The promotional effort, along with the "outrageous" nature of the authors' thesis, served to make a relatively dense, 318-page book, laden with 49 tables, 48 pages of appendices, and 34 pages of endnotes, something of a phenomenon. The *Chicago Tribune* summarized the response to the book: it had "rocked the education world."<sup>56</sup>

<sup>44</sup> Chubb and Moe, op. cit., p. 217. Italics in original.

<sup>45</sup> Hechinger, Fred, "About Education: Put Schools on the Free Market and Let Parents Choose, Two Authors Propose." *New York Times*, June 20, 1990, p. B6.

<sup>46</sup> Williamson, Don, "One Decision Educators Don't Have to Make." *Seattle Times*, June 12, 1990, p. A8.

<sup>47</sup> "The False Promise of School Vouchers." Unsigned editorial, *St. Louis Post-Dispatch*, June 10, 1990, p. 2B.

<sup>48</sup> Cohen, Muriel, "School Reform Through Choice." *Boston Globe*, June 17, 1990, p. 37.

<sup>49</sup> Honig, Bill, "School Choice: Dangerous Claptrap." *New York Times*, June 29, 1990, p. A25.

<sup>50</sup> "Wrong Surgery for Sick Schools." Unsigned editorial, *New York Times*, July 3, 1990, p. A16.

<sup>51</sup> Chubb, John E., and Terry Moe, "Reform Can't Be Left to the Education Establishment." *New York Times*, August 26, 1990, p. E19.

<sup>52</sup> De Witt, Karen, "Debate on School Choice Continues." *New York Times*, November 13, 1990, p. B8.

<sup>53</sup> Lemann, Nicholas, "A False Panacea." *Atlantic Monthly*, January 1991, p. 101.

<sup>54</sup> "Who Will Choose with School Choice?" Unsigned editorial, *Boston Globe*, February 13, 1991, p. 18.

<sup>55</sup> Walters, Laurel Shaper, "Buzzword for the '90s: 'Choice.'" *Christian Science Monitor*, March 11, 1991, p. 12.

<sup>56</sup> Joyce, op. cit., p. 5.

## THE WISCONSIN SCHOOL CHOICE PROGRAM

### *Governor Tommy Thompson*

Born in Elroy, Wisconsin, in 1941, Thomas George “Tommy” Thompson earned a law degree from the University of Wisconsin and in 1966 ran successfully for the state assembly as a Republican. Rising through the legislative ranks, he was named assistant minority leader in 1973 and Republican floor leader eight years later. He was elected governor of Wisconsin in 1986.

In January of 1989, citing the support of the Brookings Institution, Governor Thompson announced to a joint meeting of the state legislature a “plan to provide our parents the opportunity to choose where their children will attend school” and appealed to lawmakers to support the program.<sup>57</sup> Milwaukee city schools were widely believed to be failing. Standardized test scores were well below the national average, and the dropout rate was over 50 percent—close to 75 percent among boys. About 70 percent of Milwaukee’s 98,000 public school students were members of minority groups. Although Thompson’s rationale for the program was that it would benefit “particularly those in Milwaukee’s central city neighborhoods,”<sup>58</sup> his appeal to legislators met little enthusiasm, especially among representatives of the African-American urban communities the plan was designed to serve. Thompson realized that in order to pass the plan through the legislature, he would need to form alliances with at least a few Democratic politicians, including leaders of the black community who were traditionally suspicious of any proposal coming from a Republican governor. One such politician was Polly Williams.

### *Polly Williams*

A native of Mississippi, Annette “Polly” Williams moved with her family to Milwaukee in 1948 when she was 10 years old. A longtime community activist, she twice ran as a Democrat for the state senate and lost before winning election in 1980 and proceeding to hold office for the next two decades. By the late 1980s, her experience as a parent and lawmaker had convinced her that conventional education reform, including state-administered school desegregation programs, worked against the interests of African-American children. In a 2002 interview she said:

One solution that people came up with for improving the education of black children was integration. Many of our black parents believed that if their children were going to school with white children, their children would benefit from whatever resources were available in those schools. But the burden of desegregation or busing was put on the black children. Our children were bused out of our community into the white community.

I was one of those who joined with other parents to vehemently oppose busing. We said that busing had to be “Two way, or no way.” If black children were going to be bused into the white community, then white children should have been bused into the black community. But white parents wanted their children to stay in their own neighborhoods. As a result the law was implemented in favor of white children. . . .

. . . [U]nder the desegregation order, when there was a lot of pressure for the white children to also be bused, they came up with the idea of magnet schools.

The idea was if white children had to come into the black community, they should come to the best schools the black community had. So some of our schools were refurbished and remodeled as magnet schools. . . .

<sup>57</sup> Thompson, Thomas G., “State of the State Address.” *Wisconsin Journal of the Senate*, January 25, 1989, p. 35.

<sup>58</sup> Thompson, op. cit., p. 35.

That was the hypocrisy of desegregation: It was supposed to be for the best interest of our children, when in fact it wasn't. Yes, they put good schools in the inner city, but the inner-city children couldn't go to them.<sup>59</sup>

Though a dyed-in-the-wool Democrat—she was state coordinator of Jesse Jackson's two presidential campaigns—Williams was willing to work with those on the other side of the aisle. In what she called the "Unholy Alliance,"<sup>60</sup> Williams and several other conservative Democrats joined with Thompson and Republican legislators to pass a law providing for a school choice pilot program targeting low-income Milwaukee students.

### *The Milwaukee School Choice Pilot Program*

Public law 1989 Wisconsin Act 336, enacted by the legislature in the spring of 1990, established the Milwaukee school choice pilot program. Under the program, each of about 1,000 low-income students would be provided with the equivalent of the state's per-student contribution to the city's school system (about \$2,500) in the form of a voucher that could be applied to tuition at a private, nonsectarian school. (Religious schools were not eligible for the pilot program.) Funds for the program were subtracted from the state's contribution to the Milwaukee public school system.

### *The Legal Battle*

Wisconsin teachers' unions, joined by the American Civil Liberties Union, the National Association for the Advancement of Colored People, and the state Department of Public Instruction, filed a lawsuit asserting that 1989 Wisconsin Act 336 violated the state constitution on the ground that state funds diverted to the program failed to serve a "public purpose."<sup>61</sup>

To defend against earlier legal challenges to school choice, the Bradley Foundation had been awarding grants as early as 1988 to the Landmark Legal Foundation. Over five years (1988-1992) Bradley's grants to Landmark totaled more than \$500,000.<sup>62</sup> Landmark's participation in the defense of 1989 Wisconsin Act 336 was critical to the case's outcome. Clint Bolick, Landmark's lead attorney in the case, "was a godsend,"<sup>63</sup> according to a newspaper editor who supported the program.

In June 1990 the Wisconsin Supreme Court denied the petition for review, and implementation of the program for the school year 1990-1991 proceeded. In August a circuit court judge held that the plan was legal, though a little more than a year later, in November 1991, the state court of appeals ruled the program unconstitutional. Despite that decision, the state superintendent of schools allowed the program to remain in force through the end of the 1991-1992 school year, reasoning that to terminate the program midyear would be unfair and disruptive to students. Landmark, with Bradley's support, took the case to the Wisconsin Supreme Court, which resolved the issue in March 1992 by reversing the court of appeals and declaring the program constitutional.

### *The Program's First Two Years*

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<sup>59</sup> Clowes, George A., "The Model for the Nation: An Exclusive Interview with Polly Williams." Heartland Institute, *School Reform News*, August 30, 2002.

<sup>60</sup> Clowes, op. cit.

<sup>61</sup> Taylor, Paul, "Milwaukee's Controversial Private School Choice Plan Off to Shaky Start." *Washington Post*, May 25, 1991, p. A3.

<sup>62</sup> Miller, op. cit., p. 45.

<sup>63</sup> Miller, op. cit., p. 44.

In the first year of the school choice program, approximately 600 students applied for the 980 vouchers (representing one percent of Milwaukee public school enrollment) that were theoretically available. But because only seven private schools chose to participate in the program, demand nevertheless outstripped supply—only 341 voucher slots came open. A lottery was held to determine who would fill the available slots. In the second year of the program, both student applications and enrollment spaces increased, though the number of schools participating went down slightly: 689 students applied for 521 slots at six schools.<sup>64</sup>

Polly Williams had been determined to craft a choice program without “loopholes” that would allow middle- and upper-class interests to install themselves as the primary beneficiaries and “circumvent [the program’s] intent.”<sup>65</sup> Of the students participating in the program during its first two years, 73% were African-American and 20% were Hispanic. Average family income was \$10,700, and 57% of the families received public assistance. Three out of four students came from single-parent families.<sup>66</sup> Williams was satisfied that the program was serving its intended constituency.

Nevertheless, the low application and enrollment numbers presented a problem. Staff turnover, as well as problems associated with recent changes in location or affiliation, plagued participating schools.<sup>67</sup> School choice supporters believed that so few families had applied for vouchers in large part because the schools that had chosen to participate in the program held little appeal to African-American and Hispanic parents. Supporters argued that if more-appealing schools were to participate in the program, demand would go up. But increasing the supply of schools was problematic.

Through the 1970s and ’80s, as middle-class and wealthy families fled to the suburbs to avoid forced busing and other efforts to integrate the public schools, Milwaukee had seen its tax base shrink. Services were cut and facilities languished, causing yet more families to abandon the city. As city neighborhoods deteriorated, families whose children were in private school (and thus not subject to desegregation efforts or to crumbling public schools) began leaving the city too. As had already occurred in the public schools, private school enrollment dropped, shrinking the schools’ financial base, resulting in cutbacks in programs and services—leading to further drops in enrollment, in a vicious cycle downward. In this way Milwaukee’s private schools, like their public-school counterparts, became collateral damage of “white flight.” By 1990 dozens of Milwaukee private schools had permanently ceased operation.

That only 341 voucher slots were made available the first year, and 521 the next, when the state was willing to fund up to about 1,000 vouchers, was due to the fact that so few private schools had joined the program. Indeed, because 1989 Wisconsin Act 336 excluded Catholic and other religious schools, only 21 schools in the entire city were even eligible to participate. That number was not enough to sustain the program or prove its viability. Supporters believed that if more (and more-appealing) schools could participate in the program, more families would want to exercise choice. Both the demand problem and the supply problem would be solved by increasing the number of private schools participating in school choice. The obvious solution was to include religious schools in the publicly funded program, but supporters of that tactic didn’t yet have the political clout to push such a reform through the state legislature; realistically, inclusion of religious schools in the program was several years away, at best. Meantime, supporters would have to work with what they had.

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<sup>64</sup> Witte, John F., Andrea B. Bailey, and Christopher A. Thorn, “Second Year Report: Milwaukee Parental Choice Program.” Madison, WI: University of Wisconsin Department of Political Science and the Robert La Follette Institute of Public Affairs, p. iv. Retrieved from <http://dpls.dacc.wisc.edu/choice/SecondYear.pdf>.

<sup>65</sup> Clowes, op. cit.

<sup>66</sup> Witte et. al., op. cit. p. iv.

<sup>67</sup> Witte et. al., op. cit. p. 12.

### *Milwaukee Archdiocesan Education Foundation*

Through the previous two decades, Milwaukee's Catholic schools had suffered from the same demographic changes that had injured nonsectarian private schools. Parochial school enrollment was down, and many schools found themselves in desperate financial straits. Endowed in 1989 with a \$1 million grant from Archbishop Rembert Weakland, the Milwaukee Archdiocesan Education Foundation (MAEF) was founded to strengthen area Catholic schools with marketing and other support programs. One of MAEF director and lay Catholic Daniel McKinley's primary strategies was to appeal to private foundations and corporations to fund scholarship programs for struggling parochial schools. Dan Schmidt, of the Bradley Foundation, recalled, "[MAEF] came to us looking for help in trying to save about a dozen inner-city schools that were losing students. They were looking for scholarships, but Bradley couldn't do it—it was too large a commitment."

For several years MAEF failed to win many donors and the group struggled to understand why. Despite Milwaukee's German Catholic heritage, MAEF encountered little community support. Eventually McKinley and other leaders at MAEF came to believe that the sectarian nature of the foundation's mission—to support Catholic schools—was hindering its ability to raise funds. Private corporations and foundations, the directors felt, viewed MAEF as representing a "special interest group"<sup>68</sup> unconcerned with the greater good. By the spring of 1992 the board had begun to reconsider MAEF's mission. Perhaps, the board felt, MAEF would win wider corporate and foundation support, and thereby be able to do more to assist struggling parochial schools, if it broadened its strategy to include support for all religious schools, not just Catholic ones.

## THE DECISION

By April of 1992, the Bradley Foundation had reached a crossroads. Its opening salvo in the war of ideas—the sponsorship of John Chubb and Terry Moe's book *Politics, Markets, and America's Schools*—had largely succeeded in moving the debate surrounding school choice in the desired direction. The Wisconsin Policy Research Institute had proved to be an effective counterweight to liberal academics at the University of Wisconsin. What had been only a few years before nearly unthinkable—the adoption of a voucher system by a public school district—was now a reality in Milwaukee. School choice programs, whether publicly or privately financed, had been adopted or were under consideration in Indiana, Massachusetts, Michigan, New York, Oregon, and Texas. The war of ideas clearly wasn't over yet, but Bradley had helped win a number of important early battles.

On the legal front, Bradley's support of the Landmark Legal Foundation had only weeks before culminated in victory; the constitutionality of the Milwaukee school choice program, at least in its current configuration, was assured.

Perhaps Bradley had done all it could, for the time being, in the area of education reform. Other issues—faith-based and community initiatives, welfare reform—were rising on Bradley's agenda. Maybe now was the time for the Foundation to move on.

On the other hand, the Milwaukee program itself was hardly thriving. Not enough families were applying for vouchers. Not enough private schools had chosen to participate in the program. Indeed, the general dearth of private, nonsectarian schools was the root of the supply problem, and thus indirectly the cause of the demand problem. If school choice in Milwaukee—

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<sup>68</sup> "About PAVE: The Beginnings: Taken from *The Momentum Magazine*, 1992." Retrieved from <http://www.pave.org/jahia/Jahia/pid/81>

the first publicly funded voucher program in the country, and therefore of critical importance to school choice proponents—was to succeed, the supply of schools must be expanded.

The president of the Bradley Foundation, Michael Joyce, himself a devout Catholic, had close ties to the archdiocese of Milwaukee. Joyce was aware of the difficulties the Milwaukee Archdiocesan Education Foundation had encountered in trying to raise money for parochial school scholarships. Indeed, Bradley itself had turned MAEF down. Unlike corporations and other foundations, however, Bradley had been less perturbed by the group's sectarian nature than by the nature of the group's request. As a relatively small foundation, Bradley couldn't afford to fund a large tuition scholarship program. (The Foundation gave away only about \$23 million per year; if it did no other grantmaking, at the rate of \$2,500 per scholarship, the Foundation could afford to fund fewer than 10,000 students. Any realistic Bradley-sponsored scholarship program would fund considerably fewer students.) Although individual students would benefit immensely from scholarships, Joyce believed that that sort of extremely targeted intervention was inefficient use of foundation money.

A Bradley Foundation board meeting was coming up in June. Michael Joyce considered his options. Had Bradley done all the work it could reasonably do on school choice? Should he recommend that the Foundation exit the issue? If Bradley were to stay in, how should it proceed? What was most needed, at the local level, was an increase in the supply of schools participating in the voucher program. The obvious candidates—parochial schools—couldn't participate in the publicly funded program, and expanding the program was not yet politically feasible.

Previously Bradley had denied MAEF's request for funding. Should Joyce reconsider that decision? He knew that MAEF was still looking for financial support, and that it had begun to question its strategy of advocating for Catholic schools exclusively. Might changes at MAEF make it a more valuable partner?

Joyce had a deep aversion to what he called the "top down funding approach." He had never intended for Bradley to do "work in the trenches." But if Bradley were to fund MAEF, shouldn't the Foundation have a say in how the money was spent? That is, what conditions should Bradley set before agreeing to fund MAEF?

How should Joyce recommend that Bradley proceed?

## The Lynde and Harry Bradley Foundation and School Choice

### Part B

When Michael Joyce addressed the Bradley board in June 1992, he recommended that the Foundation form an ambitious, three-year, \$1.5 million partnership with a new nonprofit, the nonsectarian Partners Advancing Values in Education (PAVE). The organization was formed from the dissolution of the Milwaukee Archdiocesan Educational Foundation.

“We convinced their leadership to make the program nondenominational,” Bradley Foundation vice president for program Dan Schmidt recalled. “We argued at the general level—that we would support them only if they made the program broader.”<sup>69</sup>

Directed by Dan McKinley (who had also led MAEF), PAVE adopted Bradley’s program of promoting school choice as a market-driven solution to Milwaukee’s educational woes. Although the archbishop of Milwaukee had a seat on PAVE’s board, the organization was independent from the Catholic diocesan structure. No longer viewed as a special-interest group, PAVE was able to win support from local business leaders. Three of Wisconsin’s largest businesses—Wisconsin Electric Power Company, Johnson Controls, and Northwestern Mutual Life Insurance Company—contributed substantially to the organization.<sup>70</sup>

With money from Bradley and corporate sponsors, PAVE announced over the summer of 1992 that it would privately fund a school voucher program, intended to cover half the cost of tuition up to \$1,000 for elementary schools and \$3,000 for secondary schools. Students eligible to receive vouchers would come from families with incomes of no more than 1.75 times the federal poverty level. Most importantly, the program would be open to all private schools—religious or otherwise—in Milwaukee.

Some in Milwaukee’s Catholic community were concerned by the implications of MAEF’s giving up its sectarian mission. How would parochial schools be helped by a school choice program open to everyone? they wondered. They also feared that some Catholic families would use vouchers to attend religious schools that weren’t Catholic. Joyce responded that Catholic schools could only benefit by the enrichment of all religious schools, and he dealt straightforwardly with the prospect of some Catholics’ sending their children to non-Catholic religious schools: “They said, ‘What if parents choose evangelical schools?’ . . . [I responded,] ‘Good, if that’s what parents think is best for the child.’”<sup>71</sup>

Though Bradley had dictated to MAEF very clear terms as conditions for its support, once MAEF had transformed into PAVE, Joyce’s approach was to let the new organization operate without interference. Schmidt explained:

Once they accepted our general principle—to make it nondenominational—we were hands off. We rejected the idea that foundations need to control things from the top down. We didn’t sit on the board of PAVE, or pick the schools to participate in the program, or determine how many scholarships each school should receive, or how big the

<sup>69</sup> Schmidt interview, op. cit.

<sup>70</sup> “About PAVE: The Beginnings,” op. cit.

<sup>71</sup> Gunn, Erik, “Despite Low Profile, Catholics Played Key Roles.” *National Catholic Reporter*, March 26, 1999.

scholarships should be, or anything else. We don't take over programs and make them our own. We supported PAVE without telling them what to do.<sup>72</sup>

In PAVE's first year of operation (school year 1992-93), 79 elementary and 7 high schools chose to accept tuition vouchers. The program received 4,094 applications and awarded \$1,278,932 in scholarships on a first-come, first-served basis to 2,089 (1,807 elementary and 282 secondary) students.<sup>73</sup>

Bradley Foundation staffers believed that the demand unleashed by PAVE's privately funded program demonstrated broader community support for school choice than had been evidenced by the publicly funded school choice program, and that convincing MAEF to become nonsectarian had been the correct strategy. Schmidt recalled, "Not only did [the nonsectarian program] get more support, among Lutheran groups, Jewish groups, and others in the community, but it made a better example to prove school choice works."<sup>74</sup>

In 1995, three years after the founding of PAVE, the Wisconsin state legislature expanded the publicly funded school choice program to include religious schools. Bradley participated in the court battle that followed. The case reached the U.S. Supreme Court, which deadlocked 3-3 on the issue of whether public funds could be applied to religious schools. The case returned to the lower courts, with the Wisconsin Supreme Court ruling in March 1998 that the program was constitutional. When the U.S. Supreme Court refused to rehear the case, the legal future of the program was assured.

During the 2001-02 school year, the state made funds available for up to 15,000 slots, but because the city's private schools had run out of spaces, only 10,882 students participated in the program.<sup>75</sup> Meanwhile, in 2001 Bradley awarded its largest-ever grant—\$20 million—to help PAVE expand the capacity of Milwaukee's private schools.<sup>76</sup> As of summer 2006, both the state-funded school choice program and the PAVE program continue to provide vouchers to thousands of Milwaukee students. Publicly funded school choice programs including religious schools have been established in Cleveland and Florida; publicly funded programs excluding religious schools have been established in Vermont and Maine; and programs that incorporate features such as tax breaks for parents have been established in Minnesota and Arizona. Seventy-nine privately funded school choice programs grant vouchers to 60,000 students annually nationwide.<sup>77</sup>

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<sup>72</sup> Schmidt interview, op. cit.

<sup>73</sup> Wahl, Maureen, "PAVE First Annual Report: Executive Summary." Retrieved from <http://www.pave.org/jahia/Jahia/pid/87>.

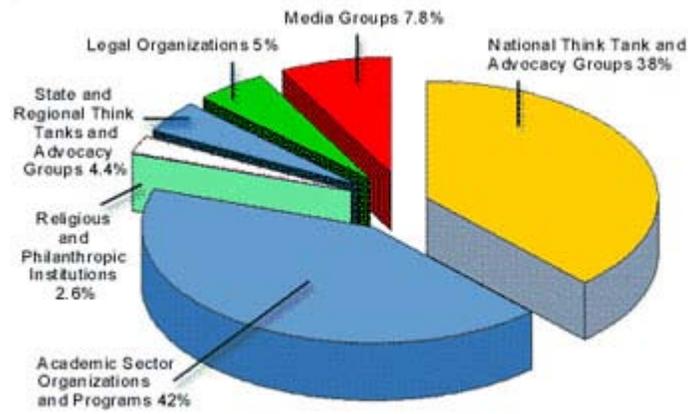
<sup>74</sup> Schmidt interview, op. cit.

<sup>75</sup> Miller, op. cit., p. 47.

<sup>76</sup> Miller, op. cit., p. 47.

<sup>77</sup> Center for Education Reform, "Just the FAQs—School Choice." Retrieved from <http://www.edreform.com/index.cfm?fuseAction=document&documentID=57&sectionID=67&NEWSYEAR=2006>

## Exhibit A



Grantmaking of 12 Core Conservative Foundations, 1992-1994

Source: National Committee for Responsive Philanthropy.