A COMMENTARY

LEARNING FROM THE MISTAKES OF OTHER STATES

By Rod Gramer

Beginning with the end in mind, it's revealing to study what privatization has done to public education, taxes, and students in three other states that have aggressively expanded taxpayer funding for private and religious schools over the years – Indiana, Ohio, and Arizona.

As in Wisconsin, these programs started small, with a focus on low-income or special-needs students. But over the years these programs ballooned to include virtually any student, especially in Arizona which just passed the nation's first universal taxpayer-supported program for private and religious schools without an income limit on family participation.

In Indiana, an important critic of school privatization is the Indiana Farm Bureau.

Katrina Hall, senior director Policy Strategy and Advocacy for the Farm Bureau, told me in an interview last fall that the group opposes vouchers because it takes money away from public schools and doesn't help rural communities.

When state support for rural schools is taken away, those schools have few options: They can close buildings, lay off teachers and staff, cut programs, consolidate with other districts, or ask property taxpayers to make up the lost money.

Hall said farmers in Indiana often vote to raise their own property taxes to keep their schools "viable." That's because "rural schools are the focus of their communities," she said.

Rural legislators who support vouchers are not voting in the interest of their constituents, Hall added. "Their minds are poisoned against the public schools" by the pro-voucher lobbyists at the statehouse in Indianapolis.

Hall also said the Indiana Farm Bureau has "real concerns" about the low funding for all public schools in Indiana and particularly rural schools.

Research backs up Hall's concern. Between 2002 and 2020 the Indiana Legislature raised per student funding second least in the country, only ahead of Idaho, according to the *Wisconsin Examiner* which tracked this spending.

Hall noted that religious schools, which receive a sizable percentage of state tax money, do not have to take all students. "It's kind of like the wild west. No limits," she told me.

Chris Lagoni, executive director of the Indiana Small and Rural Schools Association, agrees with Hall that vouchers are not good for rural Indiana. "Urban policies don't always work for rural areas," he said.

“All we are doing is paying for kids already in private schools,” Lagoni said, adding that vouchers “go against fiscally conservative ideals.”

At IBE’s 11th Annual Legislative Academy earlier this month, Lagoni made the same point: there is nothing conservative about vouchers. He said they are not fiscally responsible, they increase the size of government bureaucracy, lead to property tax increases and provide no accountability or transparency to taxpayers.

Lagoni also made the point that the voucher program in Indiana has also negatively impacted the state’s support for higher education, leading Indiana to be an exporter of human talent.

The Indiana Small and Rural Schools Association represents more than 100 school districts in Indiana with student populations ranging from 445 students to 4,646 students.

The Manhattan Institute, a pro-voucher think tank, said in a report issued in 2021 that 80 percent of the students in Indiana are eligible for that state’s tax-supported private and religious school voucher program.

In Indiana, **44,376 students** receive “Choice Scholarships” from the state to attend private or religious schools. **Sixty-nine percent** of those have never attended public school and the majority of those live in a public school district where students could attend a public school without paying tuition.

Students whose families earn 300 percent of the federal free and reduced lunch program are eligible to participate in Indiana’s Choice Scholarship program. The funding is not only based on income, but also how many students in the family need support.

There are **7,382 families** participating in the Indiana school voucher program that have an **annual household income of between $100,000 and more than $200,000.** The average household income for the entire program is $68,199 for a family of four.

Each student in a choice family received $5,439 or $6,634 per year depending on which eligibility requirement they use to qualify.

More than half of the students participating came from Indiana’s largest metropolitan areas, with only 7,124 coming from small towns and rural areas.

If all the Choice Scholarship students had attended public schools instead, the State of Indiana would have provided **$307 million** more funding to the state’s public schools.

Just like in Wisconsin, a sizeable percentage of the voucher money in Indiana goes to students attending religious schools, including Christian, Catholic, Lutheran, Baptist, and three Islamic and one Jewish school.

“It’s just a big money game,” said Lagoni. “This is how it gets done with the big dollars favoring urban people.”

And he warned legislators in Idaho not to expect the pressure to expand the voucher program to lessen if the first bill is passed. He said the pressure to expand the program until it is universal with no income limit on what a family can earn will grow more intense as a swarm of pro-voucher lobbyists representing big monied interests descend on the statehouse.

THE OHIO STORY

In 2005, Ohio provided vouchers to **3,000 low-income students** at a cost of **$5 million**. By last year, the voucher program had soared to serving **68,000 students** at a cost to Ohio taxpayers of **$628 million**.

"I double-dog dare you to find another area in the Ohio budget that has experienced such a sky rocketing increase," Dan Heintz, a history teacher at Chardon Local Schools near Cleveland., told *The Columbus Dispatch.*

But that skyrocketing expansion still isn't enough for the Thomas B. Fordham Institute, a pro-voucher think tank that has advocated for the program.

In a recent report the Fordham Institute said the State of Ohio still had a lot of work to do to get more students to attend private and religious schools. The Institute complained that the Ohio Legislature did not provide "seed" money to create more private and religious schools across the state. If it provided such upfront money there would be more private schools that could receive taxpayer funds, it said.

The Institute also pointed out that many new private schools can't get taxpayer funds until mid-way through their first year of operation. This should also change, Fordham said, so new private and private religious schools can get state funding the first fall semester of operations.

Fordham also said the eligibility requirement for families receiving taxpayer funded tuition was too high. It advocated raising the voucher eligibility requirements from 250 percent of the federal poverty level to 400 percent so that a family of four with a household income of $111,000 a year could participate.

One issue facing the Fordham Institute and others who want to expand the voucher program is that private schools have not delivered on the promise that students changing from public schools to private schools would do better academically.

In 2020, the *Cincinnati Enquirer* found that most of the students in the Ohio voucher scholarship program performed worse on the state's standardized tests than their peers in the public schools.

The Columbus Dispatch also reported that in 88% of Ohio's largest cities where vouchers are used, the public-school students performed better on the standardized tests. In the city of Akron, it said, the public-school students did eight percentage points better.

Last month, with another court case challenging the Ohio choice program looming, the Fordham Institute issued another study arguing that the voucher program did not take money away from the state's public schools. While admitting that state support for public schools may have been impacted by vouchers, it said local taxpayers made up the difference through property taxes.

But Fordham claimed property taxes did not go up to make up for the lost state revenue.

The Fordham report said: "Contrary to the critics' chief allegation—that vouchers 'drain money' from districts—EdChoice does not decrease the per-pupil expenditures of districts. The neutral fiscal impact should be expected. While seeing reductions in state aid when students participate in choice programs, districts experience an *increase* in local funding per pupil, because those taxpayer dollars do not "follow" voucher (or charter) students to their schools of choice."

The Fordham study was panned by critics faster than the ink dried on the report.

Steve Dyer, a former Indiana legislator, noted the irony that the Fordham report reinforced what critics have said for years – that vouchers hurt state support for public schools. He also refuted the Fordham claim that property taxes didn't increase because of this loss of funding.

"I'm sure the study's author(s) had no idea what they had just done," Dyer wrote in response to the Fordham study. "But those of us who have been saying the same thing for years sure did. This is an admission that EdChoice means that students not taking EdChoice vouchers have to rely more on local, voter approved property taxes to pay for their educations — the exact thing that the Ohio Supreme Court ruled four different times made Ohio's school funding system unconstitutional."

Dyer told me in an interview that local homeowners, businesses, and farmers paid $5.3 billion in property taxes in 2001 and $7.2 billion last year. Most of that increase, he said, went to help pay for public schools which had lost state funding.

In other words, yes state funding for Ohio's public schools goes down because of the voucher program, as Fordham admitted in its study. And, contrary to the Fordham report's assertion, local property taxpayers have seen their taxes go up so that someone in Cleveland, Columbus, and Akron can send their kids to a private or religious school.

Despite the Fordham Institute's call to expand the program some leaders in Ohio are growing concerned about the soaring costs of the taxpayer-supported private school program. But, as *The Columbus Dispatch* observed, it is hard to alter voucher programs when families can receive $6,000 to $18,000 per year to send their kids to private schools.

This supports the argument that once a voucher program is started, it is nearly impossible to slow or stop the expansion of taxpayer-supported private schools. Which brings us to what's happening in Arizona.

THE ARIZONA STORY

Last year Arizona became the first state in the country to provide taxpayer-supported funds to any family, regardless of household income through its education savings account (ESA) program. An ESA operates much like a credit card. The state puts about $7,000 per student on the card and parents can use it for a variety of approved uses, including private and religious school tuition.

Idaho legislators are currently looking to use the ESA rather than voucher scholarships to fund private and religious schools. One reason they are doing that is the negative connotation the public has of "vouchers." ESAs sound less threatening, but the result is the same – taxpayers money flows to private and religious schools.

Chris Lagoni of the Indiana Rural and Small Schools Association calls the ESA program an education "entitlement" program. Others call it a "welfare program" for parents who already send their kids to private and religious schools.

Until this year the Arizona private and religious school tuition subsidy served **12,000 students**. But the new law now makes the tax money for private schools available to the **1.1 million students** who currently attend public schools in Arizona.

Moreover, the law now makes **66,000 students** who already attend private or religious schools in Arizona eligible for tax-supported tuition with a potential expense to taxpayers of **$462 million** a year. It also makes **38,000 home schooled students** eligible for taxpayer funds at a potential expense of **$266 million** a year.

Together, this expansion of the private and religious school tax subsidized tuition program could potentially increase the cost of education to Arizona taxpayers by at least $720 million a year. Let that sink in. The Arizona Legislature just wrote a check on the taxpayers' account for nearly $1 billion a year in new education funding.

And just like in Indiana and Wisconsin, many of the students who will benefit from Arizona's universal choice program are students who have never attended public schools.

Between last August 16, when the application process opened to receive taxpayer support, and the end of November, **23,578 students** applied for the taxpayer subsidy. Of those students, **80 percent** had never attended public schools. In other words, those 80 percent are new students that the taxpayers of Arizona are now on the hook to support financially.

Not only does the universal ESA promise to be very expensive for Arizona taxpayers, but it may even lead to more fraudulent spending than has been discovered in the old system.

EdWeek reported in 2018 that an audit of the Arizona ESA program found **$700,000** worth of "fraudulent" purchases by parents, including for such things as clothing and cosmetics. One parent even tried to use the ESA money for a trip.

Moreover, Arizona authorities have had trouble overseeing the program and slow in recovering money that was improperly spent, according to *EdWeek.*

"There is a severe lack of accountability to make sure that the funds are being used as intended and making sure that the program is being evaluated to measure if it's working," Oscar Jiménez-Castellanos, an education professor at Santa Clara University, told *EdWeek*.

A similar issue arose in Oklahoma when that state's governor created an ESA-like program called Bridge the Gap during the pandemic. The governor allocated nearly $20 million in federal relief funds to Bridge the Gap with which parents were supposed to use for supporting their students during the pandemic.

But two watch dog news outlets, *The Frontier* and *Oklahoma Watch*, reported last year that instead of using the money to support student learning some parents used nearly $500,000 to buy Christmas trees, pressure washers, smart watches, coffee pots, car stereo equipment, exercise equipment and more than 500 television sets.

The Frontier reported last May that the U.S. Department of Education's review of Bridge the Gap showed that the state had few safeguards to prevent fraud and abuse. Despite problems with Bridge the Gap, neither the state or the company hired to manage the ESA-like program said they were responsible for not stopping the misspending.

Meanwhile, back in Arizona public school leaders are concerned that while the state tries to fund three new school systems – private, religious, home schools – the neighborhood schools that the state's constitution says must be uniformly and thoroughly funded will take a financial hit.

That could lead to fewer teachers and larger class sizes to save money, Chris Kotterman, director of government relations for the Arizona School Boards Association, told me. Then when the quality of the public schools decline, the critics will come back and complain about the "failing" public schools, he predicted.

The story of taxpayer-supported private schools in Ohio, Indiana and Arizona provides yet another cautionary tale for where Idaho will find itself if lawmakers adopt a voucher or ESA program in our state.

Like in the privatization states of Ohio, Indiana and Arizona, education will get more expensive for taxpayers, while the pledge of improved academic performance proves to be nothing but an empty promise.

As we have seen in these states, citizens, especially in rural areas, are forced to raise their property taxes to keep their schools viable. Are rural Idahoans ready to raise their property taxes so that some citizens can send their kids to private and religious schools in the cities. Not really. The recent survey by BSU's Idaho Policy Institute shows that 56 percent of Idahoans already believe their property taxes are too high – a 10 percent increase over last year's survey.

Of course, none of these negative impacts will happen unless Idaho's lawmakers vote with the wealthy out of state advocates who want to privatize education in our state and their lobbyists at the Capitol in Boise instead of with constituents back home.

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