

Center on Budget and Policy Priorities (CBPP): State lawmakers are draining public revenues with school vouchers.

CBPP is a nonpartisan research and policy institute with a focus on reducing poverty and inequality. Some describe it as nonpartisan progressive. [The June 12, 2023 policy brief](#) provides specific information about voucher programs in six states. The brief pre-dated the enactment of Ohio's universal voucher system in June 2023.

The conclusions of the June 12, 2023 brief are in line with other research reports regarding the negative aspects of vouchers:

- Wealthy people and wealthy companies benefit the most from voucher programs.
- Voucher schools discriminate.
- Voucher schools diminish opportunities for students with the greatest education needs.
- Voucher costs exceed policy makers' projections.

The brief provides information and data from 6 states.

State Lawmakers Are Draining Public Revenues with School Vouchers

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In the past few months, state lawmakers have expanded and created [a record number of school voucher programs](#) with little to no limits on eligibility. This will deplete available state revenues for public education and other critical services and [do little to expand opportunity](#) for students.

Regardless of whether school vouchers [directly or indirectly divert funding](#) from public schools to private education, state K-12 funding formulas depend on some metric of student count to allocate per-pupil funding. Some school districts can absorb some of the cuts with layoffs and reduced spending on textbooks and supplies. But fixed expenses such as air conditioning, school buses, and building maintenance can lead to funding shortfalls and layoffs.

In early 2023, these states created or expanded their school voucher policies:

- **Nebraska** passed the state's [first voucher program](#), a K-12 tuition tax credit initially capped at \$25 million annually, though the cap could rise to \$100 million a year depending on demand for tax credits. Individuals and businesses can donate up to half of their taxes owed (with a maximum of \$100,000); donations are funneled to scholarship granting organizations (SGOs), which pay private school tuition and other eligible expenses on behalf of students and their families. The tax credits reduce tax liability and thus, decrease the state revenues available for investments in public services, including public schools. Public school advocates are planning to [challenge the bill](#) on the 2024 ballot.
- **Arkansas'** [LEARNS Act](#) created, among other harmful policies for public education and teachers, an education savings account (ESA) program, which will phase in universal eligibility by the 2025-2026 school year and provide state-funded vouchers for families to use toward private school tuition and several other allowable expenses (like homeschooling, exam fees, and tutoring).

- **Florida** broadened eligibility requirements to make its existing ESA program available to all students (rather than only students with disabilities or those from low-income families), with [an estimated cost of \\$4 billion](#) in the first year of implementation.
- **Iowa** created an ESA that is initially targeted to families with lower incomes. But it will expand over time to include all students by the 2025-2026 school year and cost [over \\$340 million](#) per year when fully in effect.
- **South Carolina** [expanded the state ESA](#), lifting household income eligibility to 400 percent of the federal poverty level beginning in 2026-2027, but placing a 15,000-student cap on the program.
- **Utah** created an ESA starting in the 2024-2025 school year that is [available to all students](#) but gives priority to students based on their household's income.

Other states should not follow the paths of these states. For one, school vouchers primarily benefit wealthier students, families, and businesses. States with existing voucher programs — [Arizona](#), [Missouri](#), [New Hampshire](#), and [Wisconsin](#) — have reported that most families who benefitted were already covering the costs of private schools and homeschooling prior to the voucher becoming available.

Wealthy people and companies also benefit when vouchers take the newer form of K-12 tuition tax credits. People and companies who donate to SGOs are allowed to opt out of paying tax to fund public needs and instead fund tuition scholarships at private K-12 schools. This tax incentive can provide state credits — up to 100 percent of the donation — to [families with incomes over \\$200,000](#) and even allows businesses to profit from claiming federal expense deductions and avoiding capital gains tax.

Vouchers can also increase the likelihood that students experience discrimination and harm. Private schools [are not required to offer](#) the same federal civil rights protections for students as public schools. In fact, many voucher bills explicitly require families to [waive students' protections and rights](#) under the federal Individuals with Disabilities Education Act for educational services that students with disabilities may need to learn.

Further, vouchers do not necessarily expand opportunities for students with the greatest needs. Students from families with low incomes often face barriers to navigating the voucher application and private school admission processes. Smaller, rural areas [often rely on their local public schools](#) as community hubs and primary sources of employment. Private schools can more easily push students out without recourse based on [how they style their hair](#), [what they wear](#), test scores, and subjective disciplinary action.

Voucher costs often grow beyond what is projected and thus, reduce overall revenues for other state spending. [A recent study of school voucher programs](#) in seven states shows how state voucher spending from 2008 to 2019 increased by hundreds of millions of dollars annually, while K-12 spending for public education declined despite public school enrollment increases. Arizona became the first state to implement a universal voucher program in 2022, and as of mid-March 2023, the ESA program is expected to cost the state [at least \\$345 million more](#) than initial projections for the first year. New Hampshire's voucher program was estimated to cost \$130,000 in 2021 and it now costs [\\$14.7 million](#).

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And a few private schools in Iowa are [already raising tuition](#) only a few months after the new voucher program passed in January of this year.

Some state lawmakers understood the great cost at the expense of public services and stopped multiple school voucher bills this year. For example, 16 House Republicans broke with their party to [defeat Georgia's universal voucher proposal](#) in the final hours of session. And Idaho Senate Republicans raised [concerns about the long-term cost](#) of a universal ESA bill, which also applied to subsequent voucher bills.

As some states continue to debate school vouchers during legislative sessions, state lawmakers should understand that their actions now and in the future will have large fiscal and harmful consequences for public education and student opportunities.