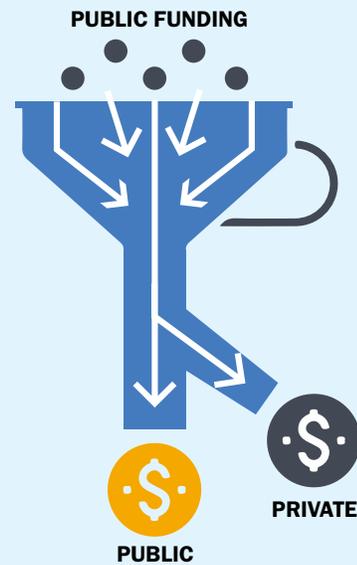




A Summary of School Privatization Efforts Expanded by the Trump Administration and Secretary DeVos

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, such as school vouchers, education savings accounts, and tax-credit scholarships, provide families of various income levels and disability (or ability) statuses opportunities to use public dollars to finance enrollment in private schools. 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.”¹ In fact, in some states, participation in voucher programs had negative effects on student achievement, with students enrolled in the Louisiana Scholarship Program increasing their chances of failing math by 50 percent² and students in Indiana using vouchers to attend private schools consistently scoring lower on reading and math tests than their public school peers.³



In 2020 alone, there have been clear efforts made by the Trump Administration, Secretary DeVos, and southern governors to spread school privatization efforts regardless of their negative efficacy and detriment to public schools. Below is a synopsis of the recent federal activity and events that are undermining public schools.

Recent Federal Policies and Guidance to Support Private Schools at the Expense of Public Schools

ED's July 2020 equitable services rule increasing federal allocations to private schools

Published guidance from ED in April of this year and a binding interim rule in July amend the existing equitable services long-standing policy to allow a disproportionate amount of CARES Act funds to flow to private schools.⁴ For example, it is estimated that Secretary DeVos' new equitable services rule will create an acute burden on school districts in Louisiana⁵ and Texas⁶, which will have to distribute an extra \$23 million and \$38 million, respectively, to private schools in their states. This is happening despite a provision in the CARES Act that explicitly states that the proportion of federal funds allocated to serving private school students shall be equal to the proportion of students from low-income families who attend private schools.⁷

ED's interpretation of CARES Act education appropriations to advance private school choice

In April of this year, Secretary DeVos announced that one percent, or \$307.5 million, of the total appropriations for education within the CARES Act would be set-aside for discretionary "microgrants" for families to give them access to virtual and private education programs.⁸ Issued on a competitive basis, the one percent allocation

was originally intended to support states especially burdened by COVID-19. The CARES Act also includes \$3 billion in education funding referred to as the Governor's Emergency Education Relief (GEER) fund that ED directly distributed to state governors. Secretary DeVos provided governors guidance that encourages GEER funds to be used to support school privatization efforts, such as school vouchers. Now, Governor McMaster (SC), Governor Stitt (OK), and Governor DeSantis (FL) all plan to dedicate GEER funding toward private school scholarships at a level of \$32 million, \$10 million, and \$15 million respectively in their individual states.⁹

Private schools' ability to access Paycheck Protection Program (PPP) loans allocated through the CARES Act

Reports show that private schools in many states nationwide accepted large PPP loans, even as other sources of federal funding became available to them. In Arkansas, for example, a partial list shows at least five elite private schools receiving PPP loans, which public schools cannot access, totaling at least \$5 million.¹⁰ In the Baltimore, Maryland area, 14 private schools each received more than \$2 million in PPP loans, including one that received more than \$5 million.¹¹ Private schools can effectively double, triple, and quadruple dip in CARES Act federal resources that are inaccessible to public schools.

Education Secretary Betsy DeVos' federal tax-credit scholarship initiative, "Education Freedom Scholarships"

Earlier this year, the Trump Administration's proposed FY2021 budget requested \$5 billion in annual, dollar-for-dollar tax credits to individuals who donate to select Scholarship Granting Organizations (SGOs) that fund private school scholarships for participating students.¹² Based on the previous and current research findings from existing tax-credit scholarship programs,¹³ Education Freedom Scholarships will effectively reduce the federal government's annual tax revenue by \$5 billion and reduce opportunities for schools to implement research-based school improvement efforts for low-achieving students who remain in the public school system.

The Trump Administration's proposal for private schools to receive direct federal aid in the next relief package

The Trump Administration has demanded direct aid for private schools in the next COVID-19 stimulus package.¹⁴ The Administration's proposal is a one-time fund for state scholarship grants for students to attend private schools; this amount would be equivalent to 10 percent of the total allocation for state and local education agencies.¹⁵ In July, Senators Tim Scott (R-SC) and Lamar Alexander (R-TN) introduced school privatization legislation that would redirect 10 percent of K-12 funding under the CARES Act to provide one-time emergency funding for scholarship-granting organizations. In combination with other federal funding streams being made available to private schools, 10 percent of the total amount allocated for public education in the next relief package would mean billions of additional dollars for private schools.

Inequitable Results from Providing Public, Taxpayer Dollars to Advance Enrollment at Private Schools

- State governments have a constitutional responsibility to ensure all children have access to a free public education, not a private one.
- 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, public reporting, or performance outcomes, and do not adhere to the same requirements for transparency of open meetings and records laws as public schools.



- 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. 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.

- School voucher programs do not create greater educational opportunity in rural communities where private schools may not exist. In addition, voucher programs further strain funding resources in communities that already have lower densities of students and 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.

RECOMMENDATIONS

We recommend Congress deny the Trump Administration's requests to fund private schools with federal relief dollars. Additionally, we recommend that Congress nullify Secretary DeVos' revised equitable services interim rule and restore the originally codified, long-standing equitable services policy as stated in the CARES Act and the ESEA of 1965. We also recommend Congress to revise the restrictions for PPP recipients to prevent private schools from tapping into funds intended to support our nation's struggling small business owners. We also recommend the closing of loopholes allowing Secretary DeVos to interpret intended uses for federal funding; this will limit the Secretary's ability to create discretionary micro-grant competitions and funding guidance that will benefit private schools. Finally, we encourage Congress to fund K-12 education at a level of at least \$370 billion, as this is the minimum amount necessary to protect students and provide the fundamental instructional needs to meet 21st century demands and pandemic-related needs.¹⁶ **SEF**

ENDNOTES

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