

Update to the 2023 Toolkit for Legislators and Advocates

October 2023

New programs prove that vouchers lead to skyrocketing costs, benefit wealthy families, and result in waste, fraud and abuse.

Why We Released This Update

Since we published the February 2023 NCPE Toolkit, the private school voucher landscape has shifted in alarming ways. During the 2023 state legislative sessions, several states enacted bills to expand existing and establish new voucher programs, making more students eligible than ever before. Many of those states adopted universal voucher programs that allow virtually every student in the state—regardless of their family's income, whether they have only attended private school, or any other factor—to get a taxpayer-funded voucher to pay for tuition at private school. And as these programs are going into effect, we are already starting to see how the voucher programs are going wrong. With these massive voucher expansions, costs are getting out of hand, wealthy families are accruing the most benefits, and waste, fraud, and abuse are apparent.

Arkansas, Iowa, Utah, and Oklahoma enacted new statewide voucher programs that are open to all students. Florida, Arizona, Indiana, North Carolina, and Ohio have removed limitations on their voucher programs so that all or nearly all students—regardless of family income—are eligible to participate. Expansions are also taking effect in Alabama, New Hampshire, Tennessee, South Dakota, and Wisconsin. And Montana, Nebraska, and South Carolina are implementing brand new voucher programs that serve particular groups of students.

This trend has taken hold thanks to widespread lobbying and political campaigning by anti-public education organizations. It's important to remember that public support for

private school vouchers that defund public schools is extraordinarily low. But state lawmakers who remain skeptical of voucher bills find themselves facing well-funded primary challenges from provoucher candidates² and threats from provoucher governors.3 These campaigns are bankrolled by billionaire donors like the Kochs, the Waltons, and the DeVoses. Their organizations, like Americans for Prosperity, American Federation for Children, the Heritage Foundation, the Bradley Foundation, and others, are pouring hundreds of millions of dollars into lobbyists' and politicians' coffers.4 When their chosen candidates win control, private school vouchers are at the top of their agenda.

The U.S. Supreme Court has also paved the way for these voucher expansions. In the 2022 ruling *Carson v. Makin* (explained in Appendix 2 of the toolkit), the Court held for the first time that if states fund private secular education, they must also fund private, religious education. While *Carson* in no way required states to fund private school vouchers, it has emboldened pro-voucher

Myth:

The driving force behind the expansion of private school vouchers is a genuine and spontaneous grassroots movement organized by public school parents who are frustrated with their local schools, and want vouchers to send their kids to private schools.

Fact:

Private school voucher programs are expanding because of continued attacks on public schools and a well-funded campaign by lobbyists, politicians, investors, and billionaires. Most parents, on the other hand, approve of their local public schools. And most families who receive vouchers are not using them to "escape" public schools—they were private school families all along, before they ever got a voucher to subsidize their tuition.

¹ See page 8 of the toolkit.

A recent Reuters poll found only 36% of the public support voucher schemes if they reduce funding for public schools. Reuters/Ipsos Poll: Issues Survey (Mar. 2023).

² For example, the DeVos-founded lobbying group American Federation for Children spent more than a quarter of a million dollars on Iowa House races in 2022 to oust lawmakers who had opposed vouchers and replace them with pro-voucher allies. Once these new lawmakers took their seats in 2023, the state legislature passed the state's first voucher bill within the first few weeks of session, despite failed attempts in previous sessions. American Federation for Children, School Choice Supporters Victorious in Iowa Primary (June 28, 2022); Robin Opsahl, Reynolds' School Choice Push Worked in the Primaries, Ousting Incumbents, Iowa Capital Dispatch (June 11, 2022).

See, e.g. Alexandra Samuels, <u>Greg Abbott Failed to Persuade Lawmakers on School Vouchers. Now He's Threatening Them</u>, *Texas Monthly* (Oct. 4, 2023).

⁴ Nina Mast, <u>State and Local Experience Proves School Vouchers are a Failed Policy That Must be Opposed</u>, *Economic Policy Institute*, Apr. 20, 2023.

organizations and politicians. They perceive the current conservative Court as friendly to their ambitions, or at least unwilling to stand in the way.

We are beginning to see the consequences of this well-funded effort. Below, we detail new examples of voucher failures—these show how private school vouchers fail students and communities.

Costs Skyrocket as Voucher Programs Far Exceed Initial Estimates

As Section 3 of the toolkit demonstrates, voucher programs don't save taxpayer money. Indeed, rather than saving money, vouchers cost significantly more than funding public education. When lawmakers consider expanding or creating voucher programs, their projections often drastically underestimate actual costs. As a result, they not only sell a false promise about saving money but also often do not budget adequate funds and wind up millions of dollars short, necessitating cuts from public education and other areas and even tax increases.

This year's voucher expansions are already grossly over budget and universal vouchers demonstrate how acute the problem is. Here are two of the latest examples:

- The Arizona voucher is costing 1,346% more than projected. The fiscal note attached to Arizona's universal voucher program projected the program would cost the state about \$65 million in 2024 and \$125 million in 2025.⁵ But once students' applications started to come in, state leaders realized these estimates were woefully inadequate. The Arizona Governor's Office now estimates that the price tag is more than 1,346% higher at a cost of \$940 million per year.⁶ This will put Arizona in a potential \$320 million budget shortfall in its General Fund, which is used to pay for public schools, transportation, fire, police, and prisons.⁷ And, this new estimate means that more than half of all K-12 education funding in Arizona will now benefit voucher students—who comprise only 8% of the student population.⁸
- The Florida voucher is already more than \$2 billion over budget in year one. The Florida Senate projected that its voucher expansion would cost \$646 million. But independent

⁵ Fiscal Note, Ariz. House Bill 2853 (2023).

Paola Rodriguez, <u>Hobbs: "The Universal School Voucher Program is Unsustainable as New Cost Projections Come In," AZPM</u> (July 26, 2023).

⁷ Sarah Robinson, <u>Ariz. Superintendent's Goal for Affordable Private School Could Cost Taxpayers \$900 Million</u>, *Arizona CBS 5* (June 5, 2023).

⁸ Rodriguez.

⁹ Lynn Hatter, Florida Expands Its Voucher Program to Every Student, Regardless of Income, NPR (Mar. 24, 2023).

Myth:

As long as the voucher award is less than the average expenditure spent to educate a student in public school, the state will save money.

Fact:

This math might seem simple, but that's because it's wrong. Average per-pupil expenditure is just that—an average. It costs less to educate some students, and much more to educate others who need additional support and services—like those with disabilities, English language learners, and low-income students. In voucher programs, the students who are most expensive to educate tend to remain in public schools because they cannot find private schools willing to accept them¹—but the public schools will have fewer resources. Also, the state now pays tuition for private school students who never attended public schools, which is an altogether new cost for taxpayers. This all adds up to more, not less, spending.

¹ See page 24, Section 4 of the toolkit.

researchers estimated that the program would actually cost almost \$4 billion, 10 and actual costs are already approaching that amount—\$3.35 billion in the first year. 11 In just one county, Duval, school officials report a \$17 million budget shortage due to funds lost to the vouchers. 12

Over the long term, rising costs persist. A recent report¹³ examining voucher programs in **Arizona, Florida, Georgia, Indiana, Louisiana, Ohio**, and **Wisconsin** during the years 2008 to 2019 confirms that voucher spending climbed sharply beyond lawmakers' expectations as time went on. During the same period, the states' per-pupil expenditures on public education dropped. This was despite increased or steady public school enrollment. In the case of **Indiana**, the state decreased per-pupil funding for public education by 1.5 percent, while voucher spending grew an astonishing 796 percent.¹⁴ **Georgia** similarly dropped per-pupil

Norin Dollard & Mary McKillip, <u>The Cost of Universal Vouchers: Three Factors to Consider in Analyzing Fiscal Impacts of CS/HB 1</u>, *Florida Policy Institute* (Mar. 2, 2023).

¹¹ Talia Blake, <u>The Florida Policy Institute Says More Vouchers Are Being Used This School Year</u>, *WFSU Tallahassee Public Media* (Aug. 17, 2023).

Florida Voucher Program Leaves a \$17 Million Gap in School Funding, ABC First Coast News (Aug. 15, 2023).

¹³ Samuel E. Abrams & Steven J. Koutsavlis, <u>The Fiscal Consequences of Private School Vouchers</u>, *Public Funds Public Schools* (Mar. 2023).

¹⁴ *Id.* at 12-13.

expenditures on public education by 1.9 percent, while spending on its voucher program grew 883 percent.¹⁵

So-Called "Universal" Vouchers Fund Wealthy Families Whose Kids Already Attend Private School

As we describe in Section 3 of the toolkit, one of the reasons that vouchers are so expensive is that they create new costs for the government to fund tuition for kids of wealthy families who never attended public schools. And when lawmakers remove income limits and expand eligibility for voucher programs to most or all students, this is even more likely to occur.

While "universal" voucher programs may be theoretically open to all students, they are not equally accessible to all. Wealthy families have the knowledge, time, and means to benefit from universal voucher programs. Lower-income families do not have the same capacity to pay additional tuition and application costs that exceed the amount of a voucher, research private schools that might be willing to accept their child, prepare for and take admissions

Myth:

Universal voucher programs give equal opportunity to all students to pursue a private education.

Fact:

Even if every student is eligible to receive a voucher, not every student has an equal opportunity to use it. Private schools can, and frequently do, reject students for many reasons, such as religion, sexual orientation and gender identity, disability, academic ability, disciplinary history, and financial status. And just because all students are eligible for vouchers does not mean that they are equally accessible. Wealthy families often have more knowledge, time, and means to reap the benefits of universal vouchers; lowincome families are less likely to be able to do so.

tests, fill out applications, and arrange transportation for their child each day to private schools that do not provide buses. Foster families, immigrants, those who do not speak English, and those who work night shifts or multiple jobs have the least capacity to navigate the complex web of a private school voucher program for their children. As a result, it is the most privileged families who reap the majority of benefits in "universal" programs, especially since their children may already be enrolled in private school.

This problem is exacerbated by the fact that private schools can raise their tuition in response to new sources of government funds in universal voucher programs. Researchers have long observed this phenomenon, 16 and it's now playing out in

¹⁵ *Id.* at 12.

¹⁶ Daniel M. Hungerman & Kevin Rinz, <u>Where Does</u> <u>Voucher Funding Go? How Large-Scale Subsidy</u> <u>Programs Affect Private-School Revenue</u>,

newly expanded programs. In **lowa**, which is implementing a universal private school voucher program for the first time in 2023, Des Moines and Dubuque Catholic schools have hiked tuition by as much as 40% and some schools are requiring students who previously received scholarships from the schools and paid no tuition to apply for vouchers.¹⁷ Only wealthier families can afford to pay the increased tuition costs. In fact, of the 18,600 students who have been approved to receive a voucher in lowa, approximately 60% of them already attend private school.¹⁸ This number will likely increase over the next two years as the income cap also increases—and by the 2025-2026 school year, all students, regardless of income, will be eligible.

Here are five more recent examples of how expansive voucher programs benefit wealthier families:

- According to the Arkansas Department of Education, only 5% of the participants in the state's new universal voucher program had ever attended public schools before receiving a voucher.¹⁹
 - The voucher was intended to prioritize public school students with diagnosed disabilities who have IEP or 504 plans developed under federal law by public school districts.²⁰ Instead, the Department is allowing families to present only a simple doctor's note, or a private school document, to claim their disability diagnosis. This has allowed many private school families—who lacked an IEP or 504 plan, because they never had any contact with public schools in the first place—to cut the line and get a voucher.²¹
- When **Florida** expanded its voucher program to all students this year, 122,895 new students signed up to get vouchers.²² Only 13% of those students had ever previously attended public schools. Sixty-nine percent were already attending private schools, and the remaining students were entering private kindergarten.²³ Of the new students, 44% are from households that made \$120,000 or more per year—more than double the

Enrollment, and Prices, 136 Journal of Public Econ. 62 (Mar. 2016).

Jason Clayworth, <u>Iowa's Private Schools Dash For Cash</u>, *Axios Des Moines* (May 17, 2023); Robin Opsahl, <u>Reynolds Not Concerned By Private Schools Raising Tuition Because of ESA Program</u>, *Iowa Capital Dispatch* (May 11, 2023).

¹⁸ Caleb McCullough, <u>lowa OKs 18,600 Private School Education Savings Accounts</u>, *The Gazette*, (Aug. 7, 2023).

¹⁹ Ark. Dept. of Educ., Education Freedom Account Annual Report, 2023-2024 School Year, 8 (Oct. 9, 2023).

Dept. of Ed. Lowers Disability Standards for Vouchers, Lets Private School Families Cut the Line, Arkansas Times (Oct. 20, 2023).

²¹ *Id*.

²² Danielle Prieur, <u>Florida Policy Institute Asked for School Voucher Data. Here's What Step Up for Students Provided</u>, *WMFE NPR* (Sept. 14, 2023).

²³ Id.

median household income in the state.²⁴ Only 30% are from families that make less than \$55,000 per year.²⁵

- More than 50% of **Arizona**'s voucher spending for 2024 is made up of newly incurred costs for students who were previously enrolled in private school, homeschooled, or hadn't yet started kindergarten before getting a voucher.²⁶ And nearly half of applications came from the wealthiest quarter of the state.²⁷
- Most students in **Indiana**'s voucher program come from well-off families. During the 2022-2023 school year, voucher recipients were more likely to come from families that made more than \$100,000 per year than families that made less than \$50,000 per year.²⁸ This imbalance is likely to worsen in the next school year; lawmakers have raised income limits to allow families who make up to \$220,000 per year (the 94th percentile of income in the state) to get vouchers.²⁹
- Oklahoma's pandemic voucher program was ostensibly created to help families experiencing financial hardship caused by the COVID pandemic to continue to pay private school tuition. A state audit, however, found that most vouchers—more than 55%—went to families who experienced *no decrease in income* and reported *no financial hardship*.³⁰ These well-off families received more than \$5 million total in taxpayer funds.³¹

More Vouchers Means More Waste, Fraud, and Abuse

Section 5 of the toolkit describes how vouchers lack accountability requirements for government funds, inviting waste and fraud and increasing costs. As voucher programs grow, this problem worsens. New expansions bring new opportunities for bad actors to take advantage and siphon off taxpayer money.

Here are some of the latest examples of waste, fraud, and abuse that show the magnitude of

²⁴ U.S. Census, Florida: Median Household Income (2021).

²⁵ Prieur.

²⁶ Governor Katie Hobbs Statement on New School Voucher Cost Projections, Office of the Ariz.Governor, (July 25, 2023).

²⁷ Grand Canyon Inst., <u>Universal Voucher Application Analysis</u>, 1 (Nov. 6, 2022).

²⁸ Casey Smith, <u>Indiana's School Choice Voucher Program Grew 20% Last Year - With More Growth Coming</u>, *The74* (July 9, 2023).

²⁹ Casey Smith, Indiana Nears Universal 'School Choice' in New Budget, Indiana Capital Chronicle (Apr. 27, 2023).

Cindy Bird, State of Oklahoma: Single Audit Report For the Fiscal Year Ended June 30, 2021, Okla. Office of the State Auditor & Inspector, 55 (June 27, 2023).

³¹ *Id*.

this problem:

for kids who don't exist. Independent researchers found that North Carolina's rapidly expanding voucher program gives vouchers to private schools that are currently closed, and identified 62 instances where a school received more vouchers than it had students.³² In total, the study estimates that at least \$2.3 million has been lost to fraud—so far.

For example, Mitchener University
Academy has only 72 students enrolled,
but the state sent the school vouchers
for 149 students—which amounts to
\$230,000 for students who don't exist.³³
When a local reporter set out to find
Teaching Achieving Students Academy,
a Charlotte private school that was
receiving vouchers for nearly double the
number of enrolled students, she could
not locate the school at all—no school

Myth:

Parents provide all the accountability that voucher programs need.

Fact:

This proposition has been tested, and it has failed. When researchers examine voucher programs, they find widespread waste, fraud, and abuse. Parents typically have no way of finding out about this wrongdoing and likely have no recourse. Even if a parent decides to withdraw their child from a private school, many voucher programs allow the school to keep their tuition, leaving them with nowhere else to go. Private schools should not get taxpayer funds without being subject to government accountability, like public schools.

and no students. And she discovered that the school's principal was recently charged with a felony for bringing contraband into a jail.³⁴ The school, however, is still listed as eligible to receive vouchers under the state's program.

Utah's voucher program gave some families thousands of dollars extra and
overspent on salaries and advertising. A recent state audit³⁵ found that Utah's voucher
administrators miscalculated voucher amounts and awarded families thousands of
dollars more than the voucher law provided. Auditors reviewed only 22 voucher awards
and found that 9% were wrongly calculated—wasting more than \$4,000 just in this small

³² Kris Nordstrom, New Analysis Shows Many Private Schools in N.C. Have More Vouchers Than Students, North Carolina Justice Center (June 16, 2023).

³³ *Id*.

³⁴ Ann Doss Helms, <u>Charlotte Voucher School Evicted After Questions About its Location and Founder</u>, *WFAE Charlotte* (Aug. 2, 2023).

Utah State Board of Education Limited Review for the Year Ended June 30, 2023, Utah Office of the State Auditor, Report No. 23-02.

sample.³⁶ The administrators of the program made more costly mistakes as well: they did not comply with the spending rules that legislators had set for the program. In total, voucher administrators exceeded the prescribed budget by more than \$100,000 by overspending on their own salaries, advertising, and other administrative costs.³⁷

Many states' expanded programs are structured as so-called "education savings accounts" (ESA), a system that is especially susceptible to wasteful spending. In ESA programs, instead of paying tuition directly to private schools, the government deposits taxpayer money into a bank account that parents can then spend on tuition, homeschooling, and a wide array of goods and services. ESA programs tend to only lightly monitor and regulate—if at all—what parents are permitted to buy with taxpayer funds. Inevitably, ESAs often fund many purchases of minimal or no educational value, as shown in the examples below:

- Oklahoma's pandemic voucher program wasted money and overpaid tuition. A recent state audit³⁸ of Oklahoma's pandemic voucher program³⁹ found that it misspent millions of COVID relief dollars. The audit found that vouchers wasted more than \$1.7 million on items that had no educational purpose, including Christmas trees, gaming consoles, and electric fireplaces.⁴⁰ The voucher also wasted \$2 million by sending tuition payments to private schools that either did not charge tuition at all or did not charge families the full tuition cost.⁴¹
- Arizona's voucher program allowed parents to spend voucher money on whatever they
 wanted. The head of Arizona's voucher program revealed the state permitted parents to
 spend voucher funds on non-educational expenses including chicken coops, pools, pizza
 ovens, kayaks, SeaWorld tickets, and trampolines.⁴² While the state claims it will begin
 cracking down on allowable expenses, they plan to still allow vouchers to be used for
 gym memberships, board games, rugs, sports equipment, acting classes, and any other
 "reasonable education-related expenses" that parents can justify as being related to a

³⁶ *Id.* at 4.

³⁷ *Id.* at 6.

³⁸ Bird, Single Audit Report.

³⁹ Oklahoma's Governor diverted federal COVID recovery funds—called Governor's Emergency Education Relief (GEER) Funds—that were intended to help students recover from the pandemic to instead pay for vouchers, as described in the State Audit. Bird at 41-42.

⁴⁰ *Id.* at 54.

⁴¹ *Id.* at 55-57.

⁴² Caroline Hendrie, <u>As Many More States Enact Education Savings Accounts, Implementation Challenges Abound, Education Next</u> (June 2023).

some aspect of their home "curriculum." Meanwhile, Arizona has cut \$4.56 billion from its public education funding since 2011, including \$2 billion in cuts from the funds meant for textbooks, technology, and public school buildings. 44

• Florida's vouchers can be used to buy Disney tickets, big-screen TVs, and paddleboards. Florida's voucher administrators released a purchasing guide for their universal voucher program that has sparked outrage for permitting many non-educational items, such as foosball tables, canoes, garden supplies, meal delivery kits, and tickets to Florida theme parks. For the 2021-2022 school year (during which only students with disabilities were eligible), taxpayer-funded vouchers were used to pay \$1.2 million for televisions, \$43,374 for treadmills, and \$226,584 for gaming consoles. This year, all Florida students are eligible. Meanwhile, Florida has chronically underfunded its public schools for decades, earning an "F" for school funding in a report by the Education Law Center and ranking 48th in the country for teacher pay.

In defending ESA programs like those in Oklahoma, Florida, and Arizona, private school voucher proponents contend that these purchases are proper and appropriate, comparing them to the field trips and electives available to public school students.⁴⁹ This argument is misguided.

First, luxurious trips and expensive electives are not the reality in most public schools. While the best-resourced public schools in wealthier communities can provide some "extras" or enlist parents to contribute for field trips and electives, many schools cannot. Many of our public schools are so underfunded and inequitably funded that they are struggling to provide the basics that students need to learn, like books, computers, and safe, functional

Linda Jacobson, <u>Trampolines and Cowboy Classes: Arizona Parents Take Advantage of State's Homeschooling Funds</u>, *The Guardian* (Feb. 7, 2023).

⁴⁴ Arizona School Boards Association, <u>Arizona's Unrestored Budget Cuts</u> (2023).

Florida Tax Credit /Family Empowerment Scholarship for Educational Options Purchasing Guide for 2023-24, Florida Step Up for Students (2023).

⁴⁶ Jeffrey S. Solochek, <u>Florida Parents Can Spend Left Over School Voucher Funds on TVs, Kayaks, Disney Tickets</u>, *Miami Herald* (Sept. 1, 2023).

⁴⁷ Danielle Farrie & David Sciarra, <u>Making the Grade: How Fair is School Funding in Your State?</u> *Education Law Center* (Dec. 2021).

⁴⁸ Kailey Tracy, Florida Teachers Among Lowest Paid in the Country, Fox 13 Tampa (Apr. 27, 2023).

⁴⁹ In the words of a Heritage Foundation Education Senior Policy Fellow, "It is not uncommon for public schools to have kayaks or trampolines for physical education or their athletic programs. Chicken coops are a feature in many schools, particularly in rural areas. Washington, D.C.'s Department of Health even published a guide to raising chickens in district school gardens. And what do you think all those public-school buses are doing outside of SeaWorld?" See Jason Bedrick, Education Choice Means Accountability to Families, Education Next (Mar. 21, 2023).

classrooms.⁵⁰ Districts in high-poverty areas, which serve mostly students of color, get less funding than districts in wealthy areas, which serve mostly white students, highlighting this inequity.⁵¹ Many teachers—an estimated 68%—are forced to spend their own money on basic classroom supplies, like notebooks, pencils, and cleaning materials.⁵²

Second, ESA voucher programs are a poor allocation of limited taxpayer funds. Consider a parent who uses an ESA voucher to buy a \$5,000 piano for their living room so that their child can take piano lessons. At the same cost, the local public high school could have purchased a piano that will serve hundreds of students in the school's music and theater programs each year for 20 years. We should not be diverting desperately needed public funding away from the public schools that serve nearly 90% of students to pay for luxuries that will only be used by individual voucher students.

Conclusion

Unfortunately, the unprecedented expansion of state voucher programs has brought unparalleled harms and failures to our kids, schools, and communities. While drafting this addendum, new reports of wrongdoing were emerging each day from these massive state voucher programs.

But there is cause for hope: an extraordinary voter-driven movement to defend public schools is developing. For example, in Nebraska, the Support Our Schools petition effort turned in almost double the number of signatures required to the Secretary of State to put a referendum on the ballot to block implementation of the state's first-ever voucher program. Voters will have a chance to decide. It is worth noting that vouchers have lost every single time since 1970 that they have appeared on ballot referenda. Other voucher states should follow Nebraska's lead. Despite the efforts of anti-public-education politicians and lobbyists, people do not support the dismantling of our public schools.

At great cost, voucher failures are illuminating what public education advocates have known all along: we must stop private school vouchers, end existing programs, and return public funds to public schools, where they will be used to improve education for *all* children.

For example, 41% of public schools report persistent issues with their HVAC systems that make classrooms too hot or too cold for students to learn comfortably. Danielle Campoamor, <u>Schools Struggle With Hot Classrooms</u>, <u>Not Enough Air Conditioning in Record Heat Waves</u>, <u>Today</u> (Aug. 17, 2023); see also Sylvia Allegretto, Emma Garcia, and Elaine Weiss, <u>Public Education Funding in the U.S. Needs and Overhaul</u>, <u>Economic Policy Inst.</u> (July 12, 2022); Moriah Balingit, <u>Shortages of Staff and Equipment Still Plague Schools</u>, <u>Data Shows</u>, <u>The Wash. Post</u> (Dec. 6, 2022).

⁵¹ Alegretto, Garcia, and Weiss.

Elizabeth Huebeck, <u>Most Teachers Spend Their Own Money on Classroom Supplies. Should They?</u> Education Week (Aug. 25, 2023).