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Vouchers and Tuition Tax Credits:

An Analysis of Claims, Assumptions and Evidence

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*The views expressed in this testimony are those of the author and should not be attributed to or seen as representing the position of Teachers College – Columbia University or any other organization with which he is affiliated.

EXECUTIVE SUMMARY

This presentation will focus on many of the claims promoted by voucher and tuition tax credit program advocates, followed by a discussion of assumptions and the evidence that provides facts to dispel the claims. I will discuss voucher programs (including special education vouchers) and tuition tax credits (including corporate and individual tax credit programs that offer subsidies through scholarship tuition organizations, and tuition tax deduction programs). I will also briefly discuss education savings account programs, albeit it is important to note that there is no existing research base on these programs. However, the evidence on voucher and tuition tax credit programs is applicable to an analysis of the mechanisms advanced by education savings account programs, where similar policy and economic functions may yield similar effects on public school budgets, student achievement and other indicators.

In 2016, a total of 26 voucher programs were operating in 14 states (Arkansas, Colorado, Florida, Georgia, Indiana, Louisiana, Maine, Mississippi, North Carolina, Ohio, Oklahoma, Utah, Vermont, and Wisconsin) and the District of Columbia.¹ All the existing voucher programs are targeted to a specific student population, including low-income students, student enrolled in low performing schools, students with disabilities and students residing in districts with no public schools. Tax credit programs (including tax credit scholarships and individual tax credit/deduction programs) have been proposed in over 45 states and 30 programs are now operating in 19 states (Alabama, Arizona, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Minnesota, Montana, New Hampshire, Nevada, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina and Virginia).² Most of the existing programs became operational in the late 1990s and have expanded significantly over the last ten years. Similar to voucher programs, most tuition tax credit programs limit eligibility to students who meet the thresholds listed above, however, several programs extend subsidies to existing private school students. In addition, unlike most voucher programs, private schools who choose to participate and are not required to accept a tax credit scholarship in exchange for full tuition. And lastly, a total of 5 states operate education savings account programs (Arizona, Florida, Mississippi, Nevada, and Tennessee).³ Two important differences exist between voucher programs and education savings account programs. First, most voucher programs limit subsidy expenditures to private or public school tuition costs and transportation, while education savings account programs allow parents to use their subsidy for tuition, tutoring, music lessons, transportation, and other educational services. Second, education savings account programs do not require private schools to accept a voucher in exchange for full tuition, and most importantly, when a student's education costs are lower than the subsidy amount, the balance of funds are deposited in to an education savings account for the student.

This presentation will focus on research evidence on three principle issues associated with voucher and tuition tax credit policies, with a specific focus on special education vouchers: 1.) effectiveness and efficiency, 2.) access and equity, 3) accountability.

¹ See Workman, E. (2012). *Vouchers, scholarship tax credits, and individual tax credits and deductions*, Education Commission of the States. Retrieved on September 4, 2013 from <http://www.ecs.org/html/Document.asp?chouseid=10528>; National Conference of State Legislatures, 2014. *School vouchers*, Retrieved on August 2, 2014 from: <http://www.ncsl.org/research/education/school-choice-vouchers.aspx>; Friedman Foundation, *School choice in America*, Retrieved on June 26, 2017.

² Ibid

³ Ibid

EFFECTIVENESS AND EFFICIENCY

1.) CLAIM: *Private schools are more effective than public schools in addressing students' academic needs and improving students' educational outcomes.*

ASSUMPTION: This claim assumes that private schools are more effective in serving the educational needs of all students, including special education, English language learners and other students with high needs.

This claim fails to acknowledge that evidence of voucher program effectiveness remains uncertain, highly contested, and unconvincing to policymakers, despite private schools serving students with less diverse needs.

EVIDENCE: Voucher programs do not guarantee improved educational outcomes.

Evidence of voucher program effectiveness remains uncertain with inconsistent effects on student academic growth, thus results should be interpreted with caution. For example, different researchers have come to different conclusions about the effectiveness of the Milwaukee Parental Choice Program (MPCP) program (the first voucher program enacted in 1989) using different methodologies. Witte (2000) reported no gains for voucher recipients in either math or reading. Also, the majority of studies of the MPCP analyze data collected prior to 1995, when sectarian schools were prohibited from participation.⁴ Studies of other publicly funded voucher programs find limited or no positive effects for voucher users. Belfield (2006) compared Cleveland Scholarship and Tutoring Program (CSTP) participants to three control groups—public school students, rejected voucher applicants, and nonusers (which includes former recipients)—and found no differences in academic achievement.⁵ Attempts to clarify the effect of vouchers on student achievement through the study of *privately* funded programs have also resulted in mixed findings. Findings from studies of the New York privately funded voucher program have been debated on methodological grounds and remain unresolved.⁶

In more recent research, Rouse & Barrow (2009) analyzed voucher studies completed prior to 2009 and concluded that “the best research to date finds relatively small achievement gains for students offered education vouchers, most of which are not statistically different from

⁴ Witte, J. (2000). *The market approach to education*. Princeton, NJ: Princeton University Press. See also Greene, J., Peterson, P., & Du, J. (1999). Effectiveness of school choice: The Milwaukee experiment. *Education and Urban Society*, 31, 190-213; Rouse, C. E. (1998). Private school vouchers and student achievement: An evaluation of the Milwaukee Parental Choice Program. *Quarterly Journal of Economics*, 113, 553-603.

⁵ Belfield, C. R. (2006). *The evidence on education vouchers: An application to the Cleveland scholarship and tutoring program*. New York: National Center for the Study of Privatization in Education, Teachers College—Columbia University. Retrieved June 26, 2014, from http://www.ncspe.org/publications_files; See also, Metcalf, K. K., West, S. D., Legan, N. A., Paul, K. M., & Boone, W. J. (2003). *Evaluation of the Cleveland Scholarship and Tutoring Program: Summary Report 1998-2002*. Bloomington, IN: Indiana University.

⁶ Myers, D., Peterson, P., Meyer, D., Chou, J., & Howell, W. G. (2000). *School choice in New York City after two years: An evaluation of the school choice scholarship program*. Washington, DC: Mathematica Policy Research; Wolf, P., W. Howell, & P. Peterson. (2000). *School Choice in Washington D.C.: An evaluation after year one*. Cambridge, MA: Program on Education Policy and Governance, Harvard University; Kreuger, A. & Z. Pei. (2004). Another look at the New York school voucher experiment. *American Behavioral Scientist*, 47(5): 658-698; Fuller, B., Huerta, L. A., & Ruenzel, D. (2000). *A costly gamble or serious reform? California's school voucher initiative—Proposition 38*. Berkeley: Policy Analysis for California Education, University of California.

zero.”^{7,8} Findings from an evaluation of the DC Opportunity Scholarship Program (OSP) found “no conclusive evidence that the OSP affected student achievement” after five years in operation.⁹ And lastly, a statewide study of the Louisiana Scholarship Program (LSP) reported negative impacts for participating students, “consistent across income groups, geographic areas, and private school characteristics.”¹⁰

Lastly, Lubienski & Lubienski (2006) analyzed student performance on the 2003 National Assessment of Educational Progress (NAEP) and found that fourth grade public school students outperformed fourth grade private school students once student background characteristics were taken into account.¹¹

A void in the voucher research literature are studies that focus on the effects of voucher programs on the outcomes of special education students, or studies that focus specifically on existing voucher programs that limit eligibility to special education students.

The lack of conclusive research evidence on existing voucher programs suggests that a non-uniform, parallel system of education is ineffective in providing students with a high quality education.

⁷ Rouse, C. E. and Barrow, L. (2009). School vouchers and student achievement: Recent evidence and remaining questions. *Annual Review of Economics* 1, 17-42, p. 38-39

⁸ For an extensive analysis of limitations of the so-called “gold standard” research studies advanced by voucher advocates, including several of the studies reviewed in Rouse & Barrow (2009) see: Lubienski, C. & Brewer, T. J. (2016). An analysis of voucher advocacy: Taking a closer look at the uses and limitations of “gold standard” research. *Peabody Journal of Education*, 91(4), 455-472.

⁹ Wolf, P. , Gutmann, B., Puma, M., Kisida, B., Rizzo, L., Eissa, N., and Carr, M. *Evaluation of the DC Opportunity Scholarship Program: Final report executive summary* (NCEE 2010-4019). Washington, DC: National Center for Education Evaluation and Regional Assistance, Institute of Education Sciences, U.S. Department of Education, p. v.

¹⁰ Abdulkadiroglu, A., Pathak, P. A. & Walters, C. R (2015, December). *School vouchers and student achievement: First-year evidence from the Louisiana Scholarship Program*, NBER Working Paper No. 21839, December 2015 JEL No. I20 Retrieved January 29, 2016 from <http://www.nber.org/papers/w21839.pdf> , p. 1

¹¹ Lubienski, S. T. & Lubienski, C. (2006). School sector and academic achievement: A multi-level analysis of NAEP mathematics data. *American Educational Research Journal*, 43 (4), 651-698.

2.) CLAIM: *Private schools are more cost effective and efficient at educating all students, compared to public schools.*

ASSUMPTION: This claim equates private school tuition with the cost of educating students, and assumes that private schools can educate all students (including special education and limited English proficient) more cost effectively than public schools.

This claim fails to acknowledge that cost differentials, including services provided and types of students that are served, are important in fully accounting for the real cost of voucher and tuition tax credit programs.

EVIDENCE: Private schools are not more cost effective and efficient at educating all students, compared to public schools. Voucher and tuition tax credit program advocates have stated that private school choice will lower total education spending because private schools typically spend less per pupil than comparable public schools do.¹² However, a closer examination of private school operations suggests that using per-pupil expenditures to estimate the potential cost of voucher programs is inappropriate.

Any measure of immediate fiscal and educational efficiency of voucher or tuition tax credit programs must account for significant cost differentials compared to a comprehensive public school system.¹³ Measuring the cost effectiveness of private schools, compared to public schools, must include measures of quality and amount of services provided to *all* students. For example, public schools routinely enroll greater numbers of special education, vocational education, and English language learner students who require more expensive educational services than those typically provided in private schools.¹⁴ Indeed, economists have expressed concern that if the voucher or tuition tax credit amount underprices the actual cost of providing services to students with disabilities, “fewer schools may open or participate in any choice program, and schools that do participate may attempt to discourage matriculation of high-cost students, perhaps by providing low-quality programs.”¹⁵ Fiscal impact measures must move beyond attempts to compare voucher amounts to per-pupil funding or expenditures. A reduction in public school enrollments must account for effects on the economies of scale that support public school infrastructure, including fixed costs linked to administration, transportation, utilities, maintenance, etc.

Adding new students to private school attendance rolls, many of whom are likely to be drawn from less advantaged families, may tax institutional supports, reduce cost advantages. In addition, church subsidies and private endowments, access to low-cost facilities, and the

¹² Coleman, J., & Hoffer, T. (1987). *Public and private high schools: The impact of communities*. New York: Basic Books; Hoxby, C. (1998). What do America’s “traditional” forms of school choice teach us about school choice reform? *Federal Reserve Bank of New York Economic Policy Review*, 4(1), 47-59.

¹³ Levin, H.M. & C. Driver. (1997). Costs of an educational voucher system. *Education Economics*. 5, 303-311.

¹⁴ McEwan, P. (2000). The potential impact of large scale voucher programs. *Review of Education Research*. 70(2): 103-149.

¹⁵ Cullen, J. & Rivkin, S. (2003). *The Role of Special Education in School Choice* in Hoxby, CM, *The Economics of School Choice* (National Bureau of Economic Research Conference Report) (2003) (University of Chicago Press), 67-106, 69.

willingness of teachers to accept lower wages in exchange for smaller and potentially better behaved classes depress tuition costs and estimates of private school spending.¹⁶

Measuring efficiency must also weigh the challenges of taking voucher and tuition tax credit programs to scale. Increased demand for private schooling will require participating private schools to address the needs of diverse student bodies and provide services equivalent to the public school system if they are to remain competitive.

Lastly, measuring efficiency is also dependent on whether the wider goals of a public and democratic education system are upheld by all schools, including citizenship training and workforce preparation.

¹⁶ Ibid.

3.) CLAIM: *Voucher and tuition tax credit programs increase competition between public and private schools, leading to increased quality and efficiency among all schools.*

ASSUMPTION: This claim assumes that private schools will effectively lure students from public schools at such a rate that all schools will compete for student clients. It also assumes that more liberalized tax benefits could increase the demand for private schooling.

This claim fails to acknowledge that private schools cannot be compelled by government to respond to an increased demand for private schooling or to accept all students who chose to transfer to a private school with a voucher or tuition tax credit subsidy. How and whether private schools increase their capacity in response to voucher or tuition tax credit programs and how their response affects the behavior of public schools, is an empirical question that has yielded very limited evidence of true competitive effects.

EVIDENCE: Voucher and tuition tax credit programs do not increase competition that yields quality and efficiency among all schools. Comprehensive reviews of the literature on school choice by Belfield and Levin (2005) and McEwan (2004) suggest that competition has a small positive and non-substantive effect on public education outcomes.¹⁷ Belfield and Levin (2005) conclude that, “a one standard deviation increase in competition would probably increase test scores by approximately .1 standard deviations or about four percentiles.”¹⁸

Measurements of voucher effectiveness may occur at either the school or student level. A substantial number of school-level analyses have focused on Florida’s now defunct Opportunity Scholarship Program (OSP), concluding that vouchers targeted to students in low-performing schools create incentives for public schools to improve or risk losing per-pupil funding.¹⁹ While some research finds that the lowest ranked schools improved after the implementation of the Florida OSP, they note that it is difficult to isolate the effects and attribute them solely to the threat of the voucher. It is possible that the stigma of being labeled a failing school, the increased funding for interventions, or other elements including the combination of these policies, led to the improved test scores.²⁰ The most recent evidence from the evaluation of the Florida Tax Credit Scholarship Program (FTCSP) provides similar inconclusive results on the competitive effects of scholarships/vouchers on traditional public schools, where the effects of other state policy reforms cannot be separated from possible competitive effects on student achievement.²¹

¹⁷ Belfield, C. R., & Levin, H. M. (2005). Vouchers and public policy: When ideology trumps evidence. *American Journal of Education*, 111(4): 548-567; McEwan (2004). The potential impact of vouchers. *Peabody Journal of Education*, 79(3): 57-80.

¹⁸ Belfield, C. R., & Levin, H. M. (2005). Vouchers and public policy: When ideology trumps evidence. *American Journal of Education*, 111(4): 548-567, p. 139

¹⁹ See Greene, J., & Winters, M. (2003). *When schools compete: The effects of vouchers on Florida public school achievement*. New York: Manhattan Institute. Retrieved June 21, 2006, from http://www.manhattan-institute.org/html/ewp_02.htm; Rouse, C. E. and Barrow, L. (2009). School vouchers and student achievement: Recent evidence and remaining questions. *Annual Review of Economics*, 1, 17-42; West, M., & Peterson, P. (2005). *The efficacy of choice threats within school accountability systems: Results from legislatively induced experiments*. Paper presented at the annual conference of the Royal Economic Society, Nottingham University, UK.

²⁰ Rouse, C. E., Hannaway, J., Goldhaber, D. & Figlio, D. (2013). Feeling the Florida heat? How low-performing schools respond to voucher and accountability pressure. *American Economic Journal: Economic Policy*, 5(2): 251-81.

²¹ Figlio, D. N. and Hart, C. M.D. (2011) Does competition improve public schools?

In addition, findings in the evaluation of the FTSCP are complicated by point in time in an academic school year when tests are administered (which is highly variable) and incompatible comparisons across the variety of achievement tests that are administered by private and public schools.²²

Studies by Green and Winters (2008; 2011)²³ are the only research that focus exclusively on a voucher program that limits eligibility to special education students, with a specific focus on potential competitive effects of a special education voucher. It is important to note that the reported effects are modest, and there are many confounding factors which make it clear that more research in this area is needed before more robust conclusions can be drawn.

Green and Winters (2008) attempt to measure whether greater exposure to the McKay Scholarship for Students with Disabilities Program, defined as the number of private schools within a 5-mile or 10-mile radius of a public school, effects math and reading achievement of disabled students in public schools who do not take-up a McKay voucher. Green and Winters (2008) note that their findings are mixed and vary by students' disabilities. For example, students with Specific Learning Disabilities (SLD) experienced very small statistically significant increases, only .05 SD in math and .07 SD increase in reading (Green and Winters, 2008). While students with speech disabilities, autism, and other disabilities experienced no improvements or only very minimal increases in one assessment (Green and Winters, 2008).

In a follow-up study, Winters and Greene (2011) use the administrative data from their 2008 study, and focus more on students with severe learning disabilities (SLD), as opposed to the 2008 study where all disabilities were included. They justify their focus on students with SLD by explaining that diagnosing a mild disability includes a more subjective process. The researchers found that public schools tended to identify fewer students as learning disabled when the number of private schools accepting the McKay voucher in the area increased. Having one additional McKay voucher accepting private school within a 5-mile radius of a public school was

Education Next 11 (1), 74-80. Retrieved from <http://educationnext.org/does-competition-improve-public-schools/>

²² Figlio, D. N. and National Bureau of Economic Research. (2012) Evaluation of the Florida Tax Credit Scholarship Program participation, compliance and test scores in 2010-11. Retrieved from http://www.floridaschoolchoice.org/pdf/FTC_Research_2010-11_report.pdf. There are two issues that must be considered when evaluating the use of this array of assessments. First, while the majority of these assessments are norm-referenced, meaning the test takers' performance is compared to the performance of their peers, these assessments do not measure the same constructs. While it is common for the performance on one assessment to be related to the performance on another norm-referenced assessment, it is possible, for example, for a student to be placed in one percentile group for the Terra Nova and a different percentile group for the PSAT. The second issue is the use of the converted FCAT scores to percentile rankings that were then compared to percentile rankings on norm-reference assessments. Florida public schools stopped administering the Stanford Achievement Test (SAT) after the 2007-2008 school year, so the only data available for public school students is the FCAT. To compensate for the lack of norm-referenced assessments, Figlio and the National Bureau of Economic Research (2012) converted students' FCAT scores to percentile rankings based on a concordance analysis using scores from years when Florida students took both that FCAT and the SAT. The correlation between the predicted scores produced from the concordance analysis and student's actual scores that same year, is .82 for math and .79 for reading. From a statistical standpoint, these are very high correlations, however, there is still a 20 percent chance that the predicted score is not the same as the actual score.

²³ Winters, M. A., & Greene, J. P. (2008). *Evaluating the Impact of Special Education Vouchers on Public Schools*, Manhattan Institute, Civic Report No. 52, April 2008; Winters, M. A., & Greene, J. P. (2011). *Public school response to special education vouchers: The impact of Florida's McKay Scholarship Program on disability diagnosis and student achievement in public schools*. *Educational Evaluation and Policy Analysis*, 33(2), 138-158.

associated with a 0.0165 percentage point decrease in the probability that the public school would identify a child as learning disabled. Winters and Greene (2011) found a similar competition relationship when evaluating the number of voucher-accepting private schools within a 10-mile radius. Finally, the researchers explore if competition from McKay is related to the achievement of students without an identified disability and find that the competition is positively related to typical students' achievement.

Both the 2008 study and the 2011 study have important limitations. First, the use of the McKay vouchers by students with SLD or other disabilities is likely not random. Parents with a better understanding of the program and access to better information are more likely to be able to take advantage of the program. Unfortunately, these parents also tend to be more affluent and have more years of education. Second, there is the potential for selection bias since the disability identification of students is not random. Green and Winters (2008) hypothesize and later find that increased potential competition from the McKay voucher leads public schools to under identify students as disabled to avoid potentially losing students who would then be eligible for the voucher. The opposite is also possible where schools may over identify students in hopes that more challenging students would take advantage of the voucher.

Lastly, Rouse & Barrow (2009) in their analysis of voucher studies completed prior to 2009 concluded that secondary effects of voucher programs on remaining public school students (e.g. effects from market competition) cannot be attributed to voucher programs.²⁴

²⁴ Rouse, C. E. and Barrow, L. (2009). School vouchers and student achievement: Recent evidence and remaining questions. *Annual Review of Economics* 1, 17-42, p. 38-39

EQUITY AND ACCESS

1.) CLAIM: *Voucher and tuition tax credit programs will enhance school choice by making private school tuition more affordable and increasing access for all students.*

ASSUMPTION: This claim assumes that voucher and tuition tax credit programs offer an adequate economic incentive for all families by offsetting the price of private school tuition. Also, there is no guarantee that private schools might respond, instead, by boosting tuition levels, rather than admitting additional students.

This claim fails to acknowledge that the expansion of private school choice is more dependent on the criteria schools use in choosing students, and less dependent on giving parents the ability to choose schools.

EVIDENCE: Voucher, tuition tax credit scholarships and education savings account subsidy amounts may be insufficient for a free private education. In addition to diverting public money to private schools, a tuition tax credit may not provide scholarship amounts sufficient to cover full tuition at private schools. Tuition subsidies or tax credit scholarships awarded to students through scholarship tuition organizations (STO) average \$3,252 and vouchers awarded through education savings account programs average \$8,264.²⁵ However, private schools who choose to participate and accept a public scholarship are not required to accept the amount in exchange for full tuition (unlike most voucher programs where private schools accept a voucher in exchange for the full price of tuition). For example, the Florida Tax Credit Scholarship Program (FTCSP) and John M. McKay Scholarship for Students with Disabilities Program (McKay) provide limited subsidies that challenge families to pay residual tuition costs. The regulated FTCSP scholarship amount of \$4,880 for 2013-14 amounts to only 65% of the average tuition at a Florida private school.²⁶ For McKay, the average scholarship amount of \$7,019 for IEP students is nearly equivalent to the average private school tuition, while the average scholarship amount of \$3,977 for 504 plan amounts to only 53% of the average private school tuition. However, there is no accounting of additional costs that special education students may incur for other services, exclusive of tuition. Both the FTCSP and McKay may leave families with a significant tuition balance.

Also, private school tuition rates are not regulated by states nor do states collect accurate information on private school tuition rates. Without an accurate account of actual tuition

²⁵ See Workman, E. (2012). *Vouchers, scholarship tax credits, and individual tax credits and deductions*, Education Commission of the States. Retrieved on September 4, 2013 from <http://www.ecs.org/html/Document.asp?chouseid=10528>; National Conference of State Legislatures, 2014. *School Vouchers*, Retrieved on August 2, 2014 from: <http://www.ncsl.org/research/education/school-choice-vouchers.aspx>; Friedman Foundation, *School choice in America*, Retrieved on January 26, 2016 from: <http://www.edchoice.org/school-choice/school-choice-in-america/>

²⁶ The best available estimate of average private school tuition in Florida, albeit not vetted by independent auditors or researchers, is provided by the for-profit website privateschoolreview.com. The website is a clearinghouse of national information on private schools. They report that in 2013-14 private schools in Florida charged an average tuition rate of \$7,478 (\$8,465 for high school and \$6,485 elementary).

costs, parents are not informed of additional costs they must bear, thus scholarship amounts may result in only a partial payment for what is guaranteed by most state constitutions as a free public education.

Tuition elasticity is dependent on which private schools participate, the subsidy amount, and the types of students that private schools admit.

Evidence describing the effects of tax subsidies and vouchers on the elasticity of tuition prices is limited.²⁷ Current programs that offer direct tax credit or deduction benefits to parents in exchange for private school expenses, may not offer tuition tax credits large enough to stimulate supply-side responses from private schools (e.g. Minnesota, Illinois, Iowa and six other states). However, tuition tax credit programs that include a scholarship tuition organization mechanism that award tax credit scholarships/vouchers directly to students (e.g. Arizona, Pennsylvania, Florida and thirteen other states), provide a larger public subsidy to families, which may impact a supply-side response that influences tuition prices. Because states do not regulate tuition prices, families that use the benefit to enter private schools today, may not have sufficient residual income to pay a tuition increase in the future. In recent research measuring the effects of voucher and tax credit subsidies on private school tuition, Hungerman and Rinz (2016) report that subsidies may yield cream skimming of students who are either unwilling/unable to pay a higher tuition or screened-out on basis of academic ability or performance.²⁸ Lastly, student-level indicators that identify the characteristics of voucher or tuition tax credits beneficiaries are insufficient to assess whether private schools accept the same rate of special education, English language learners and other students with special needs. A recent study reported that students who leave the Milwaukee Parental Choice Program and return to public schools are disproportionately special needs students.²⁹ Similar data across other voucher and tuition tax credit programs is lacking.³⁰ These are all important factors that may impact tuition elasticity, but for which we have insufficient data, as a result of limited or non-existent data collections effort by states.

²⁷ See Huerta, L. A. & d'Entremont, C. (2007). Education tuition tax credits in a post-Zelman era: Legal, political and policy alternative to vouchers? *Educational Policy*, January/March 21(1), 73-109.; d'Entremont, C. & Huerta, L. A. (2007). Irreconcilable differences? Education vouchers and the suburban response; Jacobs, M. J. (1980). Tuition tax credits for elementary and secondary education: Some new evidence on who would benefit. *Journal of Education Finance*, 5:233-245. Jain, P. (2002). *The approval barrier to suburban charter schools*. Washington, DC: Thomas B. Fordham Institute.; Augenblick, J. & McGuire, K (1982). *Tuition tax credits: Their impact on the states*. Denver, CO: Education Commission of the States; Longanecker, D. A. (1983.) The public costs of tuition tax credits. in *Public dollars for private schools: The case of tuition tax credits* (pp. 115-129), edited by Thomas James and Henry M. Levin. Philadelphia, PA: Temple University Press; Gemello, J. M. & J. W. Osman. (1982). *Analysis of the choice for public and private education*. Washington DC: Institute for Research on Educational Finance and Governance. ; Catterall, J. S., & Levin, H. M. (1982). *Public and private schools: Evidence on tuition tax credits*. Stanford, CA: Stanford University, Institute for Educational Research on Educational Finance and Governance.

²⁸ Hungerman, D and Rinz, K (2016). Where does voucher funding go? How large-scale subsidy programs affect private-school revenue, enrollment, and prices, *Journal of Public Economics*, 136, 62–85

²⁹ Cowen, J. M., Fleming, D. J., Witte, J. F., & Wolf, P. J. (2012). Going public: Who leaves a large, longstanding and widely available urban voucher program? *American Educational Research Journal*, 49(4), 231-256.

³⁰ For a broader discussion on whether voucher programs benefit low-income, English-language learners and special needs students, see Jabbar, H., Holme, J., Lemke, M. A., LeClair, A., Sanchez, J., & Torres, E. M. (2015). *Will School Vouchers Benefit Low-Income Families? Assessing the Evidence* (Issue brief). Austin, TX: Texas Center for Education Policy.

Supply-side response depends more on criteria schools use in choosing students, and less on giving parents the ability to choose schools. Another relevant issue is whether private schools have the capacity to respond to increased demand if tuition tax credits or vouchers are scaled-up (supply-side response) and whether a pent-up demand for private school options exists from parents (demand-side response). These supply and demand issues raise the question of how large a benefit is needed to elicit a response from both private schools and the parents who may want to enroll their children. The United States Conference of Catholic Bishops has been active in lobbying for tuition subsidies, and it is also realistic in acknowledging that a much larger benefit is needed to entice families to exit public schools. At the state level, the Minnesota Catholic Conference explains that Catholic schools could only begin to increase the supply of available seats through capital expansion if subsidy amounts were in the range of \$12,000 to \$14,000 (equivalent to approx. \$14,200 - \$16,500 in 2014 dollars).^{31 32} Private schools also recognize that quality and fidelity to their mission is heavily influenced by school size and make-up of the student body, thus private schools may not want to scale-up even if an adequate subsidy amount were provided by the state.³³

This speaks to an important supply-side behavior that school choice advocates often choose to overlook: expansion of private school choice is more dependent on the criteria schools use in choosing students, and less dependent on giving parents the ability to choose schools.

³¹ Noll, personal communication May 18, 2006

³² Adjusted for inflation using the U.S. Department of Labor, Bureau of Labor Statistics CPI inflation calculator, see http://www.bls.gov/data/inflation_calculator.htm

³³ Noll, personal communication May 18, 2006

2.) CLAIM: *Tuition tax credit and voucher programs provide publicly funded benefits for private school tuition without affecting education or other public service budgets.*

ASSUMPTION: This claim assumes that tuition tax credits are not public revenues and are cost neutral to both education and other public service budgets.

This claim fails to acknowledge that while education budgets may not be directly affected by a tax credit, all state programs may have to compete for limited state resources which are drawn from state treasuries.

EVIDENCE: Tuition tax credits are public funds diverted to private schools. The diversion of private resources in the form of individual and corporate donations that flow to scholarship tuition organizations (STO) is premised on a tax liability that is owed to the state. The credits that are returned to the taxpayer represent foregone tax revenue owed to a state, thereby decreasing available revenue and adversely impacting state budgets. This essentially allows a corporate or individual taxpayer to designate some of their taxes owed to tuition for private schools as opposed to other state needs. The diversion of funds legally owed to the state by means of a tax credit renders them public funds.³⁴

³⁴ Recent examples of ruling from courts in Arizona, Illinois and Alabama are divergent on whether the private money of tax credit beneficiaries that flows to private schools (or scholarship tuition organizations) constitutes “public money.” See *Dr. Daniel Boyd et al v. Julie P. Magee et al*, 2014, Circuit Court of Montgomery County, Alabama Case No. 03-CV-2013-901470.00. p. 10; *Griffith v. Bower*, 2001. No money ever enters the state's control as a result of this tax credit. Rather, the Act allows Illinois parents to keep more of their own money to spend on the education of their children as they see fit and thereby seeks to assist those parents in meeting the rising costs of educating their children (*Griffith v. Bower*, 747 N.E. 2d 423. IL App. Ct. 2001).

ACCOUNTABILITY

1.) CLAIM: *Voucher and tuition tax credit school choice programs will yield a market-based accountability system based on parents' preferences that does not require public accountability of private schools.*

ASSUMPTION: This claim assumes private schools will advance a uniform education system, with adequate governance and accountability systems, that advance equity, social cohesion and democratic citizenship, where all students are presented with similar opportunities to learn standardized skills and content as well as gain access to varying perspectives.

This claim fails to acknowledge that states prohibit oversight of private schools, and that voucher and tuition tax credit subsidies for private school tuition may encourage families to segregate themselves into school communities with competing value systems.

EVIDENCE: The majority of voucher and tuition tax credit programs across states expressly prohibit or limit the ability of the government to administer basic oversight and accountability measures on private schools. The governance, practice and accountability standards of private schools are not uniform with public schools, including teacher accreditation requirements, accountability systems, curriculum and assessments, admissions criteria, and services to students with unique needs, including special education and English language learners. Special education voucher amounts are insufficient to meet the unique disability needs defined in a student's Individualized Education Program (IEP).³⁵ Also, private schools are not required to hire certified special education teachers because states have no regulatory authority over private schools.

Most voucher, tuition tax credit and education savings account programs also require special education students who accept a subsidy to give up full or partial elements of their due process rights guaranteed under the IDEA.³⁶ Only programs in Louisiana, Maine, North Carolina and Vermont retain full federal rights, while programs in 14 other states either retain partial rights, explicitly revoke rights or are silent on the issue.³⁷ For example, the Jon Peterson Special Needs Scholarship Program in Ohio includes explicit statutory language that outlines how parents of participating students cannot "allege a violation of requirements involving the implementation of the IEP and whether the child has received FAPE."³⁸ Curbing a student's due process rights

³⁵ Mead, Sara (2007, June). *Information underload: Florida's flawed special-ed voucher program*. Washington, DC: Education Sector,. Retrieved June 12, 2014, from <http://www.educationsector.org/publications/information-underload-floridas-flawed-special-ed-voucher-program>

³⁶ Ibid;

³⁷ Almazan, S., & Marshall, D. (2016). *School Vouchers and Students with Disabilities: Examining Impact in the Name of Choice*, Council of Parent Attorneys and Advocates. Retrieved on July 1, 2017 from https://c.ymcdn.com/sites/copaa.site-ym.com/resource/resmgr/2016_Conference/COPAA_Voucher_paper_final_R6.pdf

³⁸ Ohio Department of Education (2014). *Ohio operating standards for the education of students with disabilities*, Author. Retrieved on July 19, 2017 from <https://education.ohio.gov/getattachment/Topics/Special-Education/Federal-and-State-Requirements/Operational-Standards-and-Guidance/2014-Ohio-Operating-Standards-for-the-Education-of-Children-with-Disabilities.pdf.aspx>

guaranteed under the IDEA means there is no state authority that is responsible for providing access to a free and appropriate education (FAPE), and oversight of special education services that are aligned with meeting a student's IEP. In addition, there is no recourse or adjudication process through which to seek due process when IDEA rights are not upheld. The bill before you today expressly notes that students and families are foregoing a range of rights afforded to students with disabilities in public schools under state and federal law.

The lack of parallel accountability and adequate funding systems threaten the ability of the state to guarantee both an effective and efficient education for all students. In addition, without increased efforts to collect and disseminate information on private schools (including tuition prices, student achievement data, graduation rates) families who choose to participate in voucher and tuition tax credit programs are not informed on the effectiveness/quality of private schools or of additional costs they must bear. For example, less than half of all voucher, tuition tax credit and education savings account programs require private schools to administer student achievement tests to subsidy recipients.³⁹

By prohibiting state education departments from engaging in due diligence and oversight of private schools, voucher and tuition tax credit programs threaten public authority and the ability of states to insure a uniform education system that advances equity, social cohesion and democratic citizenship.⁴⁰ U.S. citizens rely on public schools to teach students to participate in democratic processes, engage in public discourse, and respect divergent viewpoints. Vouchers and tax credit subsidies for private school tuition may encourage families to separate themselves into school communities with competing value systems. Thus, voucher and tuition tax credit programs contest the common school model and shift attention away from established public goals such as citizenship training and workforce preparation.⁴¹ These tenets are echoed in *Brown v. Board of Education*, where the Court stated that education is important “to our democratic society. It is required in the performance of our most basic public responsibilities It is the very foundation of good citizenship.”⁴²

³⁹ In 2015, only 14 of the 26 voucher programs in operation require private schools that accept voucher students to administer statewide or other assessments (five programs require nationally norm referenced tests). In addition, only 19 of the 30 tuition tax credit programs in operation require private schools that accept tuition tax credit scholarships or deductions to administer statewide or other assessments. And lastly, 4 out of 5 education savings account voucher programs (Arizona, Florida, Mississippi, Nevada, and Tennessee) require private schools that accept education savings account voucher students to administer statewide or other assessments. See Workman, E. (2012). *Vouchers, scholarship tax credits, and individual tax credits and deductions*, Education Commission of the States. Retrieved on September 4, 2013 from <http://www.ecs.org/html/Document.asp?chouseid=10528>; National Conference of State Legislatures, 2014. *School Vouchers*, Retrieved on August 2, 2014 from: <http://www.ncsl.org/research/education/school-choice-vouchers.aspx>; Friedman Foundation, *School choice in America*, Retrieved on January 26, 2016 from: <http://www.edchoice.org/school-choice/school-choice-in-america/>

⁴⁰ Levin, H. M. (2002). A comprehensive framework for evaluating educational vouchers. *Educational Evaluation and Policy Analysis*, 24, 159-174.

⁴¹ See Huerta, L. A. & d'Entremont, C. (2007). Education tuition tax credits in a post-Zelman era: Legal, political and policy alternative to vouchers? *Educational Policy*, January/March 21(1), 73-109.; d'Entremont, C. & Huerta, L. A. (2007). Irreconcilable differences? Education vouchers and the suburban response. *Educational Policy*, January/March 21(1), 40-72.

⁴² 347- 20 -U.S. 483, 493, 74 S.Ct. 686, 691, 98 L.Ed. 873, 880 (1954) cited in *Bush v. Holmes*, 919 So.2d

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Background and Qualifications

I have worked in education as a teacher/practitioner, researcher, policy analyst and professor since 1990. During this time, I have gained insight on how school organizations work and how policy demands affect the daily operation of schools and the actors within schools, including students, teachers, administrators and parents. My research and scholarship focus on school choice reforms and school finance policy. My research on school choice reforms examines policies that advance both decentralized and market models of schooling—including charter schools, homeschooling, tuition tax credits, vouchers and virtual/cyber schools. My research also examines school finance policy and research with a specific focus on how legal and legislative battles over finance equity in schools and the research that has analyzed the effects of resources on student achievement, have consistently overlooked how resources are used within schools.

My research on school choice and school finance have been published widely in scholarly journals and books, including: *Educational Policy*, *Journal of Education Finance*, *Teachers College Record*, *Peabody Journal of Education*, *Journal of Education Policy* and *Phi Delta Kappan*. I recently serve as co-editor of the journal, *Educational Evaluation and Policy Analysis*. (See CV for full list of publications)

Lastly, my research and commentary have been featured widely in the national print media, including *The New York Times*, *The Wall Street Journal*, *The Los Angeles Times*, *The Washington Post*, *The Boston Globe*, *The San Francisco Chronicle*, *The London Times* and *Education Week*.