

A Conservative Fiscal View on Why Vouchers Don't Serve the Interests of Rural America

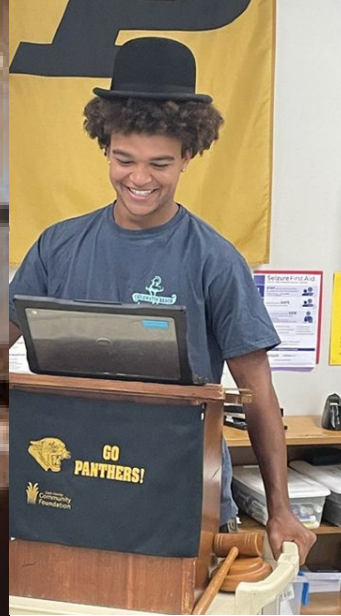
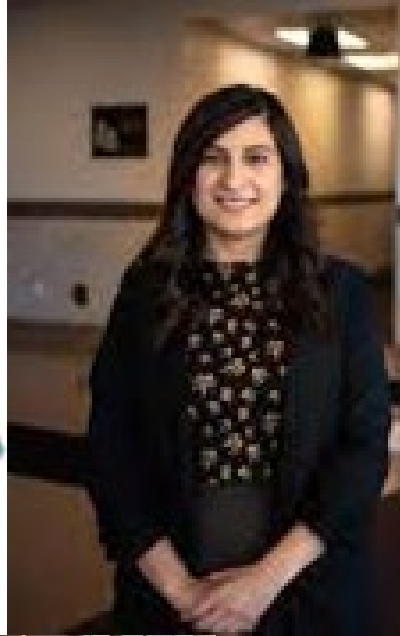
Chris Lagoni

Executive Director

Indiana Small and Rural Schools Association

Assistant Professor, Indiana Wesleyan University

Does this benefit my rural Indiana Citizens?



Rural Indiana no matter your politics is fiscally conservative.



NORM JUNG

"STOP SAYING YOU'RE A FISCAL CONSERVATIVE.
YOU'RE JUST CHEAP!"



Different forms of “choice” in Indiana

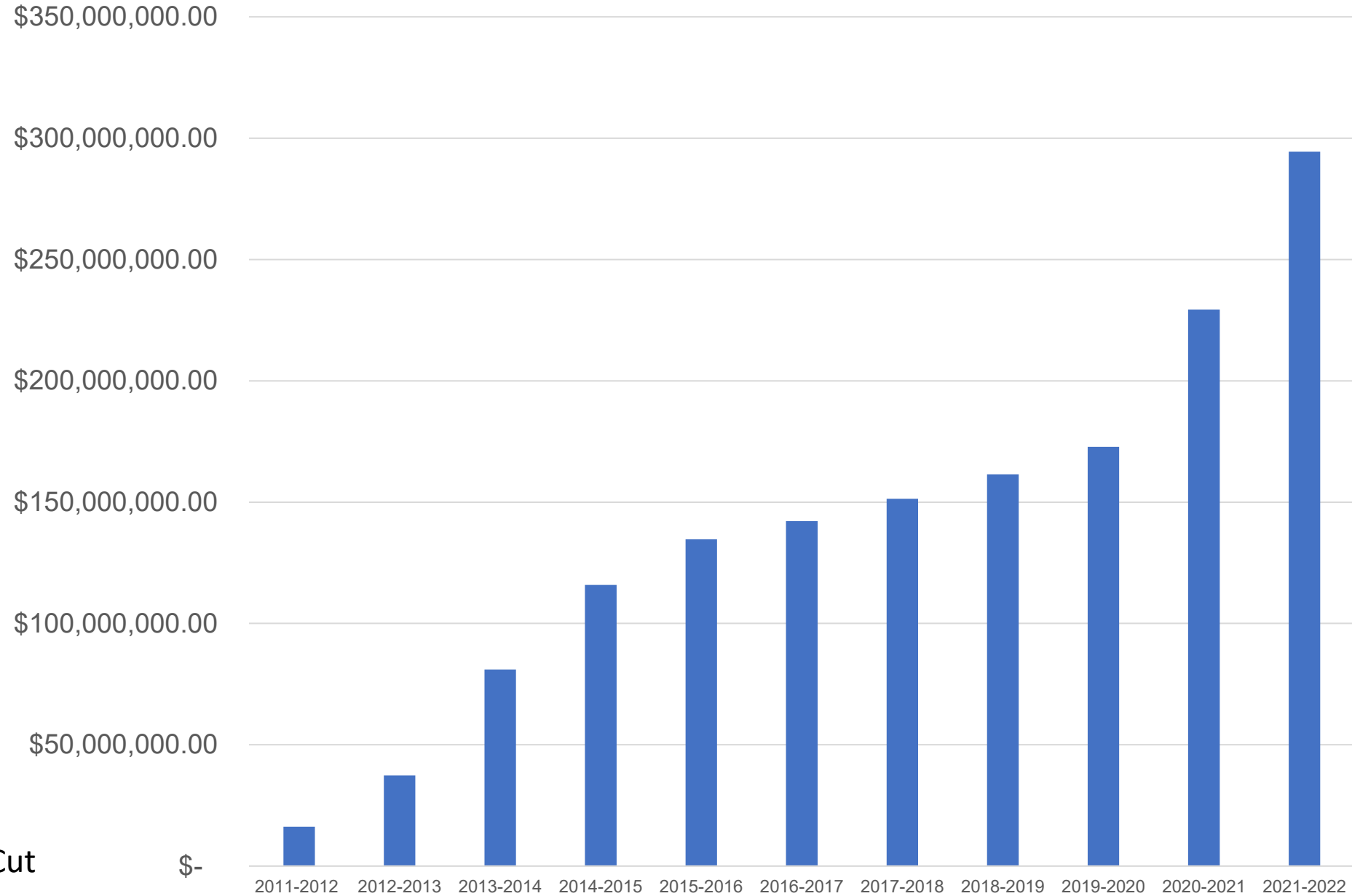
- Public School Open Enrollment
- Charter School Options
- Vouchers for Private Schools
- Special Education Savings Accounts

Voucher Program: House Enrolled Act 1003-2011 (Public Law 92-2011)

- 2011-2012 school year, Choice Scholarships were limited to 7,500 students.
- For the 2012-2013 school year, Choice Scholarships were limited to 15,000 students.
- 2011-2012 school year, there were two eligibility pathways. 1. Two Semesters in Public School Pathway
- The student is a member of a household with an annual income equal to or below 150% of the amount to qualify for the Federal Free or Reduced Lunch Program.

The Yearly Cost of the Voucher/Choice

2009
\$300
MILLION Cut



The Overall Tuition Support 2009-2021

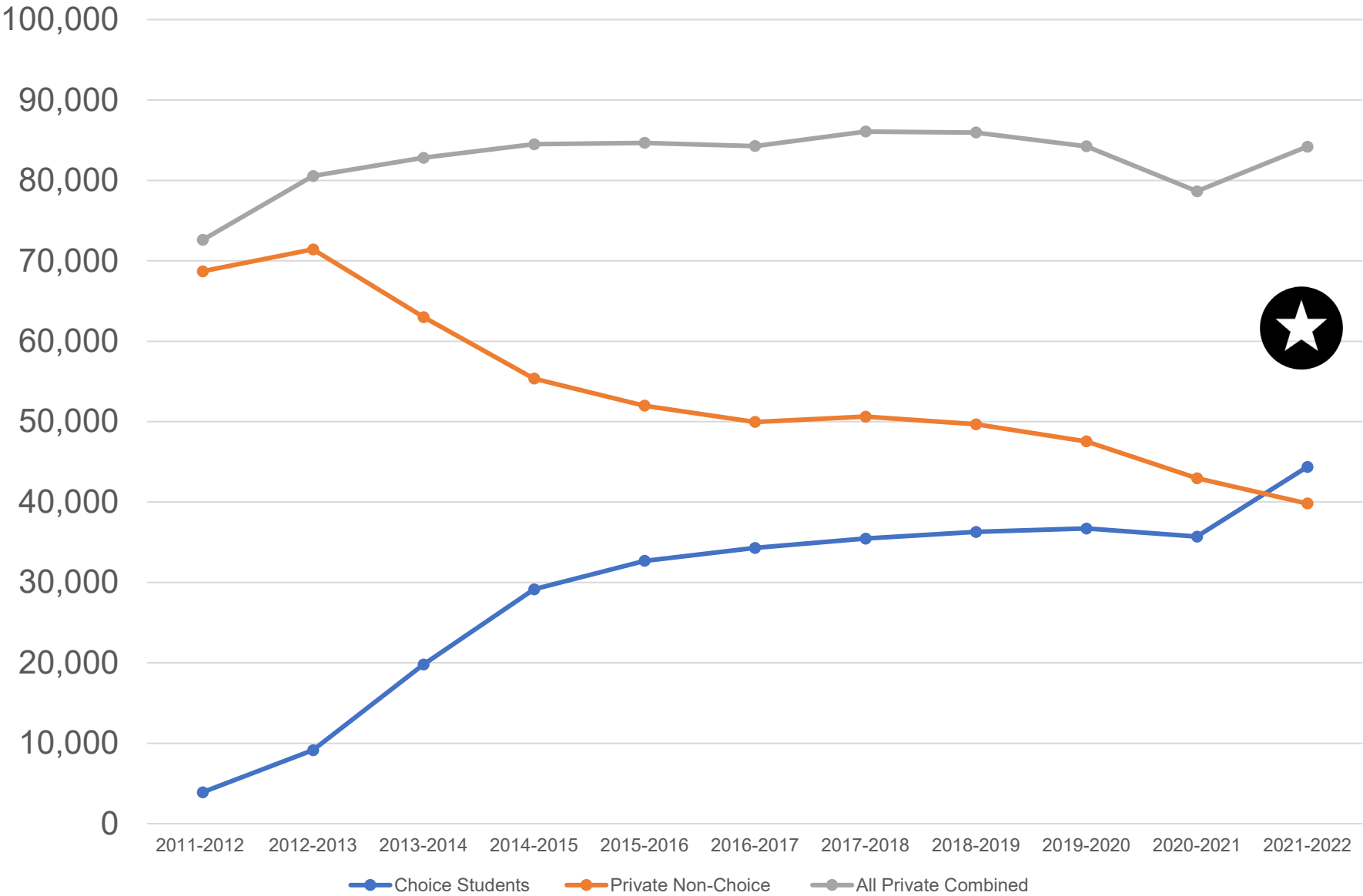
2021	Tuition Support	\$7,860,000,000.00	\$ 8,200,000,000.00
2019		\$7,331,500,000.00	\$ 7,514,400,000.00
2017		\$7,041,000,000.00	\$ 7,160,000,000.00
2015		\$6,820,300,000.00	\$ 6,980,500,000.00
2013		\$6,622,800,000.00	\$ 6,691,600,000.00
2011		\$ 6,420,765,650.00	\$ 6,558,700,000.00
Changes due to Indiana Reforms*			
2009	Tuition Support	\$ 2,167,287,741.00	\$ 2,244,062,741.00

How the Dollars Were Allocated Tuition Support

Tuition Support	1 st Year of Budget	2 nd Year of Budget
2009 Budget	\$ 2,167,287,741.00	\$ 2,244,062,741.00
2011 Budget* House Enrolled Act 1003-2011	\$6,420,765,650.00	\$6,558,700,000.00
2013 Budget	\$6,622,800,000.00	\$6,691,600,000.00
Legislators had sticker shock. K-12 also had a \$300 million cut in 2009 because of revenue shortfall.		

Indiana Colleges also had a \$150 million dollar cut in 2009.

Choice/Voucher Students Indiana



Peak Enrollment 2017
86,070 with 35,458
Vouchers.



Indiana General
Assembly raised
Income to 300%
of federal
free and reduced
funding

Student Population Indiana

- 1.1 million Students
- 1 million Public School Students
- 83,000 Private School Students.

Table 6a. Count of Statewide Student Enrollment by School Type

Year	Traditional Public	Public Charter	Non-Public (Excluding Choice Students) *	Choice	Other	Total
2020-2021	982,447	49,691	42,958	35,112	1,876	1,112,084
2021-2022	984,923	50,073	39,818	43,559	1,701	1,120,074

* Includes only accredited non-public schools that report to the Indiana Department of Education.

Indiana Citizens were told this was a program for low-income students.

- The program was created in 2011 with the idea that the program with the idea students had to attend public school first .
- Due to constant lobbying and pressure the law was expanded it so by 2014-2015 Indiana was just paying for students already in Private Schools. This means choice has become a direct subsidy to families so they can send their kids to private and religious schools.
- It is not what the original advocates said would happen. They said choice was about moving students from so-called failing public schools to private and religious schools

By the program was expanding but.

- "We're not losing kids from our schools [to vouchers]," says Superintendent Wendy Robinson. "We're now just having the state pay for kids who were never going to come here anyway."
- In fact, Father Jake Runyon alluded to this in his 2014 presentation:
- "The vast majority of the people who qualify for the Choice Scholarships were already here," he assured his Fort Wayne parishioners after the voucher program expanded. "So it's not necessarily the case that we're getting tons of new students. But it's that a lot of the students are here."

<https://www.npr.org/sections/ed/2017/05/12/520111511/the-promise-and-peril-of-school-vouchers>

How did Indiana Afford the Expansion of Voucher Funding?

- Increased Sales Tax from 6% to 7%.
- Less Funding for Colleges
- Less Health Care Funding Per Capita.
- Gaming Revenue-Full Expansion of Gambling: Casinos, Online Gaming, Lottery, Horse Racing Casinos.

\$441 Million in Taxes on Gaming in 2015

\$438 Million in Taxes on Gaming in 2016

Gaming Revenue has climbed to over \$1 Billion in Tax Revenue by 2022.

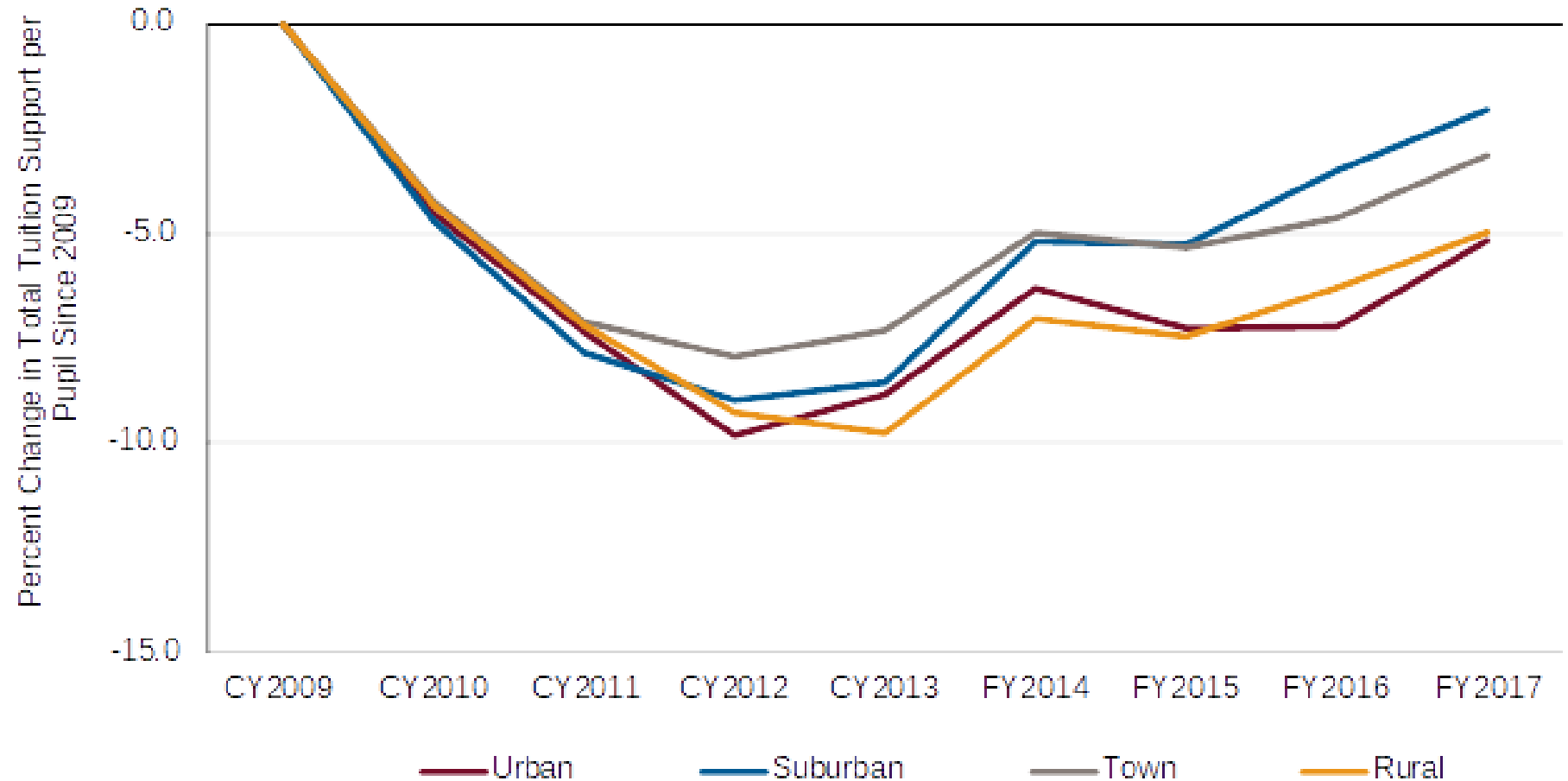
What is the fallout for public schools?

- Public schools lose money two ways – first if a student moves from public to private/religious school the public school district loses money. But it still has all the fixed costs to keep schools open.
- For example, a school can lose 25 student in various grades. But it still needs teachers in those classrooms.
- Voucher Program has damaged public schools, especially rural schools by cutting their funding based on less people, lower per student funding, and hurting their cash balances.
- We have had some districts close elementary schools, not replace staff, ultra high counselor loads, and lose staff based on wages.

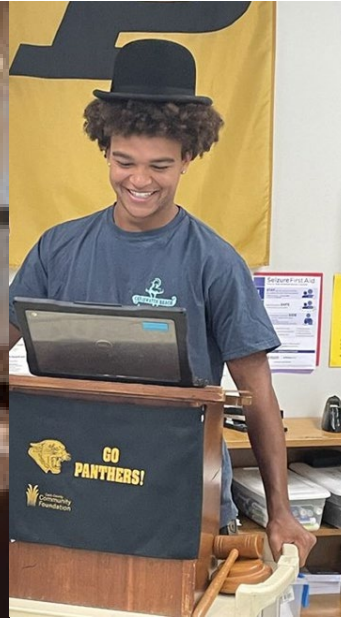
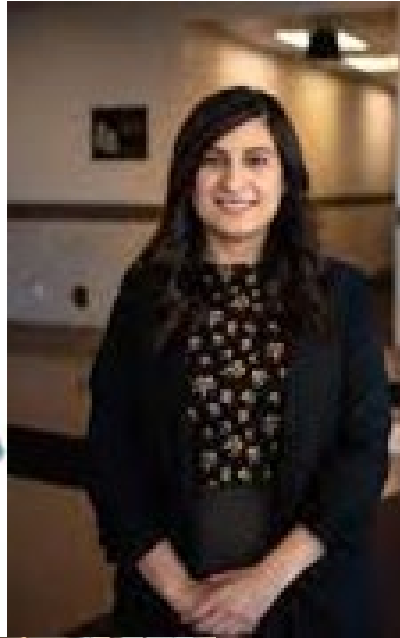
Fall Out for Schools –Less Funding Per student

Change in Total Tuition Support per-Pupil by Locale: 2009-2017

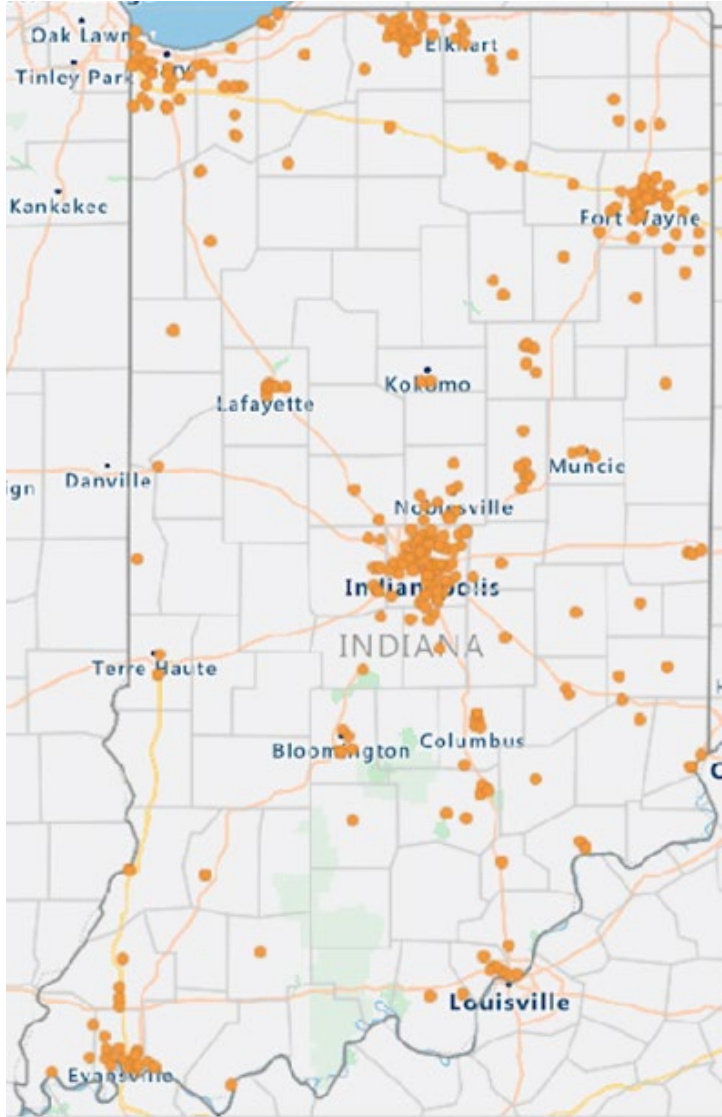
Indiana's Voucher Program
Primarily Hurt Schools based
On funding.



Does this benefit my rural Indiana Citizens?



Private School Locations In Indiana/Does this benefit my rural Indiana Citizens?



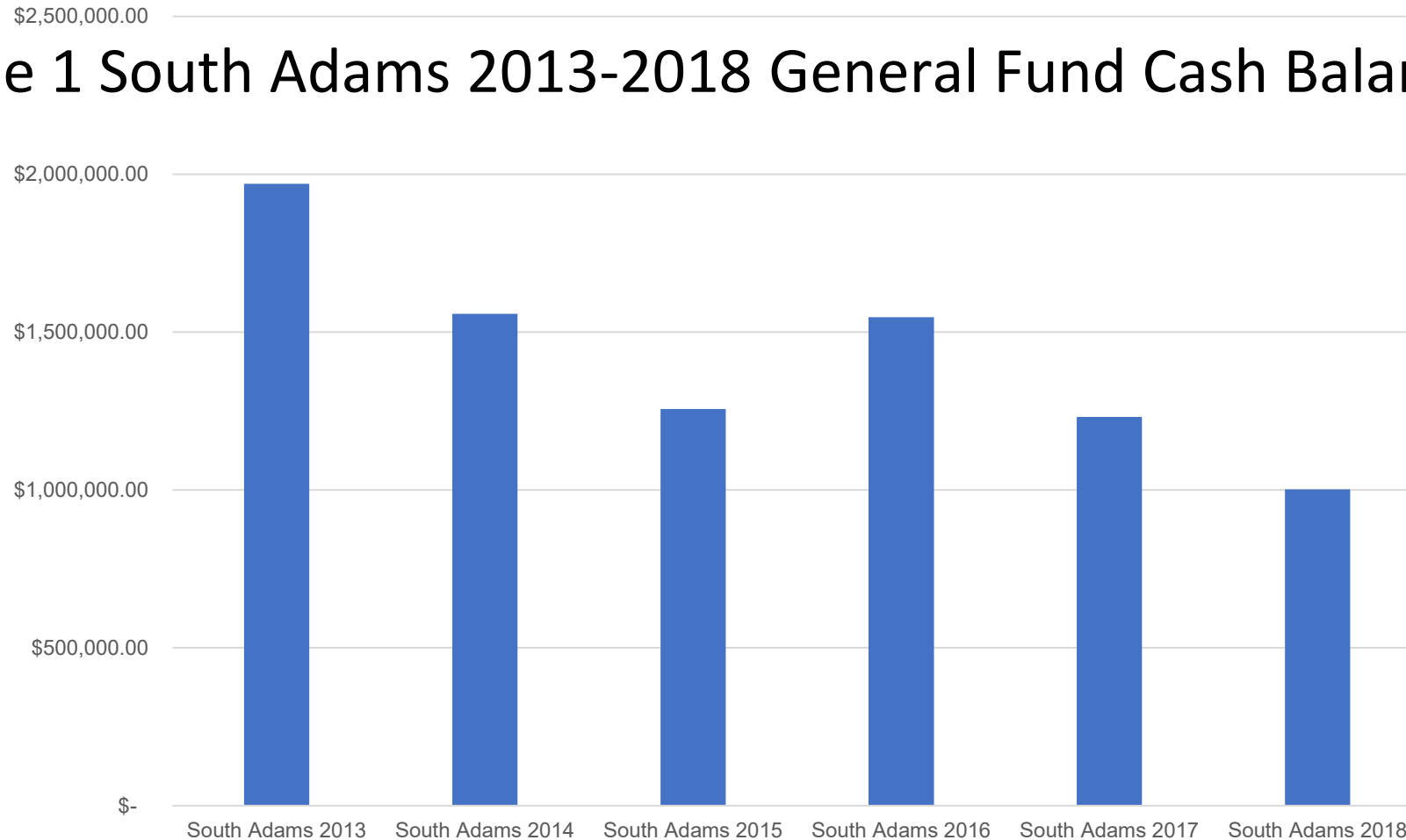
Reasons School Choice Doesn't benefit students in Rural Indiana as much

- Private Schools do not locate in our areas.
- Choice for rural citizens focuses on public school choices
- School funding decreased in Indiana 2009-2019 on a per student basis.
- Less Counselors and Support Staff.
- Staffing Issues due to salary requirements.
- Rural Schools have had to push more supplemental levies to make up the difference.
- Taxpayers face higher local property tax bills.

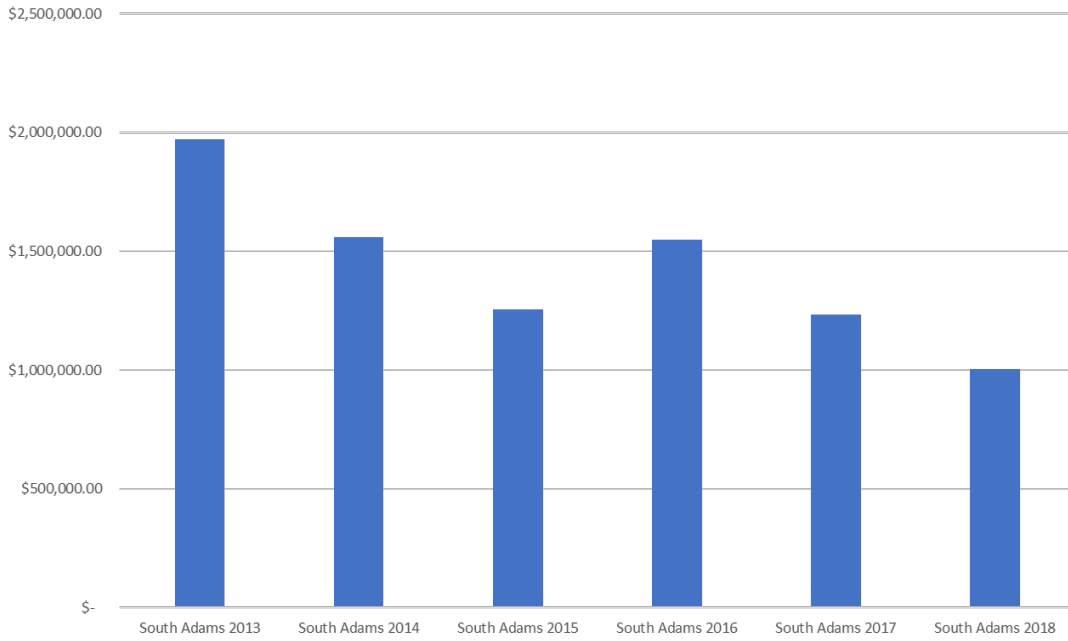
Impact on Small and Rural Schools

GENERAL Fund Balance

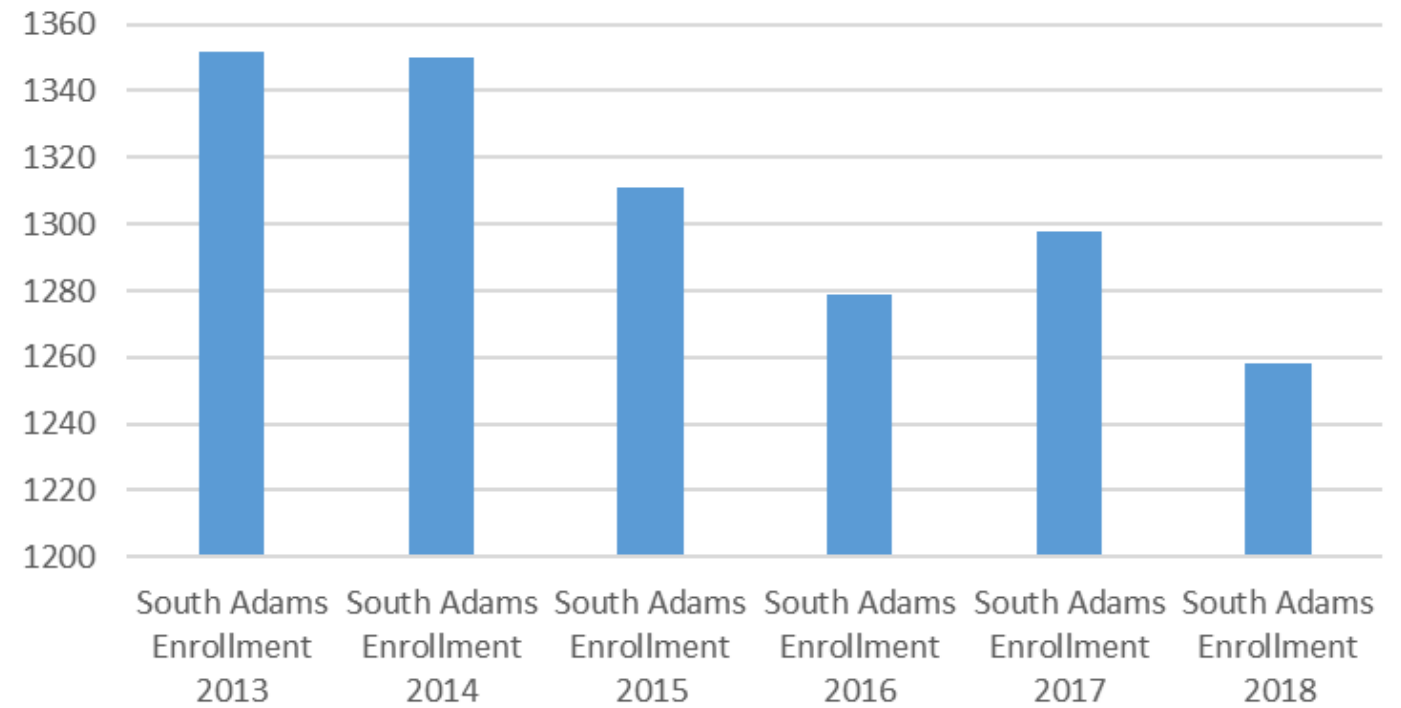
- Example 1 South Adams 2013-2018 General Fund Cash Balance



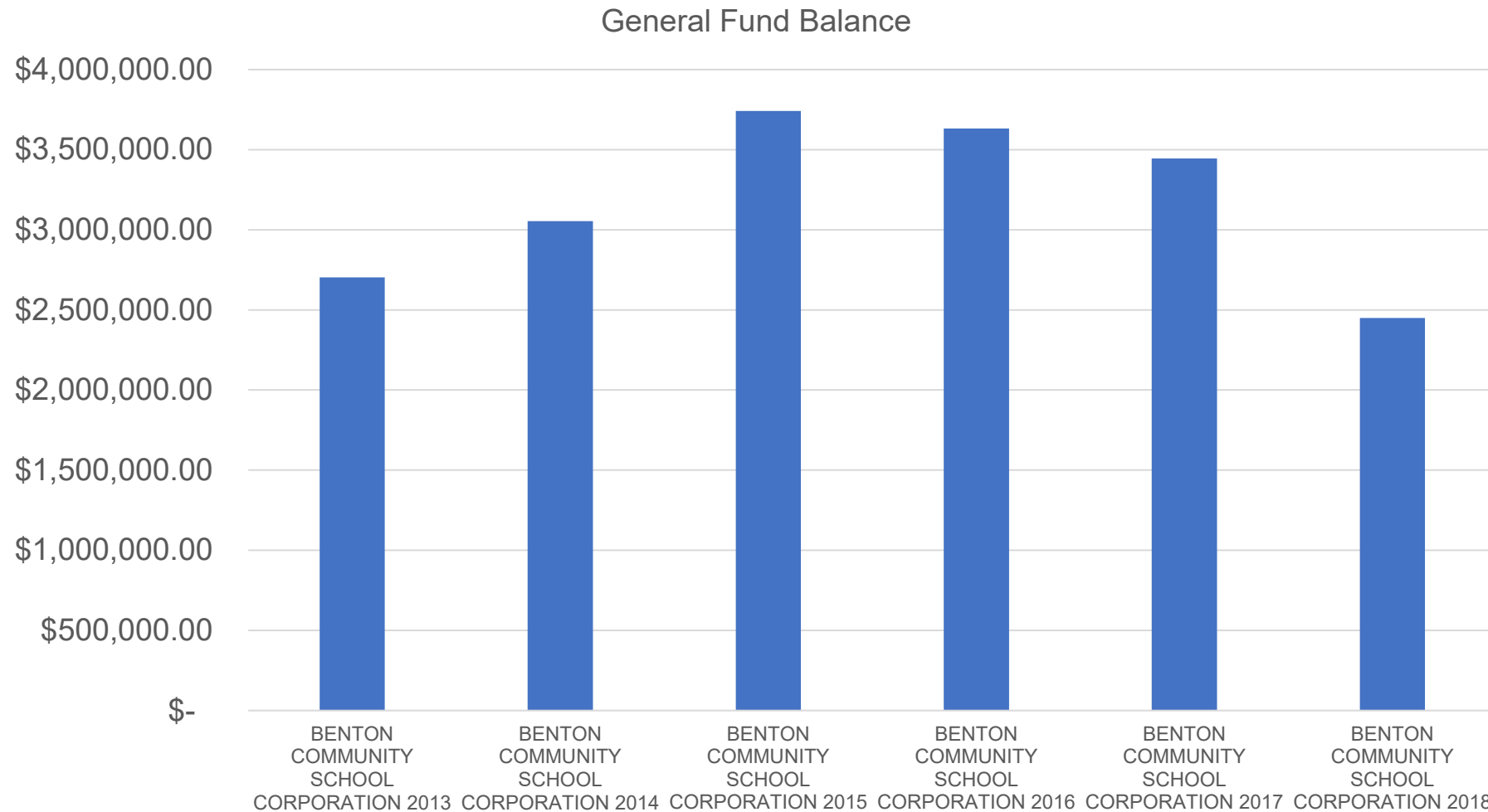
GENRAL Fund Balance



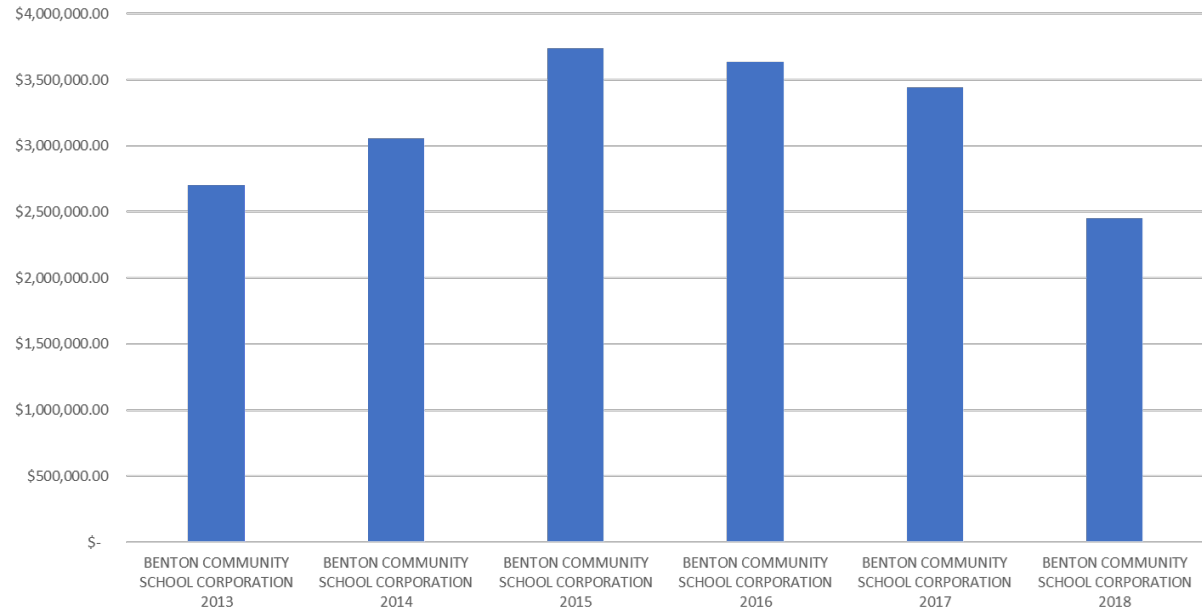
South Adams Enrollment



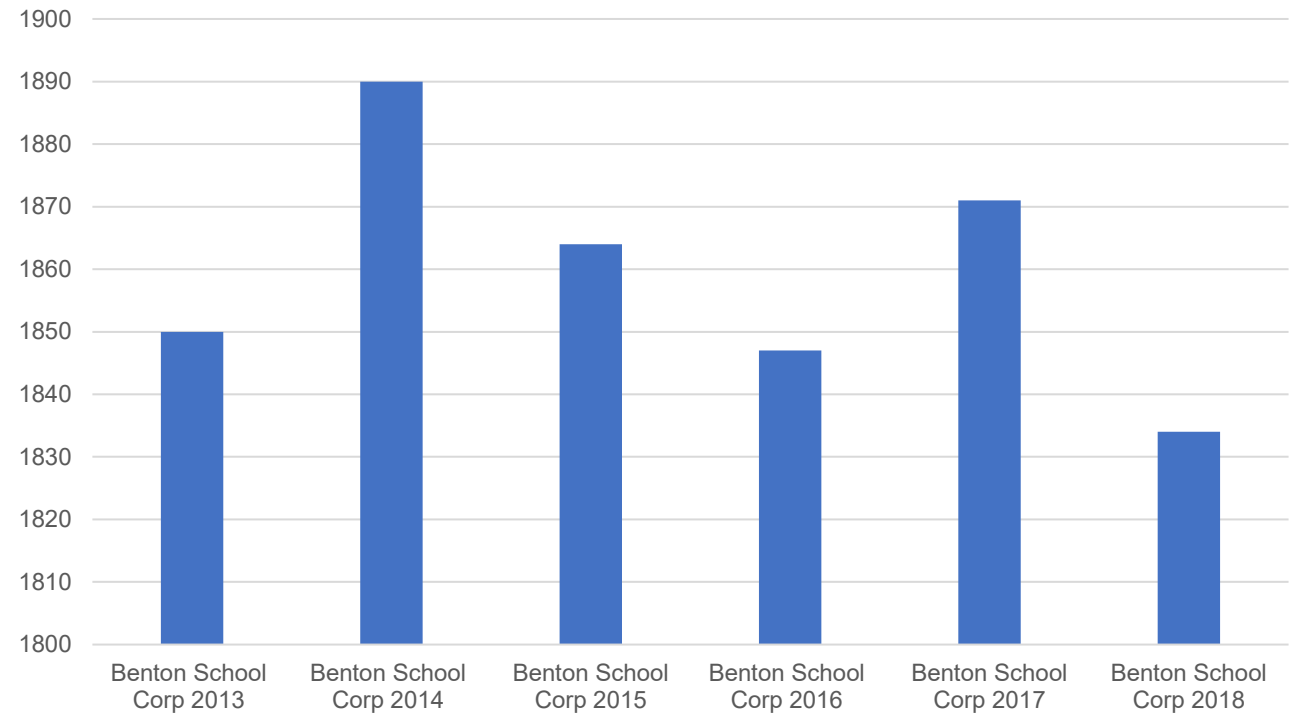
Benton County...County Wide School Corporation 406 Sq Miles...



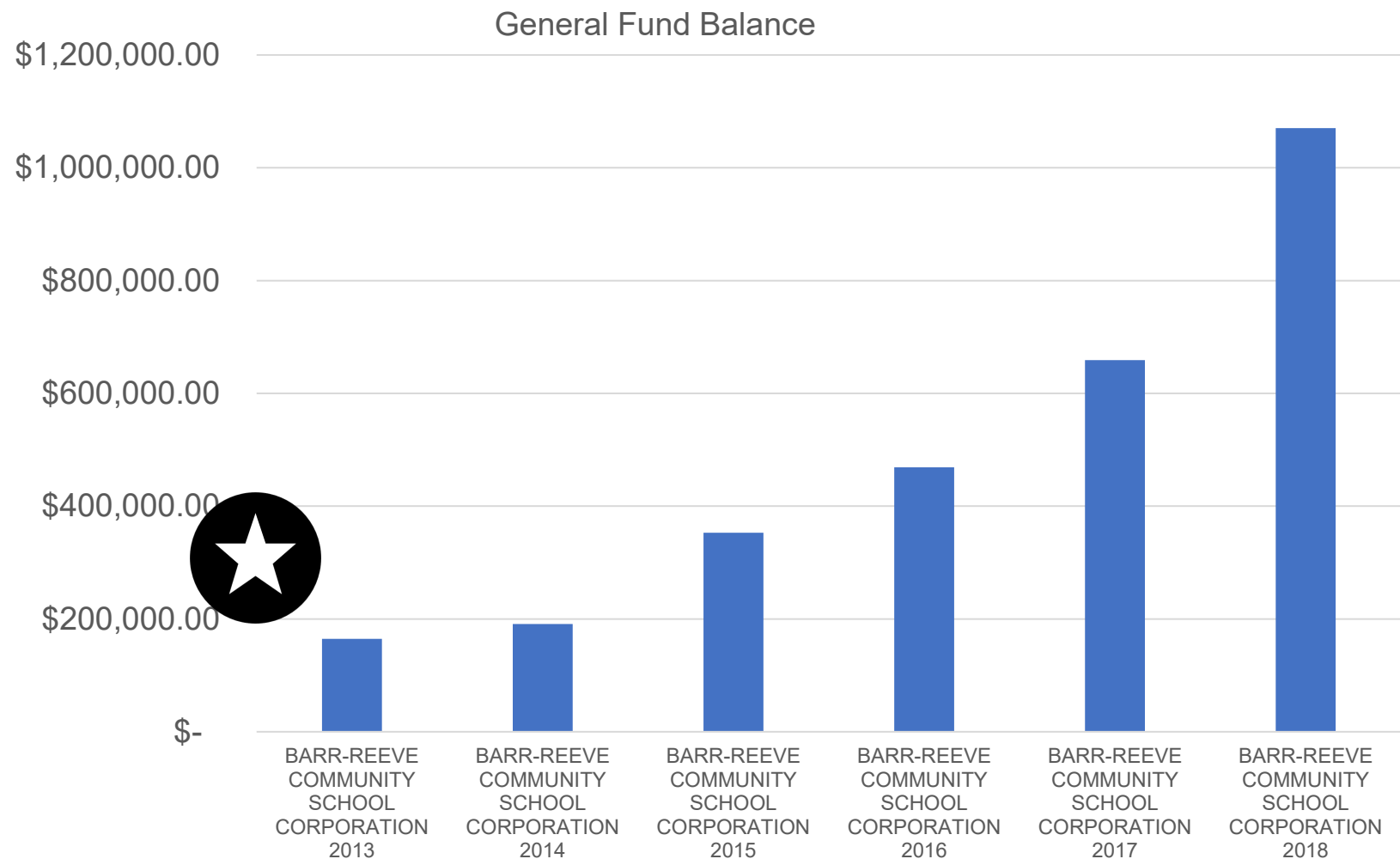
General Fund Balance



Enrollment

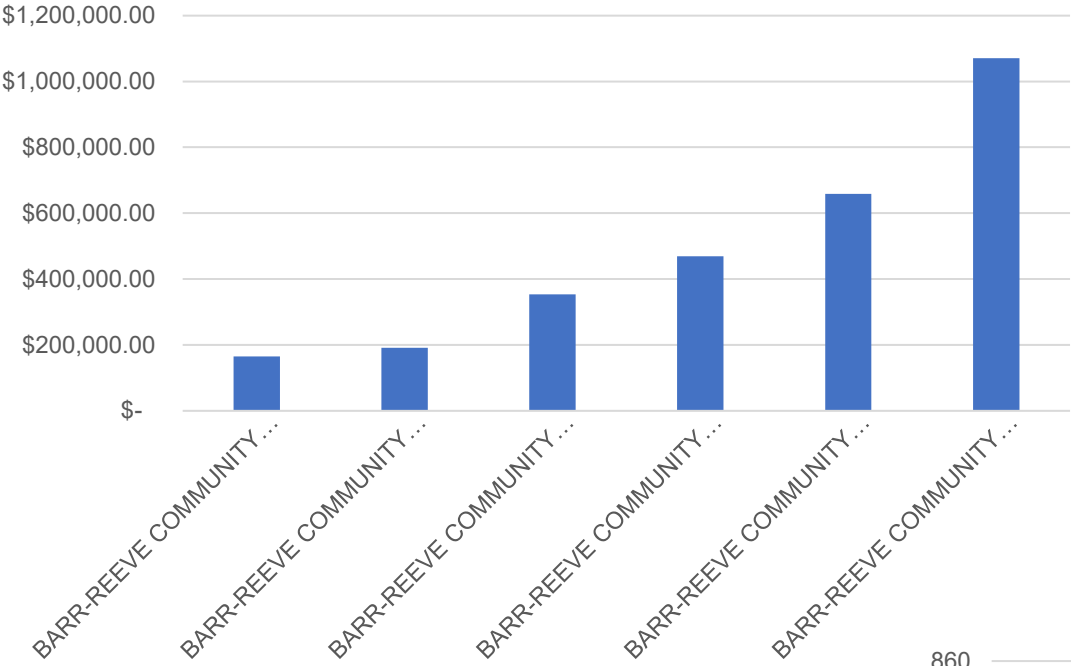


Barr Reeves General Fund Balance

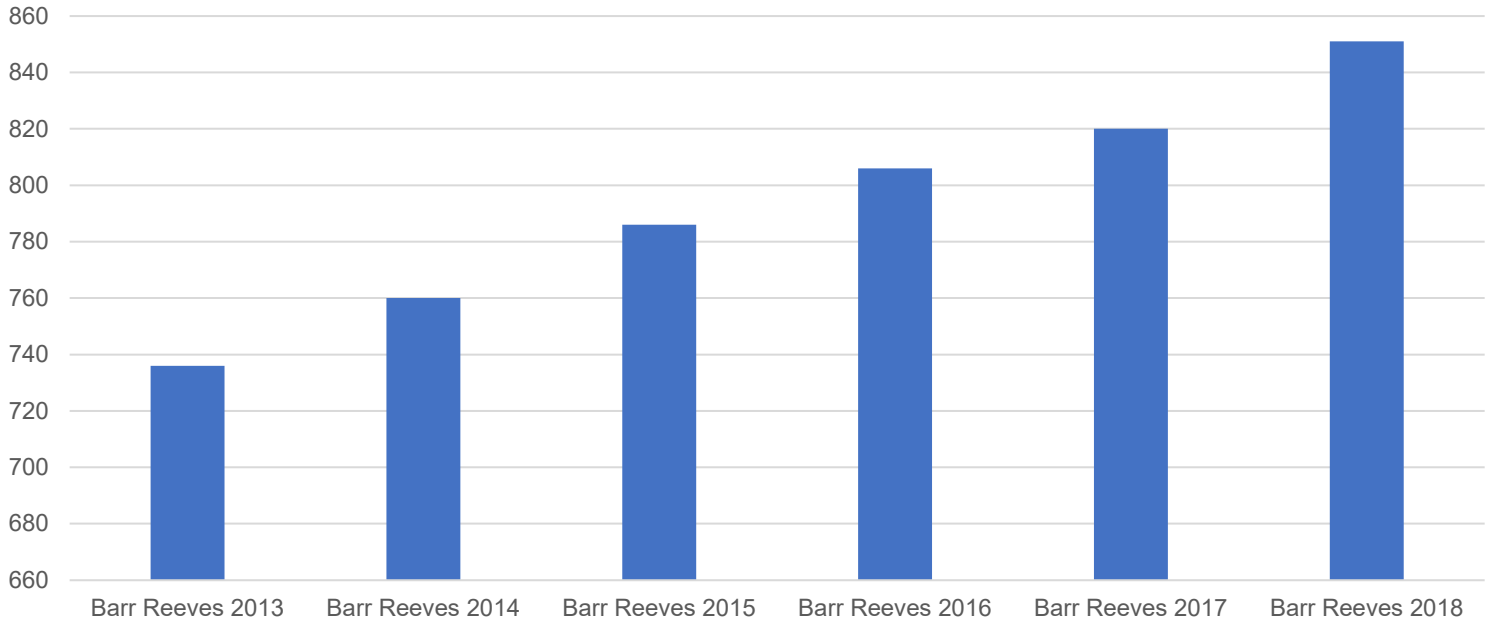


referendu
m/addition
al levy

Barr Reeves General Fund Balance



Barr Reeves Enrollment



Fundamentals of Fiscal Conservatives

- Favors fiscal responsibility
- Favors reducing the size of government
- Favors tax cuts
- Favors holding recipients of tax money accountable
- Favors transparency – the Legislature and taxpayers have a right to know how their money is spent

Fiscal Responsibility

- Choice increases the cost of education by spending general fund dollars on three school systems – private, religious and public – instead of only one
- There is no oversight on how the tax dollars are being used once they pass to private and religious schools
- It is not fiscally responsible for the state to directly subsidize private enterprises
- Private and religious schools are private enterprises – some are even for-profit private schools

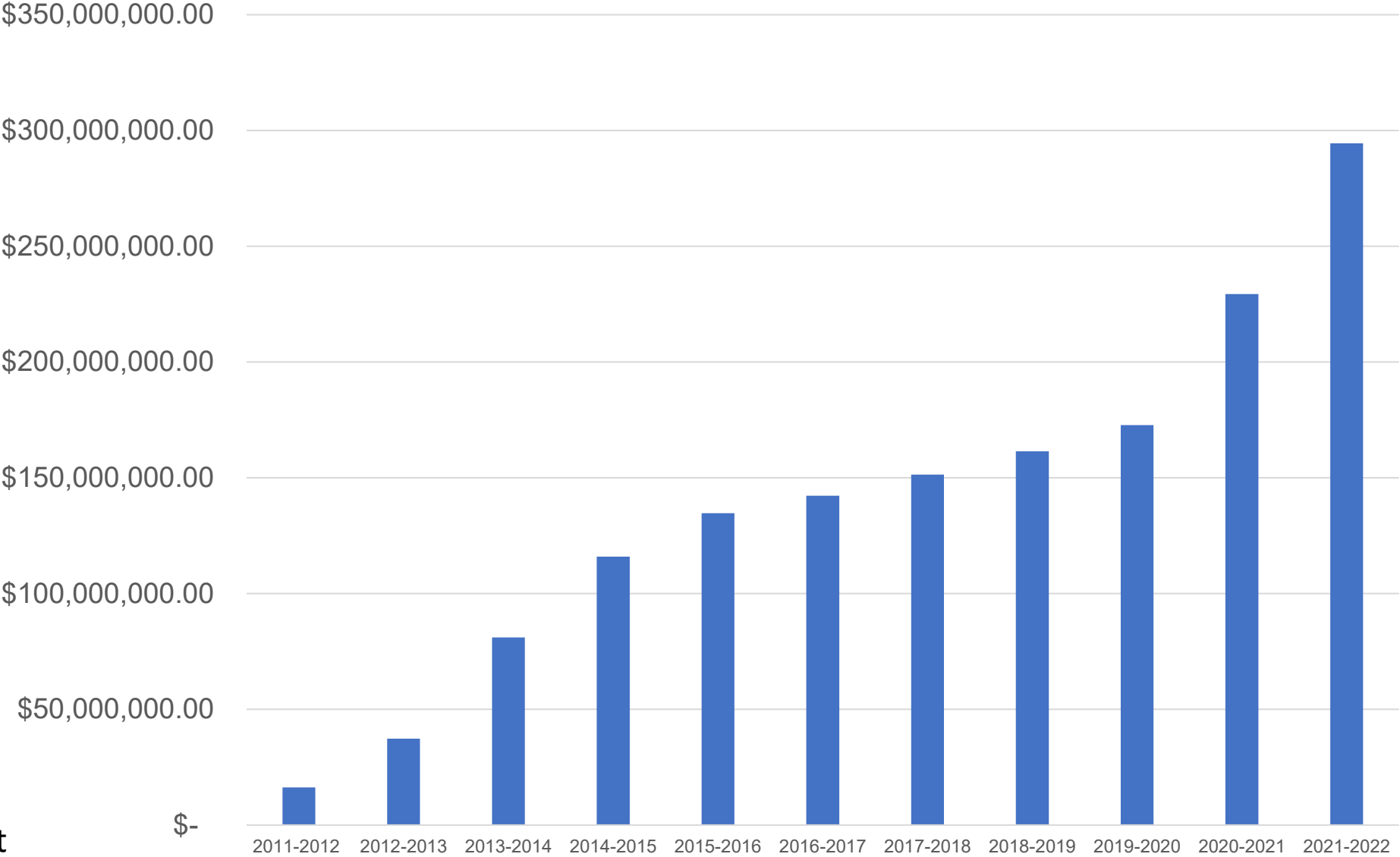
Fiscal Responsibility

1. A rationale for Voucher Programs is the comparison to Federal Financial Aid paid to private and religious schools in Higher Education.
2. The Federal Government does audit student financial aid and requires reporting. Code of Federal Regulations.

Title 34 Subtitle B, Chapter VI, Part 668, Subpart B, § 668.16

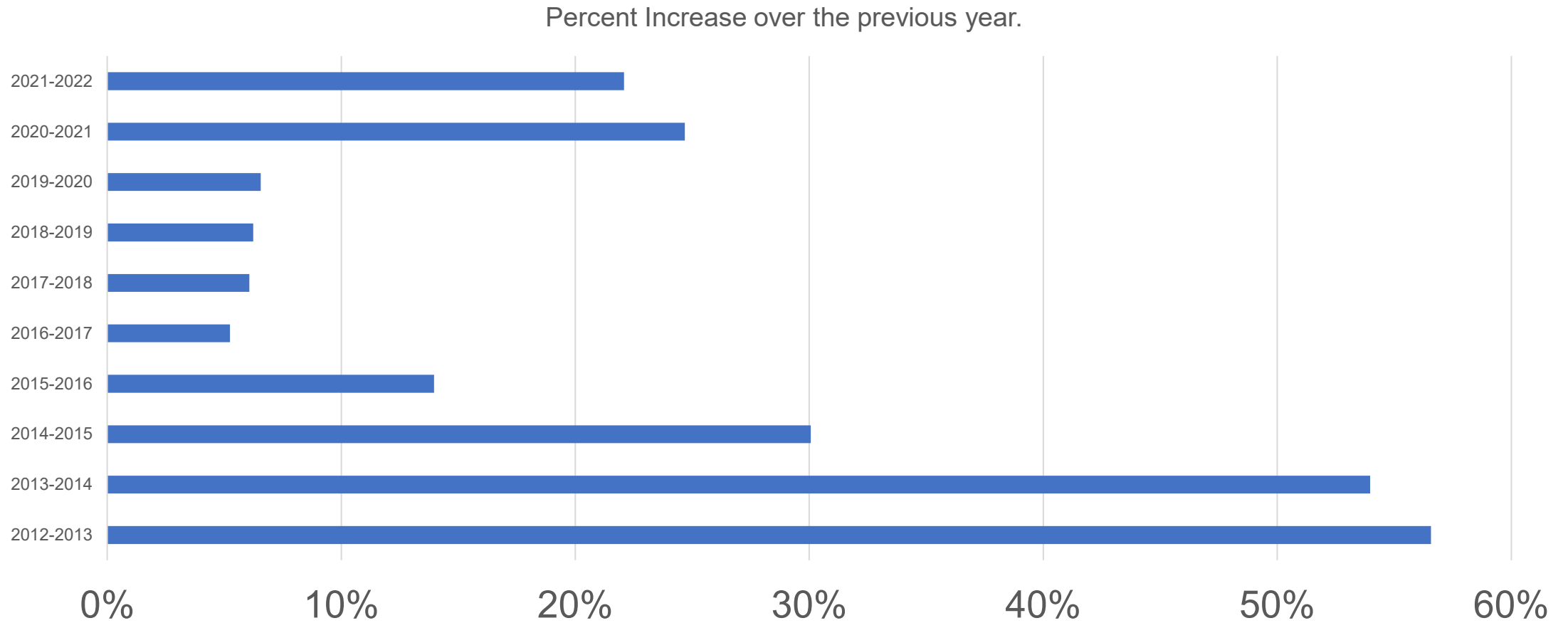
1. Some sort of budget plan for tax dollars received.
2. Processing and Approving Financial Transactions
3. Financial Review
4. Internal Controls and Management Responsibilities
 - a. Competitive Bidding.

Voucher/Choice Scholarship Amount Spent out of Tuition Support



2009
\$300
MILLION Cut

Percent Increase in Voucher Spending Year to Year.



Fundamentals of Fiscal Conservatives

- ~~• Favors fiscal responsibility~~
- Favors reducing the size of government
- Favors tax cuts
- Favors holding recipients of tax money accountable
- Favors transparency – the Legislature and taxpayers have a right to know how their money is spent

Fiscal Conservatives Favor Reducing The Size of Government

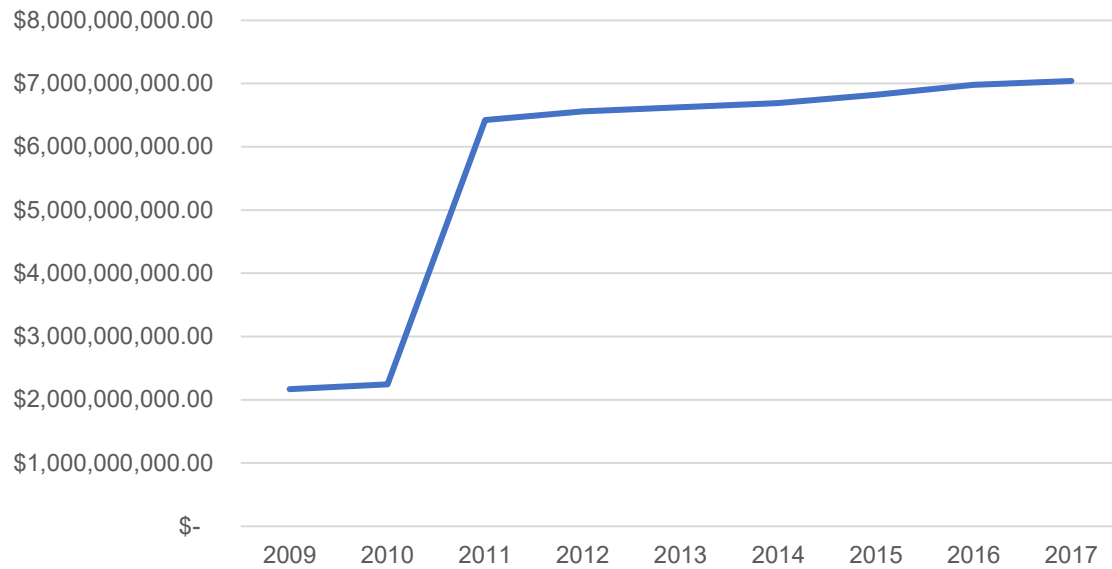
Public Law 132/SB331-Indiana Education Scholarship Account Administration Fund (ESA Special Education) Each student who would have been homeschooled or enrolled in a private school without a choice scholarship would increase state expenditures by an estimated \$6,250 on average.

Treasurer's Office Bureaucracy Expansion.

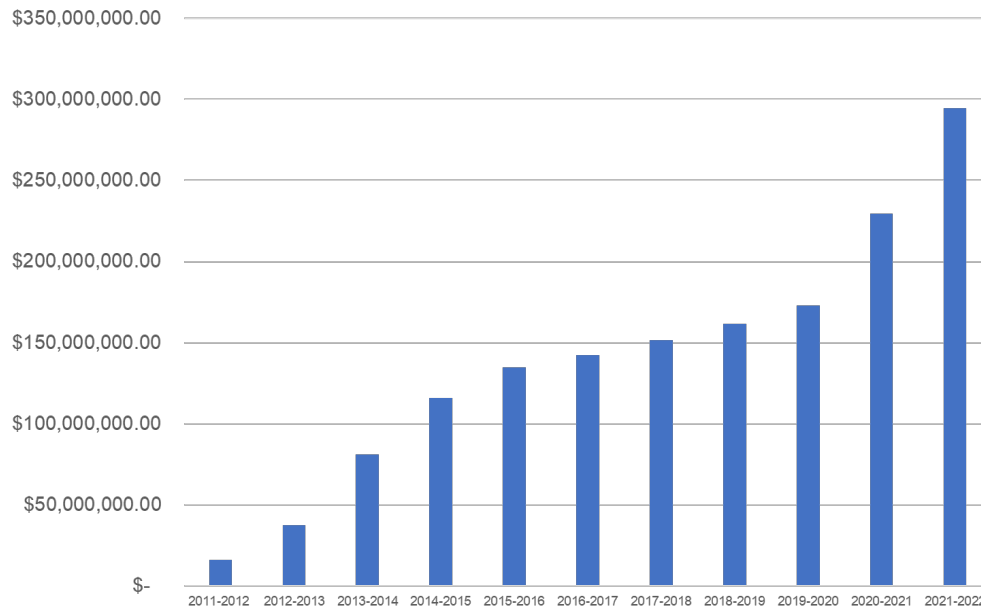
Authorizes the treasurer of state (treasurer) to deduct up to 10% of funds made available for the Indiana education scholarship account program (program) to cover costs of administering the program in the first year and up to 5% of funds made available in each year thereafter. Establishes the Indiana education scholarship account administration fund (fund) to support the administration of the program.

(\$1,000,0000 added to the budget of the treasurer's office.)

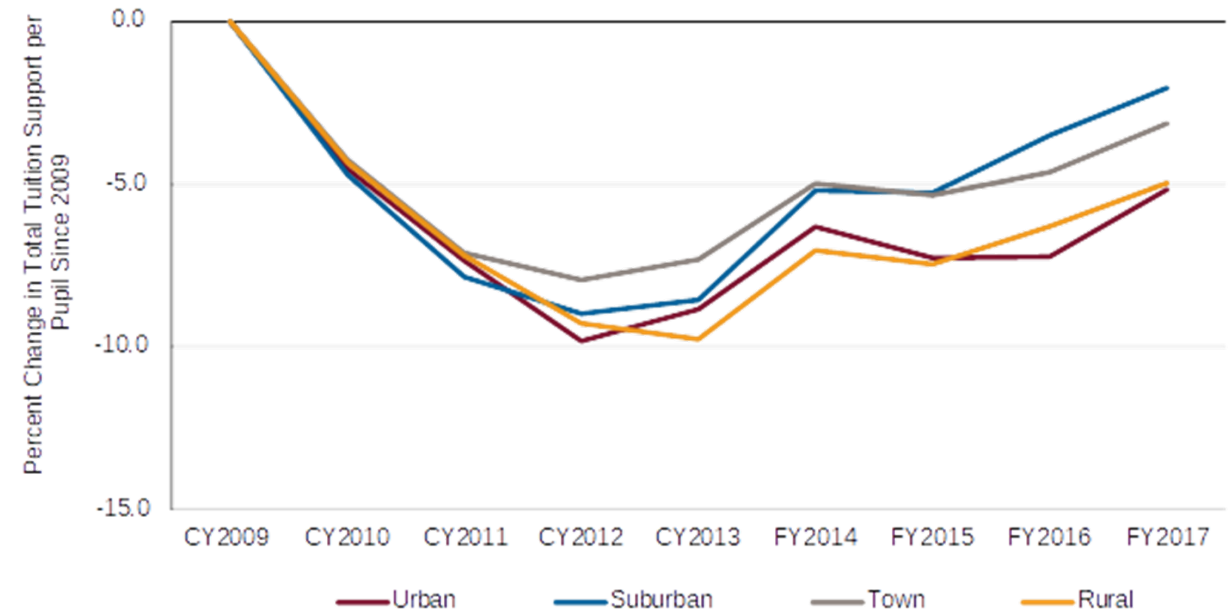
State Tuition Support



Voucher/Choice Scholarship Amount Spent out of Tuition Support



Change in Total Tuition Support per-Pupil by Locale: 2009-2017



Reducing the Size
Of Government?
Education Department
Family and Social Services Admin
Treasurer's Office
Department of Workforce Development

Fundamentals of Fiscal Conservatives

- ~~• Favors fiscal responsibility~~
- ~~• Favors reducing the size of government~~
- Favors tax cuts
- Favors holding recipients of tax money accountable
- Favors transparency – the Legislature and taxpayers have a right to know how their money is spent

Fiscal Conservative Favor Tax Cuts

- Indiana Increased Sales Tax from 6% to 7%.
- HEA 1350-2017 Gaming Tax Increase-Graduated Based On Casino Income

-Indiana Collected 1 billion in Gaming Taxes in 2022.

- Communities are increasingly asked to re-raise property taxes that were lowered in 2008. (supplemental levy)
 - Indiana Farm Bureau is our Partner Organization.
- They fully understand if Indiana fully funds schools, then large land owners will not be asked to have their taxes raised.

Conservatives Favor Tax Cuts

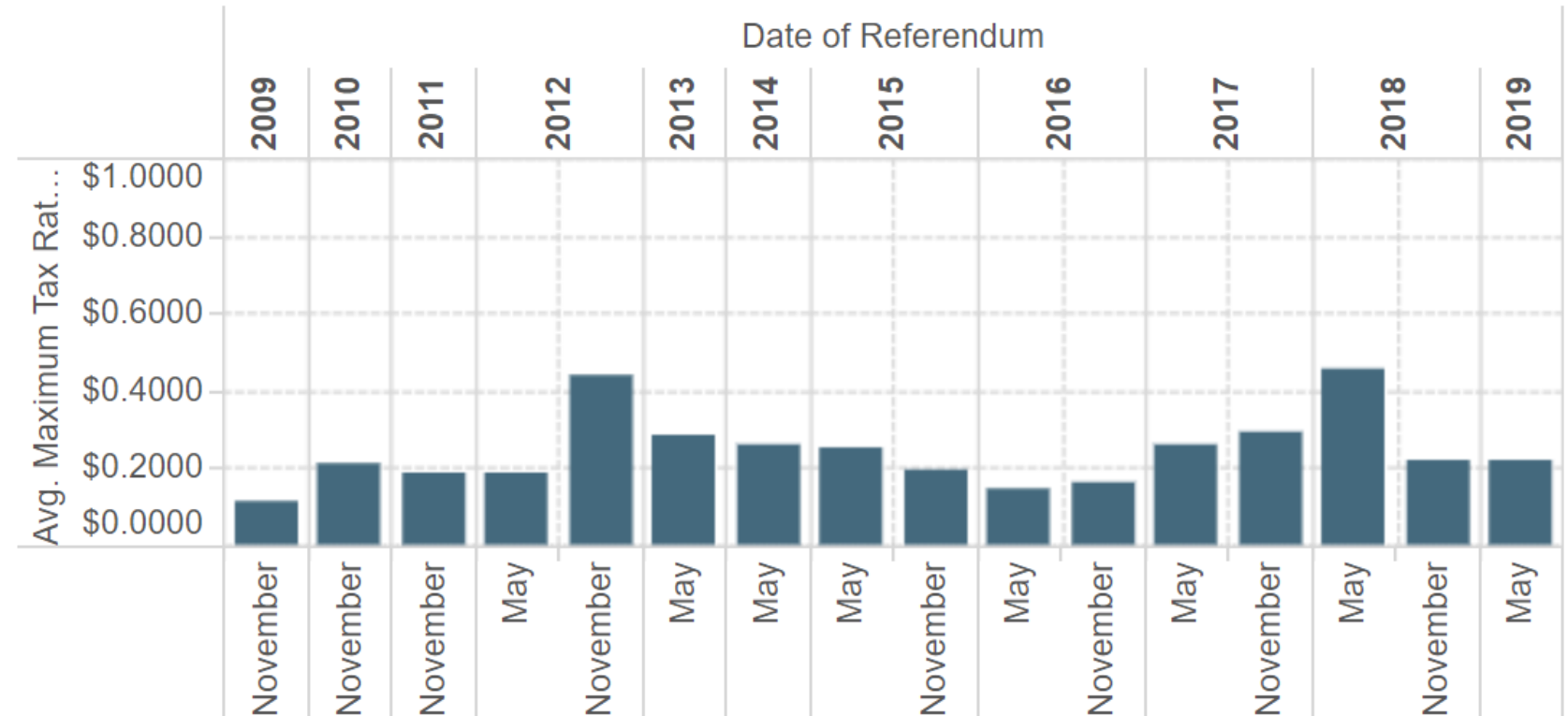
- Choice programs and Indiana's model of per student funding led to an increase in local taxes with additional levies.
- Property taxpayers – farmers, businesses and homeowners - must raise their own taxes to keep their local schools open and competitive based on per student funding decreases.

November 2022	Amount	Total Budget
Brown County Schools	.12 per \$100 assessed value	\$ 15,140,096.00
Delphi Community Schools	.2032 per 100 assessed value	\$ 9,598,120.00
Medora Community Schools	.50 per 100 assessed value	\$ 1,554,000.00
Southern Wells Community Schools	.127 per 100 assessed value	\$ 4,241,584.00

Small Town and Rural Referendums Avg. Tax Rate Increases 2009-2019

Tax Rate Increase	Home Value	Increased Bill
\$ 1.00	\$ 250,000.00	\$ 2,500.00
\$ 0.80	\$ 250,000.00	\$ 2,000.00
\$ 0.60	\$ 250,000.00	\$ 1,500.00
\$ 0.40	\$ 250,000.00	\$ 1,000.00
\$ 0.20	\$ 250,000.00	\$ 500.00

Average Tax Rate Increase of Passed Referenda



Outcomes: More Referendums/Supplemental Levy

- Indiana has seen an increase in general/education fund referendums in the past few years.

Setting Locale	N	Mean Passing	Standard Deviation
Rural	86	.547	.501
Suburban	98	.714	.454

Type of Referendum	N	Mean
General Fund	158	.703

.547 equates to a \$1350 increase to a \$250,000 homeowner's annual tax bill.

.714 equates to a \$1785 increase to a \$250,000 homeowner's annual tax bill.

Millage/Referendum/Supplemental Levy for the Education Fund (General Fund)

Benton Central passed a referendum 2020.

Setting Locale	N	Mean Passing	Standard Deviation
Rural	86	.547	.501
Suburban	98	.714	.454
Urban	66	.667	.475
Total	250	.644	.478



Moreover, Indiana's choice program and lower per student funding has led to higher property taxes.

- With less state support public schools have had to go to voters to make up the difference
- This has hit farmers, main street businesses and homeowners hard.
- Declining populations paired with a strong desire to keep their local schools open and thriving has meant some communities are voting to raise their taxes.

Fundamentals of Fiscal Conservatives

- ~~• Favors fiscal responsibility~~
- ~~• Favors reducing the size of government~~
- ~~• Favors tax cuts~~
- Favors holding recipients of tax money accountable
- Favors transparency – the Legislature and taxpayers have a right to know how their money is spent

Conservatives favor accountability

- There is no accountability with Indiana's voucher program.
- No one held accountable for how dollars are spent.
- Legislators and taxpayers have no say over private/religious budgets.
- The public cannot have a voice at private and religious school board meetings when they don't like what the school does.
- Patrons have no say on who runs the schools or the boards of trustees

Outcomes:Tax Dollars Pay for Church Construction

-Father Jake of St. Jude parish in Fort Wayne, Indiana, indicates that, thanks to the impending influx of tax dollars, the church will soon be getting a repaired air conditioning system, redecorating the church, new paint, and repairs to the church steeple.

<https://www.edweek.org/policy-politics/opinion-indiana-vouchers-will-help-fix-church-steeples/2014/02>

New Model for Church construction.

Fort Wayne First Seventh -day Adventist Church broke ground on an ambitious effort to build a new elementary school, the first phase of a launch pad for a church plant and medical evangelism outreach facility.

1. Build a school.
2. Use the school facility for Sunday Service
3. Pay off the mortgage.
4. Add buildings and services off the School site.

<https://www.lakeunionherald.org/archive/articles/indiana-church-breaks-ground-for-new-school>

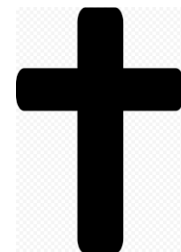
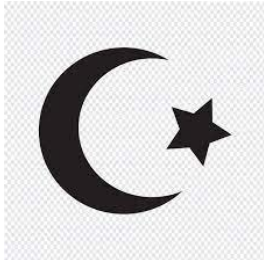


Blurred Lines for What is Church Expansion vs. School Expansion

- "The expansion will connect to the existing school building and cost about \$2.5 million, said Dan Lunsford, who is the business manager for both the school and East Columbus Christian Church.....We're starting to burst at the seams," he said. "And we currently use part of the church, our Sunday school rooms and other rooms on the church side (for school)."
- Columbus Christian begins expansion

<https://www.therepublic.com/2022/05/11/columbus-christian-begins-expansion/>

Indiana Funds All: Jewish Schools and Synagogues, Muslim Schools and Mosques, Christian Schools and Churches, Private Non-Religious Schools



Favor Accountability: Indiana Citizens were told the vouchers were to rescue students from low performing schools.

- 2017 Notre Dame Study: Indiana students who switched to private schools using vouchers experienced statistically significant annual losses in math achievement.
- Joseph Waddington & Mark Berends “voucher students saw their scores on the state’s ISTEP-plus mathematics tests fall 0.15 standard deviation behind their peers the year they moved to a private school. They stayed that far behind for their second, third and fourth years in private schools.”
- Waddington, R.J. and Berends, M. (2018), Impact of the Indiana Choice Scholarship Program: Achievement Effects for Students in Upper Elementary and Middle School. J. Pol. Anal. Manage., 37: 783-808. <https://doi.org/10.1002/pam.22086>

Favor Accountability: Indiana Citizens were told the vouchers were to rescue students from low performing schools.

- Does Attendance in Private Schools Predict Student Outcomes at Age 15? Evidence From a Longitudinal Study.
- Results from this investigation revealed that, in unadjusted models, children with a history of enrollment in private schools performed better on nearly all outcomes assessed in adolescence. However, by simply controlling for the socio-demographic characteristics that selected children and families into these schools, all of the advantages of private school education were eliminated.
- Pianta, R. C., & Ansari, A. (2018). Does Attendance in Private Schools Predict Student Outcomes at Age 15? Evidence From a Longitudinal Study. *Educational Researcher*, 47(7), 419–434.
<https://doi.org/10.3102/0013189X18785632>

Thomas B. Fordham Institute: students who move from public to private schools don't necessarily do better academically.

The report said: "Although there is significant public support for publicly funded vouchers, rigorous evidence of their impact is mixed. Evaluations of the early implementation of urban voucher programs in Milwaukee and Washington, D.C., indicate small positive effects on program participants' achievement (i.e., test scores) and attainment (i.e., level of education, such as graduation from high school or college attendance). On the other hand, more recent evaluations of expanded voucher programs in Indiana, Louisiana, Ohio, and Washington, D.C., indicate significant negative impacts on participants' test scores. Beyond academic impacts on program participants, studies almost always indicate that parents who use vouchers report greater satisfaction with the quality and safety of their children's schools."

2021 study commissioned by the pro-voucher Manhattan Institute called “Accountability and Private-School Choice.”

The author Garnett wrote in her report that “if the goal of parental choice is to ‘rescue children,’ it becomes natural to ask: Are these programs working? Do participants learn more or better? Are the participating private schools actually superior to the public-school alternatives available to participating students?”

The answer to that question, Garnett wrote is no. “Unfortunately, parental choice alone has proved ineffective in weeding poorly performing schools out of private-school choice programs. And in some cases, hoped-for academic gains have failed to materialize among program participants.

Fundamentals of Fiscal Conservatives

- ~~• Favors fiscal responsibility~~
- ~~• Favors reducing the size of government~~
- ~~• Favors tax cuts~~
- ~~• Favors holding recipients of tax money accountable~~
- Favors transparency – the Legislature and taxpayers have a right to know how their money is spent

Fiscal Conservatives Favor Transparency

- Private schools do not have to how many voucher students they deny to admit.
- Students do not have to be admitted, they can be required to join the home church, and follow teachings.
- Students with special needs can be denied.
- State has little say on the product produced or how dollars are spent.
- Lawmakers were sold on the idea stating this policy would allow students to escape failing schools. This has been a bait and switch.
- Reforms did allow for public transfers which is clearly in support of free student movement.

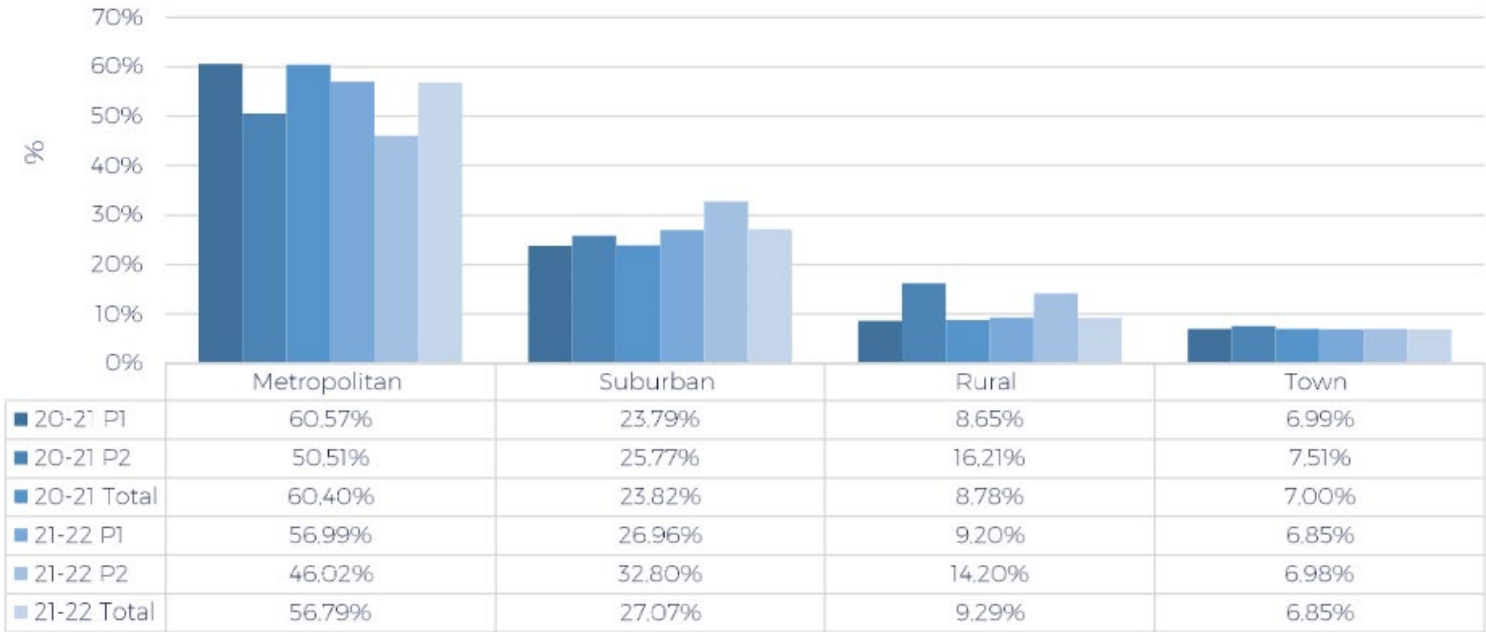
2022 had 421 students moving from a failing school/44,376 total voucher students.
 Students leaving an F school as a qualification method was a selling point.

Table 11. Participation by Track						
Eligibility Track	2020-2021			2021-2022		
	Period One	Period Two	Total	Period One	Period Two	Total
Continuing Choice	27,312	119	27,431	N/A	N/A	N/A
Previous Choice	517	111	628	29,622	174	29,796
Previous SGO	1,743	32	1,775	4,077	25	4,102
Two-Semesters	2,009	201	2,210	3,987	425	4,412
Special Education	1,172	63	1,235	1,689	114	1,803
"F" School	175	15	190	401	20	421
Sibling	2,114	45	2,159	3,681	48	3,729
Pre-K	70	0	70	47	1	48
Foster	N/A	N/A	N/A	55	10	65
Total	35,112	586	35,698	43,559	817	44,376

2021-2022
Voucher
Participation by
geographic
area of Indiana.
Our rural
citizens favor
Accountability.

Table 10. Participation by Geographic Area						
Year	Application Period	Metropolitan	Suburban	Rural	Town	Total
2020-2021	Period One	21,266	8,353	3,038	2,455	35,112
	Period Two	296	151	95	44	586
	Total	21,562	8,504	3,133	2,499	35,698
2021-2022	Period One	24,824	11,744	4,008	2,983	43,559
	Period Two	376	268	116	57	817
	Total	25,200	12,012	4,124	3,040	44,376

Participation by Geographic Type



Participation by Ethnicity



Fundamentals of Fiscal Conservatives

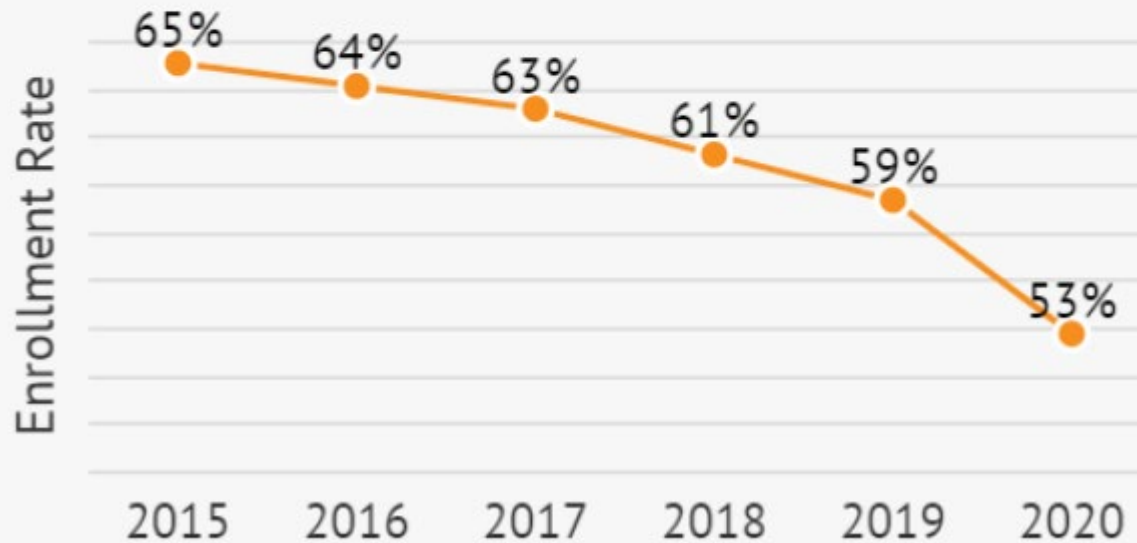
- ~~Fiscal Responsibility~~
 - ~~Reduce Government spending~~
 - ~~Tax Cuts~~
 - ~~Accountability~~
 - ~~Transparency~~
-



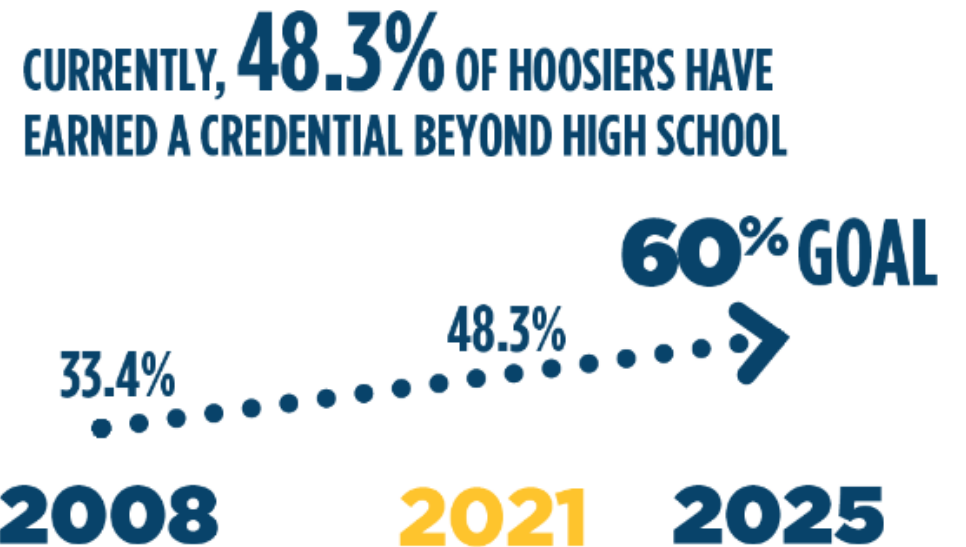
Unintended Consequence of Indiana's Voucher Expansion. Lack of Higher Ed Investments

COLLEGE-GOING DECLINE

The rate of high school students enrolling in college continues to drop.



INDIANA'S BIG GOAL



Other Outcomes of Indiana's Education Reforms.

- Indiana ranks 42nd in higher education funding per student, that support for higher education has declined by 15.6% in the last 15 years.

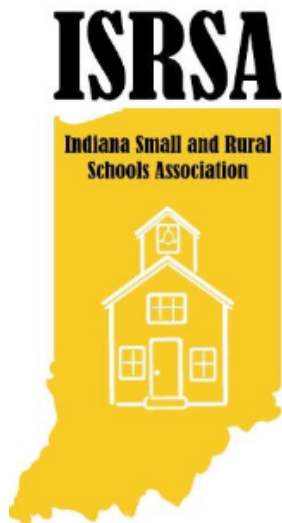
GRADUATE RETENTION

Retention of Grads (attraction v. retention):

 **14th**
in attracting
people to come
to Indiana for college

40th
in
retaining
college graduates 





Midwest Education Spending Per Student 2022

L=\$6.5K
S=\$7.3K
F=\$989
T=\$14.8K

L=\$4.6K
S=\$8.5K
F=\$1,190
T=\$14.3K

L=\$10.4K
S=\$4.2K
F=\$1,179
T=\$15.8K

L=\$3.9K
S=\$8.0K
F=\$970
T=\$12.8K

L=\$7.8K
S=\$6.3K
F=\$1,170
T=\$15.3K

L=\$4.3K
S=\$7.1K
F=\$1,410
T=\$12.8K

L= Local Spending Per Student
S=State Spending Per Student
F=Federal Spending Per Student
T= Total Spending Per Student

"Shall the school corporation continue to impose increased property taxes paid to the school corporation by homeowners and businesses for ____ (insert number of years) years immediately following the holding of the referendum for the purpose of funding ____ (insert short description of purposes)? The property tax increase requested in this referendum was originally approved by the voters in ____ (insert the year in which the referendum tax levy was approved) and originally increased the average property tax paid to the school corporation per year on a residence within the school corporation by ____% (insert the original estimated average percentage of property tax increase on a residence within the school corporation) and originally increased the average property tax paid to the school corporation per year on a business property within the school corporation by ____% (insert the original estimated average percentage of property tax increase on a business within the school corporation)."

"For the __ (insert number) calendar year or years immediately following the holding of the referendum, shall the school corporation impose a property tax rate that does not exceed ____ (insert amount) cents (\$0.__) (insert amount) on each one hundred dollars (\$100) of assessed valuation and that is in addition to all other property taxes imposed by the school corporation for the purpose of funding ____ (insert short description of purposes)?"

Indiana is Addicted to Gambling Revenue as one method to pay for the expansion of school vouchers.



	Projected Sports Betting Revenue
2019	\$56.2 million
2020	\$168.5 million
2021	\$224.6 million
2022	\$243.9 million
https://www.playindiana.com/revenue/ (Pre-Covid)	

New bill this year for online casinos.

Sources

<https://www.in.gov/doe/students/indiana-choice-scholarship-program/>
<https://www.in.gov/che/meetings-and-events/student-advocates-conference/>
https://www.in.gov/che/files/221215_PRESENTATION_EVC-Keynote_1.pdf
<https://nmtccoalition.org/coalition-highlights/>
<https://www.in.gov/dlgf/referendum-information/historic-school-tax-levy-referenda/>

Smith, Brian (2022). Indiana Referendum Analysis. Chapter 4 (Unpublished doctoral dissertation), Indiana Wesleyan University. Marion, Indiana.