



Vouchers and Tuition Tax Credits Issue Brief

Background

School Vouchers: School vouchers are taxpayer funded payments made to a parent, or an educational institution on the parent's behalf, to cover a child's education expenses at a non-public school. Voucher programs for particular classes of students have been enacted in Milwaukee, Cleveland, Washington D.C., Arizona, and Florida. Though voucher programs have been upheld as constitutional under the U.S. Constitution,¹ state voucher programs in Florida and Arizona have been struck down as violations of their respective State Constitutions. The U.S. Congress, meanwhile, shut down the Washington D.C. voucher program in 2009.

While most school voucher programs that have gone into effect have been targeted toward low-income or special needs children, attempts have also been made to provide vouchers to all students. The Utah State Legislature passed a bill in 2007 that would have made every student in that state (including private school students) eligible for a voucher, with the subsidy graduated by household income. According to an analysis done by Utah's Fiscal Research Division, the program would have cost the Utah public school system \$9.3 million and \$12.4 million in the first two fiscal years of implementation. Utah voters passed a statewide referendum later that fall repealing the program before it could go into effect. Recently, the Governor of Florida has proposed a universal type of universal voucher program.

Tuition Tax Credits: Tuition tax credits are similar to vouchers in that tax dollars may be directed toward private education; the difference is that vouchers provide upfront dollars whereas tax credits give taxpayers a dollar-for-dollar offset against their taxes due.

Legislation: North Carolina does not currently have a voucher or tuition tax credit program. Bills were introduced in the 2009-10 legislative session to create a tuition tax credit program for special needs children who are educated at private schools or at home;² and to create a statewide voucher program for students who are not assigned to a school within a predetermined radius of their place of domicile.³ For many of the reasons outlined below, the bills were opposed by many public education advocates and did not pass either chamber of the General Assembly. Advocates will likely continue to push for vouchers or tax credits in North Carolina during the 2011-12 legislative session.

NCSBA Position

NCSBA opposes the use of public funds for educational vouchers and tuition tax credits, including those for special education children.

Funding: Both vouchers and tax credits divert attention, commitment, and public dollars away from public schools to private schools. While proponents of vouchers argue that deficiencies in the public school system can be alleviated by "competition" from private schools, the reality is that such deficiencies need to be addressed through increased investment of public resources into the public school system. Vouchers or tax credits simply exacerbate the problem by creating an incentive for

¹ *Zelman v. Simmons-Harris*, 536 U.S. 639 (2002).

² HB 388 (2007); HB 335 (2009)

³ SB 218 (2009).

students to leave public schools; and since the money follows the child out of the school system public schools are then deprived of needed resources. Voucher proponents also argue that “competition” between private and public schools is a more efficient use of taxpayer dollars; but, in fact, vouchers and tuition tax credit programs actually waste taxpayer money by forcing taxpayers to support two school systems- one public and one private- and existing private school students are usually eligible when a voucher or tuition tax credit program is enacted, such as the program in Utah, creating a new cost to taxpayers.

Any such program for special needs students would be especially costly for school districts. School districts are already under obligation to provide reimbursement for private school tuition and related services when the special education services they offer are not adequate to meet the needs of a special needs child⁴ or when they fail to offer any special education services to a special needs child.⁵ Withholding tax dollars in the form of tuition tax credits on top of the funds already provided for reimbursement would be an unfair and punitive exercise. It could also cost school districts federal and state special education funds.

Accountability and Quality of Services: Voucher and tuition tax credit programs lack public accountability. Private schools that receive taxpayer funding in the form of vouchers do not have to meet standards promulgated in the federal Elementary and Secondary Education Act- including employment of “highly qualified” teachers, testing requirements, and disclosure requirements for such information as budget numbers and graduation rates. At a time of increased emphasis on accountability, the redirection of public money to schools that are not subject to public scrutiny is a step in the wrong direction. In many states, the absence of accountability in these programs has resulted in fraud, waste, and abuse. Private schools also do not have to provide special education services outlined in federal law to special needs children, one of our society’s most vulnerable populations.

Choice: Proponents of a voucher or tuition tax credit program argue that these programs increase parental choice and introduce competition in education. This could not be further from the truth. Private schools do not have open enrollment and can refuse to admit any student for any reason. The reality is these schools would choose the best and the brightest students and leave the remaining students, with vouchers in hand, at the public school system. By contrast, public schools do not have the luxury of choosing the students they wish to educate; they are obligated to educate all students who wish to enroll. The result of this sort of unbalanced playing field is that public schools will be left with the most difficult and expensive students to educate, and will have fewer resources with which to do so.

Student Achievement: There is no empirical evidence of increased student achievement in countries or states where voucher or tuition tax credit programs have been enacted. The U.S. Government Accountability Office (GAO) report to Congress on the voucher programs in Cleveland and Milwaukee noted that the most credible research found little or no difference in voucher and public school students’ performance.

Overall, it is clear that vouchers and tuition tax credit programs redirect money from public schools, lack public accountability, run contrary to the notion of open enrollment, and have shown little evidence of increased student achievement.

⁴ *School Comm. of Burlington v. Department of Ed. of Mass.*, 471 U. S. 359, 370 (1985).

⁵ *Forest Grove School District v. T. A.*, 129 S.Ct. 2484 (2009).