



June 2017

Budget

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## **Expanding vouchers chips away at public Schools**

**By Victoria Jackson**

# Introduction

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Strong public schools are the backbone of strong communities. A good public school system can be a city's biggest draw. An underperforming public school often marks a city's decline. Public education is perhaps the most crucial investment government can make. Although most Ohioans are educated in public schools, since the 1990s state policymakers have steadily funneled resources to private schools through vouchers, despite evidence that public school students perform better.<sup>1</sup> The fiscal year<sup>2</sup> 2018-19 budget passed by the Ohio House of Representatives increases funding for one of Ohio's five voucher programs. Separately, Senate Bill (SB) 85 would further privatize public education by expanding the number of students eligible for vouchers at a potential cost of \$1.2 billion a year.<sup>3</sup> The state should not sink more money into ineffective programs that undermine public education.

Voucher programs use money for eligible students' public education to pay for private school tuition, including religiously affiliated schools. Ohio has five voucher programs: Cleveland Scholarship Program (CSP), Educational Choice Program (EdChoice) and Educational Choice Expansion (EdChoice Expansion), Autism Scholarship Program and Jon Peterson Special Needs Scholarship Program. In Ohio, school funding follows the student, which means that for most voucher programs, the money is deducted from state aid that would have gone to a public school.

Voucher programs have increased in number and spending since 1996 when the Cleveland Scholarship program started.

Key findings from this report include:

- Despite traditional public schools struggling to recover funding since the recession, voucher program spending increased by 352 percent since 2008
- Program eligibility has increased by adding programs that allow more students to use vouchers
- Senate Bill 85 would create the "Opportunity Scholarship", which could cost 6.4 times as much annually as the voucher programs it would replace
- The 2018-2019 House budget increases funding the EdChoice Expansion voucher by 57 percent over the 2016-17 budget

Even without vouchers draining money from public schools, Ohio underfunds public education. The House budget does not fund school districts enough to keep pace with inflation. Sending more money to private schools at the expense of public education will deprive most Ohio students of the resources they need to thrive. The Senate should oppose SB 85 and reject the increase in funding for the EdChoice Expansion voucher.

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<sup>1</sup> Figlio, David, and Krzysztof Karbownik. "Evaluation of Ohio's EdChoice Scholarship Program: Selection, Competition, and Performance Effects." Thomas B. Fordham Institute, July 2016.

<sup>2</sup> Years in report are fiscal years unless stated otherwise.

<sup>3</sup> Vitale, Alexandra. "Fiscal Note & Local Impact Statement Senate Bill 85." Legislative Service Commission, <https://www.legislature.ohio.gov/download?key=6844&format=pdf>

## Vouchers in Ohio

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The CSP was the first voucher program in the state and is exclusive to Cleveland Metropolitan School District resident students. The CSP voucher prioritizes students from low-income families. Policymakers created the statewide EdChoice program in 2005. It is restricted to students in districts below certain academic performance levels that have changed over time. EdChoice Expansion was implemented in 2014 and reduced requirements to include students with family incomes at or below 200 percent of poverty and who are not required to live in a district with failing schools. EdChoice Expansion is open to K-4 students and the voucher is expanded to students in one additional grade level every year. For the 2017-18 school year, EdChoice voucher maximum amounts were \$4,650 for K-8 and \$6,000 for grades 9-12 for students below 200 percent of poverty.<sup>4</sup> For the same year, CSP maximum voucher is \$4,250 for K-8 and \$5,700 for high school.<sup>5</sup>

The Autism Scholarship Program and Jon Peterson Special Needs Scholarship program provide vouchers for eligible students with qualifying Individual Education Plans (IEP) to attend a special education program through a private or alternative public school provider. There is no cap on the number of eligible students who can participate in the Autism Scholarship program.<sup>6</sup> The Jon Peterson voucher is capped at 5 percent of the total number of students in the state identified as having a disability. Jon Peterson voucher maximum amounts range from \$7,578 to \$27,000 based on the student's disability.<sup>7</sup> Both programs max out at \$27,000 per year.<sup>8</sup> Table 1 provides an overview of all the voucher programs.

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<sup>4</sup> Ohio Department of Education. "EdChoice Scholarship Program." Accessed June 5, 2017.

<http://education.ohio.gov/Topics/Other-Resources/Scholarships/EdChoice-Scholarship-Program>.

<sup>5</sup> Ohio Department of Education. "Cleveland Scholarship Program." Accessed June 5, 2017.

<http://education.ohio.gov/Topics/Other-Resources/Scholarships/Cleveland-Scholarship-Tutoring-Program>.

<sup>6</sup> Ohio Department of Education. "Autism Scholarship Program: How to Apply | Ohio Department of Education." Accessed June 5, 2017. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/Autism-Scholarship-Program/Autism-Scholarship-Program-How-to-Apply>

<sup>7</sup> "Jon Peterson Special Needs Scholarship Maximum Scholarship Amounts by Category." Ohio Department of Education, August 25, 2015. <http://education.ohio.gov/getattachment/Topics/Other-Resources/Scholarships/Special-Needs-Scholarship/Jon-Peterson-Scholarship-Check-Your-Eligibility/JPSNCategoryAmounts.pdf.aspx>.

<sup>8</sup> Ohio Department of Education. "Autism Scholarship Program: How to Apply | Ohio Department of Education." Accessed June 5, 2017. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/Autism-Scholarship-Program/Autism-Scholarship-Program-How-to-Apply>

Table 1						
Overview of all voucher programs						
Program	Year founded	Voucher amount 2017 - 2018 school year	Total funding for 2016	Eligibility	Enrollment cap 2016	Number of Students in 2016
Cleveland Scholarship Program	1996	K-8: \$4,250 9-12: \$5,700	\$34.5 million	Limited to CMSD students	N/A	7,222
Autism Scholarship	2005	\$27,000	\$72.5 million	Student has an IEP from district of residence	No cap	3,091
EdChoice Scholarship	2007	K-8: \$4650 9-12: \$6,000	\$94.9 million	Student attends a school with poor academic performance	60,000	20,213
Jon Peterson Special Needs Scholarship	2013	\$7,578- \$27,000	\$39.3 million	Student has an IEP from district of residence	Limited to 5 percent of the total number of students in the state who are identified as having a disability	3,858
EdChoice Expansion Scholarship	2014	K-4: \$4650	\$22.4 million	Family income below 200 percent of poverty	Funding appropriations limit the number of available vouchers	5,520

*Source: Policy Matters Ohio based on Redbook LSC Analysis of Executive Budget Department of Education and Ohio Department of Education Scholarship fact sheets*

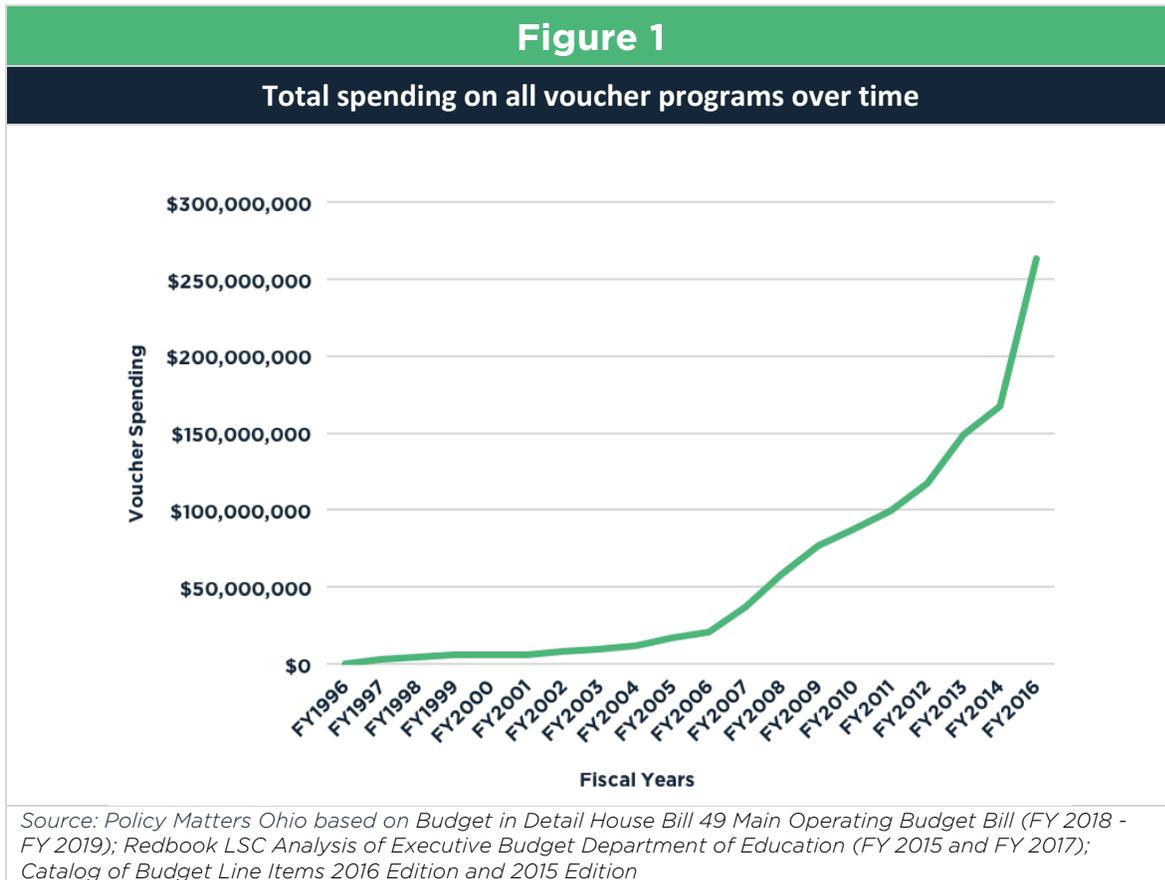
### Increase in vouchers over time

Lawmakers have increased funding and expanded the number of students who can participate in voucher programs by reducing eligibility requirements and adding new programs. Yet evaluations of the EdChoice voucher program show that even though voucher students tend to be better off financially than their peers in public schools, they have worse math and English scores.<sup>9</sup> Funding for CSP, EdChoice, the Autism Scholarship Program, and the Jon Peterson Special Needs Scholarship Program is based on how many students participate in them. Ohio school funding follows the student, so these programs are funded by deductions in state aid to the voucher recipients' school district of residence.<sup>10</sup> Only EdChoice Expansion is funded through a line item in the budget. Since the Great Recession, public school funding has struggled to recover as total funding for vouchers has increased

<sup>9</sup> Figlio, David, and Krzysztof Karbownik. "Evaluation of Ohio's EdChoice Scholarship Program: Selection, Competition, and Performance Effects." Thomas B. Fordham Institute, July 2016.

<sup>10</sup> Philips, Jason, Jason Glover, Anthony Kremer, and Alexandra Vitale. "Redbook LSC Analysis of Executive Budget Department of Education." Legislative Service Commission, February 2017.

352 percent.<sup>11 12 13 14 15</sup> Figure 1 shows total voucher spending for all voucher programs from 1996 to 2016.



**Voucher are overfunded and underused**

While voucher students have been increasing, many programs have never reached capacity. The EdChoice voucher program has been underused since it began in 2007. For the 2016-17 school year, there were 60,000 available vouchers but only 20,213 students used them. For EdChoice Expansion voucher, usage has been lower than the amount appropriated in the budget.

<sup>11</sup> Ohio Department of Education. “Scholarship Historical Information.” Accessed May 30, 2017. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/Historical-Information>.  
<sup>12</sup> Philips, Jason, Jason Glover, Anthony Kremer, and Alexandra Vitale. “Redbook LSC Analysis of Executive Budget Department of Education.” Legislative Service Commission, February 2017.  
 Philips, Jason, Merilee Newsham, and Neil Townsend. “Redbook LSC Analysis of Executive Budget Department of Education.” Legislative Service Commission, February 2015.  
<sup>13</sup> Legislative Service Commission. “Budget in Detail House Bill 49 Main Operating Budget Bill (FY 2018 - FY 2019),” May 2, 2017. <http://www.lsc.ohio.gov/fiscal/bid132/budgetindetail-hb49-hp.pdf>.  
<sup>14</sup> “Catalog of Budget Line Items 2016 Edition.” Legislative Service Commission, October 2016. <http://www.lsc.ohio.gov/fiscal/cobli/2016/2016-cobli.pdf>.  
<sup>15</sup> “Catalog of Budget Line Items 2015 Edition.” Legislative Service Commission, October 2015. <http://www.lsc.ohio.gov/fiscal/cobli/2015/default.htm>.

## Increases in voucher spending in the current budget

### EdChoice Expansion

Most voucher programs are funded with money that would have gone to school districts. Unlike other programs, EdChoice Expansion is funded through its own line item in the General Revenue Fund (GRF). The EdChoice Expansion program was introduced in 2014 and is currently available to kindergarten through fourth grade students. Eligible grade levels increase by one each year.<sup>16</sup> It is the only voucher program with eligibility based solely on family income. Funding for the EdChoice Expansion program in the House 2018-19 budget grows by 57 percent compared to the FY 2016-17 budget.<sup>17</sup> The main operating budget appropriates \$37.8 million for 2018 and \$47 million for 2019. The appropriations are less than Governor Kasich's proposal by 1.5 percent for each year, as were many spending items in the House budget.<sup>18</sup>

### Senate Bill 85

Over time, Ohio has expanded the voucher programs by broadening the number of eligible students. SB 85 would continue this trend by making the majority of students eligible for vouchers to attend private school. Currently, Ohio's five voucher programs cost a total of \$236.6 million in 2016.<sup>19</sup> If passed, SB 85 would replace CSP, EdChoice and EdChoice Expansion and cost up to an estimated \$1.2 billion per year, about 6.4 times more than what is currently spent on the vouchers being replaced (Figure 2). For 2017, 37,000 students participated in CSP, EdChoice and EdChoice Expansion, totaling approximately \$185 million. Even if 2.5 or 10 percent of eligible students use the voucher, costs would range from \$45 million to \$133 million.<sup>20</sup>

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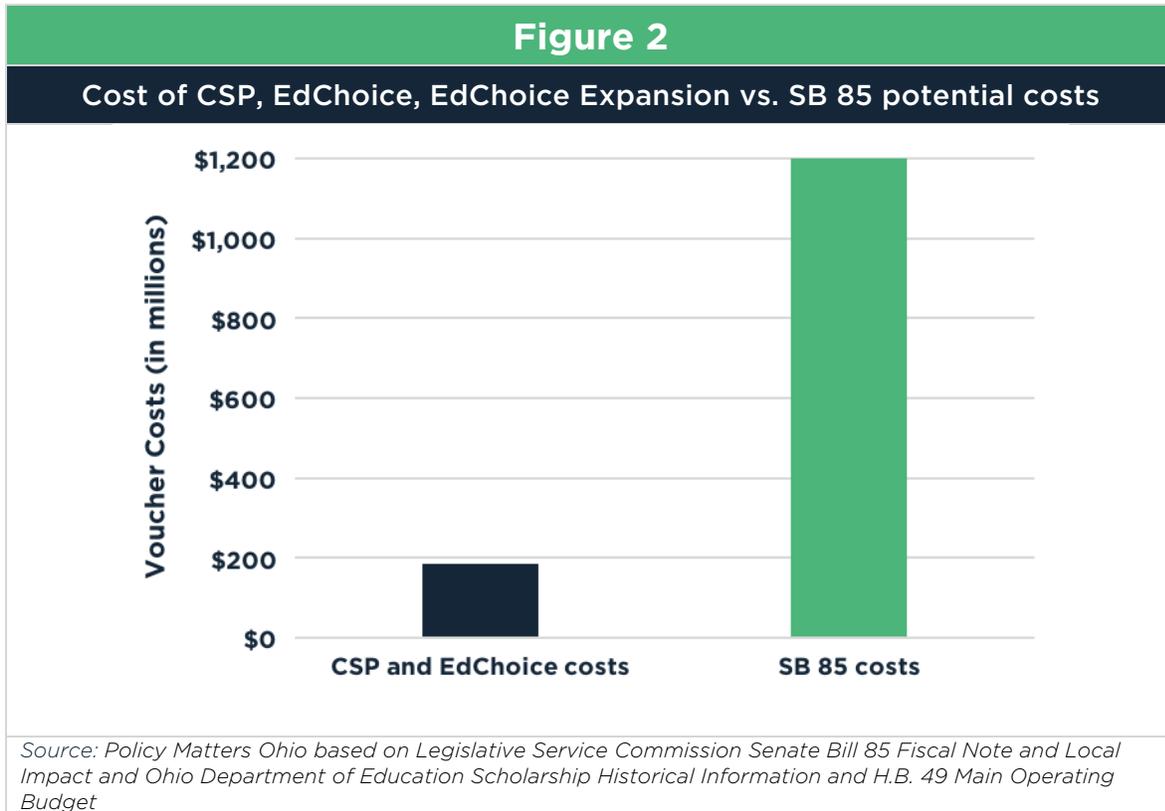
<sup>16</sup> Ohio Department of Education. "EdChoice Scholarship Program | Ohio Department of Education." Accessed June 5, 2017. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/EdChoice-Scholarship-Program>

<sup>17</sup> Legislative Service Commission. "Budget in Detail House Bill 49 Main Operating Budget Bill (FY 2018 - FY 2019)," May 2, 2017. <http://www.lsc.ohio.gov/fiscal/bid132/budgetindetail-hb49-hp.pdf>

<sup>18</sup> *ibid.*

<sup>19</sup> Philips, Jason, Jason Glover, Anthony Kremer, and Alexandra Vitale. "Redbook LSC Analysis of Executive Budget Department of Education." Legislative Service Commission, February 2017.

<sup>20</sup> Vitale, Alexandra. "Fiscal Note & Local Impact Statement Senate Bill 85." Legislative Service Commission, n.d. <https://www.legislature.ohio.gov/download?key=6844&format=pdf>



The bill, introduced by Senator Matt Huffman of Lima, proposes yet another voucher program: the “Opportunity Scholarship,” which would further expand voucher eligibility to all students with family incomes at or below 400 percent of the federal poverty line.<sup>21</sup> An estimated 74 percent of students, or 1.08 million in all, meet these family income guidelines. Current EdChoice and CSP voucher students would be automatically eligible for the program regardless of family income. Funding for the Opportunity Scholarship would come directly from General Revenue Funds rather than from school districts.

The voucher, which has a ceiling of \$5,000 for students in grades K-8 and \$7,500 for grades 9-12, would be available to families with incomes of 200 percent of poverty (\$49,200 for a family of four). Voucher amounts are reduced on a sliding income scale for families with incomes up to 400 percent of poverty (\$98,400 for a family of four),<sup>22</sup> who would be eligible for 50 percent of the maximum voucher amount.<sup>23</sup> Students with family incomes above 400 percent of poverty are not eligible for the voucher. In addition to subsidizing private schools, the bill would allow families to pocket the remaining voucher money in a college savings account if private school tuition is less than the voucher.<sup>24</sup> By opening vouchers to middle-income students who do not attend academically distressed schools, and expanding use of vouchers to include college savings, the state would subsidize private school tuition and

<sup>21</sup> *ibid.*

<sup>22</sup> Government Publishing Office. “Federal Register, Volume 82 Issue 19 (Tuesday, January 31, 2017).” Accessed May 30, 2017. <https://www.gpo.gov/fdsys/pkg/FR-2017-01-31/html/2017-02076.htm>.

<sup>23</sup> *ibid.*

<sup>24</sup> Vitale, Alexandra. “Fiscal Note & Local Impact Statement Senate Bill 85.” Legislative Service Commission, <https://www.legislature.ohio.gov/download?key=6844&format=pdf>



college savings for students who likely already have access to educational opportunity. SB 85 is an extreme though perhaps predictable step for a legislature that has been steadily privatizing public education since the 1990s.

Vouchers undermine public education by diverting public money to private schools that are mostly religious.<sup>25</sup> They take vital funding away from traditional public schools and ultimately weaken the system that educates the vast majority of Ohio students.

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<sup>25</sup> O'Donnell, Patrick. "Almost All of Ohio's Voucher Cash Goes to Religious Schools (Photos)." The Plain Dealer. Accessed June 2, 2017. [http://www.cleveland.com/metro/index.ssf/2017/03/almost\\_all\\_of\\_ohios\\_voucher\\_ca.html](http://www.cleveland.com/metro/index.ssf/2017/03/almost_all_of_ohios_voucher_ca.html)

## Recommendations

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Increasing voucher programs is misguided and not based on students' needs. Students who used vouchers have worse academic outcomes than their peers in traditional public schools.<sup>26</sup> SB 85 mirrors proposals by the U.S. Department of Education Secretary Betsy DeVos to further privatize public education by increasing vouchers. Lawmakers should oppose SB 85 because of the enormous potential costs. Given that numerous school districts have funding cut in the House budget, the Senate should also reject the funding increase for the EdChoice Expansion program.

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<sup>26</sup> Figlio, David, and Krzysztof Karbownik. "Evaluation of Ohio's EdChoice Scholarship Program: Selection, Competition, and Performance Effects." Thomas B. Fordham Institute, July 2016.

# Acknowledgements

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