Policy Brief

The Case Against School Vouchers:

The Texas Miracle Depends on Strong Public Schools, Not Unproven Gimmicks

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In January 2013, Raise Your Hand Texas® released a report titled *School Vouchers: The Myth and the Reality*, providing a comprehensive introduction to the issue, including voucher history and nomenclature, presence in other U.S. states, and an exploration of the myths and truths surrounding this controversial issue.[1] This brief is a companion to the original report and provides an updated summary of the issues surrounding vouchers, including why they are an unproven education reform tool and an inefficient use of state resources.

Back to the Basics

In its simplest form, a school voucher is a government subsidy of private schools funded by taxpayer money. Vouchers direct public money to private entities without flowing first through a school district.

Voucher funds are applied toward part or all of a student's tuition at a private school, including religious schools of all faiths and schools that are able to discriminate for admissions purposes.

Currently, the state of Texas does not employ educational vouchers of any kind.

There are generally two types of voucher programs:

Traditional Vouchers

Traditional vouchers enable a student's family to receive a set dollar amount to leave the public school system and enroll in a private school, paying part or all of the private school tuition with the voucher.

A traditional voucher can be either a direct payment or a reimbursement to parents, using taxpayer funds.

Alternative names for traditional vouchers include:
Taxpayer Savings Grants
Student Scholarship Program
Parental Choice Scholarship Grants
School Choice Scholarship

Tax Credit Vouchers

These types of vouchers usually fall under two categories:

1. In states with a personal income tax, some tax credit vouchers provide parents with a tax credit up to a set amount to defray the costs of private school tuition.
2. The state issues tax credits to corporations or individuals who have donated to education funds that would provide vouchers for students to attend private or religious schools.

Alternative names for tax credit vouchers include:
Tax Credit Scholarship
Corporate Scholarship Program
Education Tax Credit
Educational Improvement Tax Credit

How tax credit vouchers typically work:

- The legislature approves tax credits to individuals or corporations for different types of taxes owed to the state that normally would go into general revenue or other funds used to support state programs, including public education.
- The tax credits allowed are equal to all or a percentage of the donation given by the individual or corporation to a third-party, private, nonprofit management organization created specifically to funnel the tax credit dollars to private and religious schools to pay tuition for students.

- Potential state revenue is thus diverted to the management organization and is never received by the state.
- The management organization administers the program and is allowed to spend a percentage of total revenue from donations for administrative expenses, between 3% and 20% depending on the state. Lobbying and fundraising are allowable expenses.[2]
- Student eligibility for the tuition subsidy may initially include income limits, or a requirement to be previously enrolled in a public school, or other qualifiers.
- Once initiated, these programs may be expanded over time by increasing the amount and types of the credits and changing student eligibility criteria.
- Although the tax credit approach is more circuitous and convoluted, the purposes and end results are largely the same. [3]

Accountability Is Key

Perhaps the most concerning element of vouchers for those invested in improving public education for Texas students is the lack of accountability for voucher programs.

While one of the key rationales offered in support of school vouchers is preventing children from "being trapped in failing schools," there is little or no evidence to show vouchers improve academic achievement for students.

Research on voucher programs nationwide concludes, "vouchers have had no clear positive effect on student academic achievement, and mixed outcomes for students overall."[8]

Furthermore, Texans would never know whether these taxpayer subsidies produced the promised results touted by voucher promoters.

When voucher dollars leave the public system, accountability disappears. Private and religious schools are not required to comply with assessment and accountability standards like public schools are, and parents, taxpayers, and the public cannot "follow the funds" to verify students who use vouchers to attend private and religious schools are in fact learning and achieving.

More facts about the voucher accountability problem:

- Schools receiving vouchers are not required to comply with state accountability evaluations, open record laws, or statewide academic standards.
- Private schools are not required to follow federal guidelines for serving students with special needs.
- Vouchers can potentially be used at private schools that have not demonstrated high academic or ethical standards.
- The curriculum at private schools is not subject to public review and may include extreme religious beliefs.

The True Cost of Vouchers

Voucher proponents claim certain voucher schemes can save the state money. Setting aside the fact that an education proposal is being sold primarily as a means to save money rather than for its educational benefits, there remain real questions as to whether these schemes actually produce cost savings as great as claimed, and if so, at whose expense.

In the case of the "tax credit scholarship" type of voucher, the tax credit against state taxes, otherwise owed, in exchange for contributions for tuitions to private schools results in foregone revenue to the state to fund public schools and other vital needs.

But the "taxpayer savings grant" is frequently positioned as a voucher that would provide cost savings to the state.

Proponents of the taxpayer savings grant claim to save the state money by granting a voucher in an amount less than current per-pupil funding for a student to attend public school, thereby theoretically allowing the state to keep the difference.

The taxpayer savings grant proposal provides for a reimbursement to parents for private school tuition in an amount equal to the lesser of the actual cost of the tuition or 60% of the state average cost of maintenance and operations per student.

The problem with this math is, in reality, the state only pays about 45% of educational costs on average (and in some cases far less), with the remainder coming from local property taxes. So some of the claimed savings are illusory.

This is further compounded by the loss of millions in federal funds when a student leaves the public school system, which the Legislative Budget Board (LBB) has previously estimated at $1,000 per student.[4]

The fact is, parents of students entering kindergarten and first grade would be eligible to receive the voucher, effectively providing a taxpayer-funded subsidy for private school tuition for parents who already intended to send their child to private school. As the LBB explains:

> [T]here would be little incentive for the parents of these students not to apply. Assuming at least a portion of those students would never have enrolled in public school, there would be ***no offsetting savings*** to the FSP associated with these students. At 100 percent participation, the potential cost of grants associated with these students could be ***as much as $100 million per year***. For purposes of this estimate and based on an assumed cohort of 18,800 students enrolled in private kindergarten, 50 percent participation among students in this cohort who never would have enrolled in public school is assumed at a cost of $47 million annually [emphasis added].[5]

In evaluating such proposals, consider not only whether the savings are as great as claimed, but at whose cost these purported savings are obtained.

These savings come in the form of reduced payments to the very public schools that have and will continue to educate the overwhelming majority of the state's students.

As the LBB explains, "[d]istricts would lose state aid through the Foundation School Program resulting from decreased enrollment."[6] Yet, costs to districts to operate campuses do not go down when a few students leave to attend private school. Costs such as utilities, transportation and teacher salaries remain.

The result is "[s]ome districts might experience difficulties in realizing sufficient cost reductions due to the reduced enrollment and could suffer some financial hardship…"[7]

Therefore, any potential savings associated with the taxpayer savings grant may be far less than claimed, and these savings may never materialize.

Efforts such as these that divert funds from public schools inevitably come at a huge long-term cost to the only system with the capacity to educate all Texas students.

School Choice Is Here, and It's Found in Public Schools

Everybody agrees parents and students need choices, both because students have unique needs and talents, and because a small subset of Texas public schools are consistent underperformers.

Fortunately, the Texas public school system already provides a myriad of choices for parents and students, though many people aren't aware of the options. The following table highlights the choice opportunities currently available to Texas students.

Public School Choice for Texas Parents and Students

Charter Schools

While subject to fewer state laws than traditional public schools, charter schools must follow the same fiscal and academic accountability policies as school districts. The majority of charter schools in Texas are open-enrollment charters operated by non-profit corporations, universities or other governmental bodies. Open-enrollment charters serve students from a defined geographic area and are open to any student residing in that area.

Charters are subject to an enrollment cap set in the charter, which may be increased by the Commissioner. More than 200,000 students attend public open-enrollment charter schools in Texas. State law also allows for the local creation of campus charters by school districts with the same type of flexibility. Campus charters operate under an agreement with the local school board and remain part of the school district.

Open Enrollment Policies

Many school districts allow students living within the district to choose to attend any school with capacity. Some open enrollment policies may also apply to students residing beyond district boundaries.

Magnet Schools

Magnet schools typically focus on specialized curricula such as science, technology, engineering, and math (STEM), the arts, or International Baccalaureate (IB). Students must apply to attend, and there are typically eligibility requirements. Magnet schools are not assigned students residing in a specific geographic zone within a district, and some magnet programs allow students residing outside the district to apply. According to an unofficial tally, more than 250,000 students in Texas attend magnet schools.[9]

Virtual Schools

Students enrolled in public schools in any district (grade 3 and above) may enroll in an online course through the Texas Virtual School Network (TxVSN), operated by the Texas Education Agency (TEA). In addition, there are currently seven host district/charters operating nine full-time online schools. Over 10,000 students were enrolled in full-time virtual schools in Texas in 2013-14.

Students with Multiple District Options

State law allows students to enroll in a district based on the residence of a grandparent or divorced parent even if the student does not reside in the district. A grandparent must provide a substantial amount of after-school care for the student as determined by the school board.

Special Needs Transfers

State law requires school boards to allow individual students, via parental request, to transfer to a different campus within the district based on specific needs defined in state statute: bullying; having a member of the family attending special education services at a different campus; or students involved in sexual assault.

Parent Petition

Under state law, parents may apply to transfer their child from their assigned neighborhood school to a different school in the district. The school board is required to hear the request and must grant it unless the board determines there is a reasonable basis for denial.

Public Education Grant (PEG) Program

Under state law, students in underperforming schools may transfer to a different school in their district or to a school in another district. The school funding system provides incentives for districts to accept PEG students from other school districts.

No Child Left Behind (NCLB) Transfers

Under federal law, students in schools not meeting Adequate Yearly Progress (AYP) were allowed to transfer to another campus within the district. Due to the NCLB waiver Texas was granted, this law currently applies only to those students granted transfer status prior to the2013-14 school year. Also under NCLB, students who are in school environments defined as unsafe may move to a different school within the district.

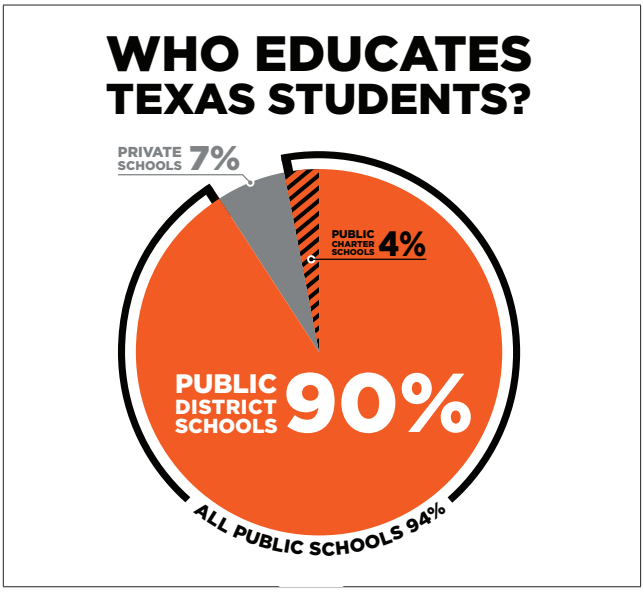
Conclusion

School vouchers have proven over time to be divisive, ineffective, and unnecessary. They do not addresses the challenges faced by a public education system that must educate every student who walks through the school door, regardless of background, race, religion, poverty, or special needs.

Instead of turning to costly gimmicks, silver bullet experimental approaches, and divisive political ploys, the State of Texas must instead focus on supporting and improving the only system with the will and capacity to educate all Texas students. The Texas public school system educates 94% of school-age children statewide, and now is the time to redirect our energies to what really influences achievement and performance for these students and schools.

Using independent research and practice-proven approaches to focus on the real best practices for advancements in education must be our goal.

Raise Your Hand Texas believes that instead of defunding and dismantling public education, we should instead give every child a fair shot at success in school and life and improve schools with full-day, high-quality prekindergarten. We should ensure quality teachers are in every classroom and strong leaders at the helm of every school. We must give schools the resources and support they need to innovate and address the unique needs of every student.



* Percentage total greater than 100 because all percentages were rounded up to the next whole number

** Home school enrollment numbers not included as no reliable public source exists

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