

School Privatization Policy Brief

SEF Position

SEF opposes all school voucher programs, education savings accounts, tax-credit scholarship programs, and any other efforts to fund private schools with public dollars.



Background

From tax exemptions to direct grants for scholarships for K-12 students, state policymakers have found creative ways to funnel taxpayer dollars away from public schools and into private schools. School privatization policies provide families of various income levels and disability (or ability) statuses opportunities to use public dollars to finance enrollment in private schools. In the seventeen states SEF serves, twelve¹ states operate school privatization programs that provide either school vouchers, tax-credit scholarships, or education savings accounts, resulting in 276,000 participating students and amounting to \$1.6 billion in state funding or tax benefits to fund private schools or pay for private education services.²

A review of the most comprehensive

forms of school vouchers from the Center on Education Policy concluded that “studies have generally found no clear advantage in academic achievement for students attending private schools with vouchers.”³ Most research findings show no material difference in learning outcomes when comparing students who use vouchers to attend private schools and those who are enrolled in public schools. Despite the lack of evidence that school vouchers have any substantial positive impact on student achievement, the advancement of voucher programs in many states has not slowed. State and federal legislatures continue to introduce bills that spread school privatization efforts regardless of the negative impacts on traditional public schools, including United States Secretary of Education Betsy DeVos’s

¹ Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, and Virginia.

² SEF analysis of ED Choice Database.

³ Usher, A. & Kober, N. (2011). *Keeping Informed about School Vouchers: A Review of Major Developments and Research*. Washington, DC: Center on Education Policy.

proposal to develop the Education Freedom Scholarship—a federal tax credit scholarship program.

STATE PROGRAMS THAT REDIRECT PUBLIC SCHOOL FUNDING TO PRIVATE SCHOOLS

SCHOOL VOUCHER

School Voucher: States offer parents a certain amount of public education funding for private school tuition. States set different and varying levels of requirements that schools must meet to be eligible to accept a voucher, and the number of approved schools varies per state. Parents are required to pay any difference between the voucher amount and the school's tuition unless the private school agrees not to charge more than the amount of the voucher.



Education Savings Account (ESA): States set aside funding and place it in individual accounts for students. Parents can use the money toward a variety of education-related costs, including private school tuition, homeschooling costs (such as online course tutoring), and even on some types of therapy. Allowable uses vary by state, but ESAs typically support private school tuition and education services.



Tax Credit Scholarship: States offer businesses or individuals tax credits to donate money to non-profit student scholarship-granting organizations. Students who meet the requirements of the program can use the scholarship money toward tuition at a private school. These tax benefits, in part, would go to support local public schools.



FAMILY ELIGIBILITY REQUIREMENTS

States establish eligibility requirements for students and families to access school privatization programs. Eligibility requirements may include a maximum family income level threshold, prior year public school enrollment, or disability status. However, states have complete autonomy in setting eligibility standards. For example, Arkansas, Florida, Georgia, Louisiana, Mississippi, and North Carolina operate school voucher programs without an income limit.

CONCERNS WITH STATE SCHOOL PRIVATIZATION EFFORTS

- The establishment of private schools in the southern United States is deeply rooted in historic efforts to maintain racial segregation as demonstrated by the dramatic growth of private schools and enrollment in private schools by white students across the southern states after *Brown v. Board of Education*, as compared to such growth and enrollment across the country.⁴

Students from low-income families who cannot cover the difference between the cost in tuition and the program amount are unable to access these programs.

- Under the Individuals with Disabilities Education Act (IDEA), students with disabilities are already entitled to attend private schools with the full cost of tuition covered when the public school is unable to provide services that meet a student's need.⁵ State school privatization programs, however, force families with disabled

Programs that use public funds for private schools do not cover the full cost of tuition and therefore do not equally support all families, impacting low income families that cannot cover the difference.

- State governments have a constitutional responsibility to ensure all children have access to free public education, not a private one.
- Programs that use public funds for private schools usually do not cover the full cost of tuition and therefore do not equally support all families.

children to pay the difference in the voucher amount and the school's tuition in addition to requiring families to waive their right to a free and appropriate public or private education protected under federal law.

- School voucher programs do not create greater educational

⁴ Southern Education Foundation. *A New Era of State-Funded Segregation in Private Schools*. Retrieved January 13, 2019, from <https://www.southerneducation.org/Our-Strategies/Research-and-Publications/Race-Ethnicity-Landing-Pages/A-New-Era-of-State-Funded-Segregation-in-Private-S.aspx>; Southern Education Foundation. *A History of Private Schools and Race in the American South*. Retrieved January 13, 2019, from <https://www.southerneducation.org/Our-Strategies/Research-and-Publications/Race-Ethnicity-Landing-Pages/A-History-of-Private-Schools-Race-in-the-American.aspx>

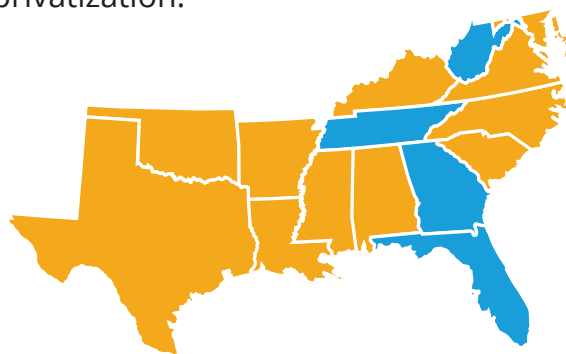
⁵ Individuals with Disabilities Act Statute: 20 U.S.C. 1412(a)(10)(B). Retrieved from <https://sites.ed.gov/idea/statute-chapter-33/subchapter-II/1412/a/10>.

opportunity in rural communities where no private schools may exist. In addition, voucher programs further strain funding resources in communities that already have lower densities of students and schools.

- Using public funds for private schools eliminates or reduces public accountability for taxpayer dollars. Private schools do not face the same requirements as public schools related to state approved academic accountability, publicly reported budgets, or performance outcomes required of public schools, and do not adhere to requirements for transparency of open meetings and records laws as do public schools.
- Federal and state laws allow families to exercise school choice options within the existing public school systems by allowing access to charter, magnet, and other traditional public schools, including in the event a student is zoned to attend a chronically underperforming school.
- Using public funds for private schools is an inefficient use of taxpayer money because it forces states to spread limited taxpayer resources into two school systems—one public and one private—the latter of which is not accountable to the taxpayers supporting it.

School Privatization Efforts in Southern States

Currently, one of the key issues dominating education policy conversations in state legislatures and the federal government is the push to expand school privatization. Within the 2019 legislative calendar and with various degrees of success, Florida, Tennessee, Georgia, and West Virginia all made efforts to expand school privatization:



Florida: In May, Governor Ron DeSantis signed into law the Family Empowerment Scholarship Act, a state-funded school voucher program. The scholarship will have the capacity to cover 18,000 students and could have as much as \$130 million allocated toward it in the 2019-2020 state budget. The passage of the Family Empowerment Scholarship Act means that state funding in Florida for voucher programs will be close to \$1 billion in the upcoming budget.⁶ While the state's tax credit scholarship is funded through individual and corporate donations given in exchange for dollar-for-dollar tax write-offs, the Family Empowerment Scholarship will be funded directly by

⁶ Fineout, G. (2019, May 9). DeSantis Signs Voucher Program into Law; Legal Challenge Could Be Next. *Politico PRO*. <https://subscriber.politicopro.com/article/2019/05/09/desantis-signs-voucher-program-into-law-legal-challenge-could-be-next-9190178>

taxpayer dollars. This difference makes the program susceptible to constitutional challenges because the public funding for private schools will derive from individual taxes rather than individual or business donations that can be written off.⁷

Instead of focusing on improving Florida's antiquated and inequitable funding formula, in use since 1973,⁸ the Family Empowerment Scholarship program will likely divert \$130 million of taxpayer funds in Florida away from public schools, which are already among the most underfunded in the nation. According to data from the National Education Association, in the 2016-2017 school year, Florida ranked 43rd in per-pupil expenditure nationwide, spending on average \$9,293 per student. The same report shows that little improvement has been made, with Florida still ranking in the nation's bottom 20% in per-pupil expenditure in the 2018-2019 school year.⁹

Additionally, since the Florida Department of Education explicitly relinquishes its regulatory and oversight authority over private schools, usage of the school voucher program makes it difficult to guarantee that students will be taught by certified teachers or pushed to fulfill the appropriate requirements to graduate and progress to a quality post-secondary institution or career of their choice. Finally, Florida already funds the Florida Tax Credit Scholarship, the McKay

Scholarship, the Gardiner Scholarship, and the Hope Scholarship for tens of thousands of students to attend private schools. The Family Empowerment Scholarship program fundamentally duplicates existing school privatization efforts.

Tennessee:

In late May, first-term Republican Governor Bill Lee signed into law Tennessee's Education Savings Account program, targeted for students from low-income families in Shelby County and Metro Nashville. With the potential to cost as much as \$125 million in taxpayer funds by 2024, the state's new ESA law will cover expenses including, but not limited to, private school tuition, tutoring services, transportation, and post-secondary expenses and fees. Despite its intentions to expand access for students from low-income families, students of color, and students with disabilities, the law will have the opposite effect and will likely perpetuate inequities in Tennessee for two distinct reasons. First, programs that use public funds for private schools usually do not cover the full cost of tuition and therefore do not actually support *all* students equally, despite the law targeting historically underserved students. Tennessee's new ESA program does not allow any individual



⁷ Postal, L. (2019, May 9). DeSantis Signs Bill Creating Florida's Fifth School Voucher Program. *Orlando Sentinel*. Retrieved from <https://www.orlandosentinel.com/news/education/os-ne-desantis-vouchers-bill-signing-20190509-wq434c3kgbdrprknoqv5oii3pi-story.html>.
⁸ Ibid.
⁹ National Education Association. (2019). Rankings of the States 2018 and Estimates of School Statistics 2019. Retrieved from http://www.nea.org/assets/docs/2019_Rankings_and_Estimates_Report.pdf.

student to receive more than \$7,300 for an ESA. In many cases, private school tuition is double the ESA allocated amount, allowing just a portion of eligible students whose families can afford the remaining tuition to access the ESA. Second, the law strips students with disabilities of their civil rights protections already guaranteed under IDEA by prompting them to waive their already guaranteed right to a free and appropriate public education as a condition for participating in the program.

Georgia: Early this year, the Georgia General Assembly introduced the Georgia Educational Scholarship Act, an ESA meant primarily to serve low-income families and families with children who have disabilities. The proposal did not reach the governor's desk but did come close to advancing through Georgia state chambers, despite it epitomizing government inefficiencies and fundamental inequities. For example:

- The Georgia Educational Scholarship Act duplicates existing government school privatization efforts. Students with disabilities in Georgia can already access private school scholarships. The Georgia Special Needs Scholarship Program helps students with special needs access schools that best fit their needs. Students with disabilities also have access to the Qualified Education Expenses Tax Credit program, which is funding

already set aside for families to use toward private school tuition. Finally, students with disabilities and special needs already have comprehensive protections and guarantees under IDEA, one of which grants them access to a free private school education and free education services in cases where their needs are not met in a local public school.

- The Georgia Educational Scholarship Act is also inequitable because of its failure to guarantee funding for all transportation costs for students who would opt to attend a private school but cannot afford to get there. As a result, low-income parents and families are automatically shut out from the opportunity to fully participate in the ESA program due to their inability to access all available schools, further exacerbating the opportunity gap already plaguing public education in the state.

West Virginia: On June 3rd, the State Senate passed a bill that would authorize ESAs to direct taxpayer funds toward helping families making \$150,000 or less fund private school education and other approved education-related services for their children. According to projections, the measure is expected to cost \$945,000 in its first year, decrease in its second year, and increase in its third year.¹⁰ ESA legislation was

¹⁰ McElhinny, B. (2019, June 3). Education Savings Account Bill Passes W.Va. Senate. *WV MetroNews*. Retrieved from <http://wvmetronews.com/2019/06/03/education-savings-account-bill-passes-w-va-senate/>.

repeatedly voted down in West Virginia's House of Delegates and faces opposition from Governor Jim Justice and Democrats statewide.

Trump Administration: The United States Department of Education's budget under the current Administration proposed a \$5 billion federal education tax credit scholarship similar to programs already in place in over a dozen states across the country. Known officially as the Education Freedom Scholarship and Opportunity Act, the program allows individuals to receive a tax break for contributions of up to 10 percent of their adjusted gross income to any scholarship-granting nonprofit in the country and also allows businesses to contribute up to 5 percent of their net taxable income.¹¹ This program is especially harmful in both its intentions and its manifestation because it will give the nation's wealthiest individuals and corporations a significant tax break for essentially funding vouchers for students to attend unaccountable and relatively unregulated schools. It also redistributes tax dollars that would, in part, go to public schools and redirects them to private ones. The program also represents a back-door approach to nationalizing a school voucher system that is intended to diminish the value of public schools and significantly slash the regulatory and protectionary powers of the United States Department of Education.

¹¹ Green, E. (2019, February 28). Betsy DeVos Backs \$5 Billion in Tax Credits for School Choice. *The New York Times*. Retrieved from <https://www.nytimes.com/2019/02/28/us/politics/devos-tax-credit-school-choice.html>.

Policy Recommendations

To mitigate the attack on public school education and provide the necessary resources for school systems in the South, the Southern Education Foundation proposes three critical equity recommendations for federal, state, and local policymakers.



1. Phase out any of the existing private school voucher programs, including school vouchers, education savings accounts, tax-credit scholarships, or any other effort that funds private schools with public dollars, and prohibit authorization of any future school voucher or similar programs moving forward.
2. Implement equitable K-12 state funding formulas that address historical and present-day opportunity and achievement gaps and fiscal inequities that negatively impact low-income students.
3. Update and improve school funding formulas so historically underserved students receive additional supports to meet national academic achievement norms.

Table of School Voucher Programs in the South*

State/ Name of Voucher Program	Latest Available Year of Statistics	# of Students Participating	Participation Rate	Average Voucher Value	Total State Investment
Alabama					
Accountability Act of 2013 Parent-Taxpayer Refundable Tax Credits	2017	145	<1%	\$2,814	\$408K
Education Scholarship	2019	3,802	2%	\$5,541	\$21.1M
Arkansas					
Succeed Scholarship	2019	260	<1%	\$6,781	\$1.8M
Florida					
Florida Tax Credit Scholarship	2019	100,512	11%	\$6,266	\$630M
Gardiner Scholarship	2019	11,917	3%	\$10,418	\$124M
John M. McKay Scholarships for Students with Disabilities	2019	30,066	8%	\$7,352	\$221M
Hope Scholarship	2019	66	<1%	\$7,111	\$469K
Georgia					
Georgia Special Needs Scholarship	2018	4,664	2%	\$6,223	\$29M
Qualified Education Expense Tax- Credit	2017	13,247	1%	\$3,454	\$45.8M
Louisiana					
Louisiana Scholarship Program	2018	6,928	3%	\$6,007	\$41.6M
Elementary and Secondary School Tuition Deduction	2017	77,097	50%	\$5,448	\$420M
SchoolChoiceProgramforCertain Students with Exceptionalities	2018	394	1%	\$2,190	\$863K
Tuition Donation Credit Program	2017	1,703	1%	\$4,148	\$7.1M
Maryland					
Broadening Options and Opportunities for Students Today	2019	3,168	4%	\$2,047	\$6.5M

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State/ Name of Voucher Program	Latest Available Year of Statistics	# of Students Participating	Participation Rate	Average Voucher Value	Total State Investment
Mississippi					
Dyslexia Therapy Scholarship for Students with Dyslexia	2019	252	2%	\$4,985	\$1.3M
Nate Rogers Scholarship for Students with Disabilities	2019	1	<1%	\$4,985	\$5K
Equal Opportunity for Students with Special Needs	2017	356	<1%	\$6,494	\$2.3M
North Carolina					
Opportunity Scholarships	2019	9,640	2%	\$3,806	\$36.7M
Special Education Scholarship Grants for Children with Disabilities	2018	1,546	1%	\$6,753	\$10.4M
Personal Education Savings Accounts	2019	277	<1%	\$6,547	\$1.8M
Oklahoma					
Lindsey Nicole Henry Scholarships for Students with Disabilities	2018	827	1%	\$6,624	\$5.5M
Equal Opportunity Education Scholarships	2018	2,500	1%	\$1,951	\$4.9M
South Carolina					
Educational Credit for Exceptional Needs Children Fund	2017	1,951	2%	\$4,973	\$9.7M
Refundable Educational Credit for Exceptional Needs Children	2017	322	<1%	\$6,211	\$2M
Tennessee					
Individualized Education Account	2019	137	<1%	\$4,696	\$643K
Education Savings Account Pilot	N/A	N/A	N/A	\$7,300	N/A
Virginia					
Education Improvement Scholarships Tax Credits	2018	4,435	1%	\$3,134	\$13.9M

* SEF's analysis of EDChoice's Dashboard as of June 12, 2019.