



5 Policy Ideas to Improve Private School Voucher Programs

By Neil Campbell | November 19, 2018

Education was a major issue on the ballot this election cycle and featured as a central theme in many gubernatorial and legislative campaigns.¹ Funding for public education has yet to return to pre-recession levels in 29 states,² and there were roughly 150 ballot initiatives across the country related to public education funding. With incoming governors such as Tony Evers (D) in Wisconsin, J.B. Pritzker (D) in Illinois, and Steve Sisolak (D) in Nevada, who made support for public education a theme of their campaigns, there may exist an opportunity to slow the troubling tide of funding for public schools going toward private school voucher programs* that has grown over the past decade.³

While there are multiple types of programs subsidizing private education—including traditional vouchers, tax credit scholarships, and education savings account programs—they all share a common economic effect: diverting public money away from public schools to subsidize private education. The Center for American Progress believes that public money should fund public schools, whether they are neighborhood schools, magnet or specialty programs in traditional school districts, or public charter schools that are open to all students and accountable to the public.

Private school voucher programs exist in 29 states and the District of Columbia,⁴ and they have seen enrollment increase from approximately 70,000 students in 2010 to more than 450,000 in the 2017-18 school year.⁵ These programs were often created with limited scopes to serve low-income students, students in schools receiving low accountability ratings, or students with particular categories of disabilities. Over time, however, private school voucher programs have expanded as voucher advocates and legislators have worked to loosen programmatic restrictions.

These expansion efforts have culminated in program designs such as the near-universal education savings account that passed in Nevada in 2015.⁶ Education savings accounts would be available to all parents who do not enroll their children in public schools, and the state funding added to the accounts could be used for educational expenses such as private school tuition, tutoring, or therapies for students who would otherwise receive special education services. The Nevada Supreme Court

found that the program would pull money from the public education budget, in violation of the Nevada Constitution, and the legislature declined to allocate separate funding for the program in 2017.⁷

The largest private school voucher program in the country, Florida's Tax Credit Scholarship Program (FTC), enrolls more than 105,000 students across the state.⁸ The FTC offers corporations a dollar-for-dollar state tax credit on eligible donations to nonprofits that administer scholarships for private schools.⁹ The program was originally limited to provide scholarships to families at or below 200 percent of the federal poverty line, but over time, the cap was lifted to qualify families as high as 260 percent of the poverty line.¹⁰ Subsequent legislation also allowed the cap on tax credits to expand automatically once 90 percent of the cap was reached.¹¹ This means that a four-person family in Florida earning up to \$65,260 per year can receive public support for tuition at private schools.¹² This tax credit and donation structure has survived legal challenges to the state's prohibition on public funds supporting religious education.¹³

Given that hundreds of thousands of students are currently enrolled in private schools with the support of vouchers, it may not be realistic for policymakers to eliminate such programs. However, there are a number of other options that could limit their growth or improve the transparency and accountability of programs that already exist. Recent studies of statewide voucher programs and the schools they support have shown that they are no more effective, and often less effective, than public schools at improving educational outcomes. Studies of statewide programs in Ohio, Indiana, and Louisiana, as well as the most recent study of the federally funded D.C. Opportunity Scholarship Program, have all shown negative effects from private school voucher programs.¹⁴

Phase out voucher programs and eliminate access to local funding

Public money should be devoted to funding public schools—not subsidizing private education. As such, policymakers should push to eliminate private school voucher programs. However, because this would be a disruptive change for affected families, ending voucher programs altogether would be a politically difficult policy proposal.

In an effort to lessen the impact on current voucher recipients, policymakers could prohibit the enrollment of new students in private school voucher programs while allowing currently enrolled students to complete their education at their private schools.

All private school voucher programs provide funding from the state for each student that would otherwise attend public schools. In Wisconsin, however, the voucher program also allows private schools to access local public education funding.¹⁵ Diverting a share of local funding based on private school enrollment—even when

that enrollment includes wealthy students who do not receive private school vouchers—directly takes funding away from public schools. Eliminating private schools’ access to local education funds would ensure that public funds support public schools without otherwise affecting enrollment in existing voucher programs.

Reduce income limits for program participation

A common strategy to expand private school voucher programs has been to relax family income limitations for participation. Similar to the FTC, Indiana’s traditional voucher program eased income restrictions over time. The program was originally limited to families earning up to 150 percent of the qualifying income for the federal reduced price lunch program, but this limit was increased to 200 percent for families continuing in the voucher program for the 2013-14 school year.¹⁶

Private school voucher advocates argue that the programs provide greater educational opportunities for low-income students.¹⁷ However, raising income limits undermines this equity goal by subsidizing middle-income families, who may have been sending their children to private schools prior to receiving a voucher.

Another change to enrollment rules that policymakers could pursue is implementing a ratable reduction to the size of the voucher that families are eligible to receive as their incomes increase. This type of provision exists in programs such as the FTC, where families with incomes between 200 and 260 percent of the federal poverty line are eligible for smaller scholarships than lower-income families.¹⁸ These reductions could accelerate or start at lower levels. In addition, states could change rules that allow families to continue receiving private school vouchers even if their incomes increase after enrolling in the program. Ohio, for example, currently allows parents to continue receiving vouchers even if their incomes increase to 400 percent of the federal poverty level.¹⁹ Amending income limits or accelerating voucher reductions are two ways that policymakers could limit higher-income families’ access to private school vouchers.

Increase accountability and transparency of existing programs

A core value that advocates for private school vouchers stress when promoting the expansion of these programs is that parents should have the right to choose the school that is best for their child, whether public or private.²⁰ If parents are making educational choices that include publicly supported private schools, then they should do so with information that enables a transparent comparison between all public and private options. This means that schools receiving public support should be required to administer the same state assessments that public schools give to their students. These assessments in English language arts and mathematics—given to

all students in third grade through eighth grade, and once in high school—would provide valuable apples-to-apples information for parents.

However, many private school voucher advocates push for rules that allow private schools receiving public support to administer any nationally normed assessment.²¹ The problem with this approach is that information gleaned from such assessments offers no basis for comparison with the public schools available to parents. It also makes it impossible to incorporate a meaningful school accountability system. If private school voucher programs are to receive public support, then the participating private schools should be on level footing with public schools.

Just as public schools are required to have at least 95 percent of their students take state assessments, private schools receiving public support should meet the same threshold with their students in order to receive public funds. Data reporting should also be done in such a way that allows state education agencies and popular school information sites, such as GreatSchools.org, to analyze and publish data for both public schools and publicly supported private schools. These transparent data should include information that public schools are required to report, such as demographics, attendance rates, access to higher-level courses such as Advanced Placement courses, and information on educators' credentials.

Public charter schools were created based on the idea that with more freedom to innovate comes more accountability for results. Given that private schools have even more freedom from regulations governing public schools, they should also have to meet a meaningfully high accountability bar to receive public funding. Louisiana and Indiana's voucher programs offer potential paths to that end, with each program including some measure of consequential accountability for private schools receiving public support.²² For example, schools participating in Louisiana's voucher program are scored based on student assessment data, and those that receive low scores may be forced to reduce their voucher enrollment or may not be allowed to enroll any new students.²³ At a minimum, schools meeting low performance thresholds that would require intervention and support if they were a public school should not be able to enroll new voucher students. If the level of performance does not improve, these private schools should be prohibited from receiving public funding.

All schools receiving public support should be required to prominently include state accountability information on their websites and other marketing materials so that parents are aware of the data and can make informed enrollment decisions. States should also be required to fund rigorous evaluations of private school voucher programs. In Illinois, for example, students receiving tax credit scholarships take the same state assessments as public school students. Illinois law further requires that the state's board of education contracts with an independent research organization that must report on the learning gains of students receiving scholarships compared with those of students in public schools.²⁴

Transparency and accountability requirements in private school voucher programs should also extend to financial matters to ensure that public money is not mis-spent. An auditor general's report in Arizona highlighted approximately \$700,000 in fraudulent expenses in the state's education savings account program, with parents spending funds intended for their children's education at beauty supply stores, sports apparel shops, a seasonal haunted house, and noneducational music albums.²⁵ Additional administrative funding and controls should be added to these types of programs to ensure that public funds are used as intended. As in Florida, states should require financial audits of private schools receiving significant funding from private school voucher programs as well as require surety bonds or letters of credit for newly opened schools unable to demonstrate their financial stability.²⁶ Conflict-of-interest controls should also be added or tightened to prevent situations in which legislators could profit from private school voucher programs. The current Arizona Senate president, for example, is a key supporter of tax credit scholarships and also runs one of the state's largest scholarship-granting organizations.²⁷

Protect students' rights and ensure actual parental choice

Schools receiving public support through private school voucher programs should not be allowed to discriminate against students. Participating schools should serve students regardless of their race, ethnicity, gender, religious affiliation, disability status, sexual orientation, academic background, or family structure. If private school voucher programs were indeed created to enable parental choice, then enrollment decisions should be solely up to parents—not schools.

Currently, no state private school voucher program includes protections encompassing all groups of potentially marginalized students. At best, most programs only explicitly include protections based on race and ethnicity, which is insufficient.²⁸ Schools' lack of protections has led to numerous cases of school policies that blatantly discriminate against LGBTQ students, including approximately 1 in 4 schools participating in Georgia's private school voucher program.²⁹ Other examples include schools that go so far as to exclude all non-Christians, as well as "Catholic, Mormon, Jehovah's Witness, Seventh Day Adventist, and Christian Science" students.³⁰

To protect students who attend private schools that receive public support, participating private schools should be required to report on student departures to the state in a way that is auditable. Such information could help determine, for example, whether the school is counseling out high-need students or discriminating against particular groups of students.

States should audit or require schools to publish the curricula used for core subject areas, including mathematics, English language arts, history, and science. Moreover, as is required in Rhode Island for the approval of private schools to operate, states

should require that these subjects be taught “substantially to the same extent as these subjects are required to be taught in the public schools.”³¹ This requirement contrasts with those in other states that have little oversight of what is taught in private schools—even those receiving public support. An analysis published by HuffPost found that in many schools receiving private school voucher funds, students were using curricula that distorted historical events, including “inaccurately portray[ing] events in Muslim and Catholic history while perpetuating anti-Semitic stereotypes. The materials speak disparagingly of Native Americans and Native culture.”³²

Another tactic to reduce the likelihood of discrimination in private school voucher programs is to mandate that students who attend private schools that receive public support should not be required to participate in any religious activity. This provision is already included in Wisconsin’s voucher program.³³

In order to ensure that these types of protections are realized, states should invest in stronger monitoring and compliance with the provisions described above.

Change the rules for tax credit scholarship programs

There are currently 23 tax credit scholarship programs operating in 18 states.³⁴ These programs offer state tax credits of various sizes to individuals and corporations that make donations to nonprofit organizations that award scholarships to private schools.

An analysis from the Institute on Taxation and Economic Policy—a nonpartisan, nonprofit think tank—found that in nine states, these programs “turn the concept of a charitable ‘donation’ on its head by offering upper-income taxpayers a risk-free profit on contributions they make to fund private school scholarships.”³⁵ By combining a state tax credit with a federal income tax deduction, individuals can reduce their total tax liability by more than the amount of their donation. This profit-making opportunity has led to some credits being snapped up within minutes of becoming available.³⁶

The IRS is currently considering a rule that would eliminate this profit-seeking opportunity,³⁷ but states could also ensure that contributions to scholarship-granting organizations are actually charitable donations by reducing the state tax credit offered. Alabama, Arizona, Florida, Georgia, Montana, Nevada, and South Carolina all offer 100 percent tax credits for donations to scholarship-granting organizations.³⁸ Reducing the tax credit to no more than 50 percent would ensure that these contributions are actual donations. States could also replicate Illinois’ program structure, which prohibits the awarding of a state tax credit for any donation that receives a federal income tax deduction.³⁹

Tax credit scholarship programs also vary in terms of the influence donors and scholarship-granting organizations can wield over the schools that students attend.

If these programs are truly about increasing parental choice, parents should be the ones deciding what school their child attends. For instance, the FTC prohibits scholarship-granting organizations from restricting or reserving “scholarships for use at a particular private school” and “must allow an eligible student to attend any eligible private school.”⁴⁰ In contrast, Illinois’ tax credit program allows individual donors’ contributions to “be directed to a particular subset of schools ... [or] a particular school.”⁴¹

Conclusion

It must be stated clearly that public money should be for public schools. However, if taxpayer money is going to support private schools, those schools should be open, transparent, and accountable to the public in return for the public funding they receive. In states where it is not realistic to eliminate private school voucher programs, the recommendations outlined above provide guidelines to curtail opportunities for abuse and offer policy alternatives to improve the investment of public resources.

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**Author’s note: For the purposes of this issue brief, references to private school voucher programs are referring to all programs subsidizing private education.*

Endnotes

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