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**EXHIBIT F**



## **Impact of Vouchers**

Jennifer Piscatelli (APA)  
Justin Silverstein (APA)

Presentation to the Senate Committee on Education  
and the House Committee on Education  
Little Rock, Arkansas  
June 8, 2020

# Presentation Overview

- How prevalent are voucher and tax credit scholarship programs nationally?
- What does the research say on the impact of voucher and tax credit scholarship programs on funding?
- What types of programs exist in the comparison states for this study (SREB and Massachusetts)?

# Vouchers and Tax Credit Scholarships

- Key difference between vouchers and tax credit scholarship programs:
  - Vouchers utilize state tax dollars
    - Provide funds for students to attend nonpublic schools, or in some cases, out-of-district public schools
    - Vouchers are generally targeted to specific student groups
  - Tax credit scholarships utilize privately donated funds for which donors receive a state tax credit, which are then distributed as scholarships to eligible students
    - Relatively new; many have been enacted within the past 10 years
    - Annual caps in amount of credit provided vary widely by states (\$5M - \$874+M)

# Use of Vouchers and Tax Credits, Nationally

- Voucher Programs
  - 16 states and District of Columbia have voucher programs
    - 3 are Town Tuitioning Programs (NH, VT, ME), for use by towns that do not operate public schools to send students to approved public or nonpublic schools
    - Many are designated for particular student groups, most commonly for students with disabilities, students from low income families, or students zoned to attend schools determined to be underperforming or failing
- Tax Credit Scholarship Programs
  - 19 states have tax credit scholarship programs
    - Also typically targeted to particular student groups

The background features several overlapping, semi-transparent geometric shapes. A large, light green shape is on the right side, pointing downwards. A grey shape is at the top right, pointing upwards. A darker green shape is on the left side, pointing downwards. A grey shape is in the center, pointing upwards. The word "Vouchers" is centered over the grey shapes.

# Vouchers

# Voucher Program in Arkansas

- Voucher Program: Succeed Scholarship Program
  - Eligibility: Students with disabilities (IEP or ISP) who have attended public school for at least one full academic year (military exemption and superintendent waiver), and students in foster care living in a group home or facility that meet eligibility requirements
  - Voucher amount: Lesser of the state's per-pupil funding amount or the cost of private school tuition
  - Funding does not come from the Public Schools Fund, rather from a separate appropriation
  - BLR biennially conducts a study of the program, most recently March 2020

# Voucher Programs in Comparison States

- Eight comparison states (SREB & MA) have voucher programs
  - Four states have two distinct voucher programs
  - The remaining 4 states each have a single voucher program
  - Each state has its own eligibility criteria and funding level
- Six comparison states have voucher programs for students with disabilities
  - Seven programs (MS - dyslexia therapy and students with disabilities)
  - FL, GA, LA, MS, NC, OK
- Five comparison states have voucher programs for low income and/or students zoned to attend underperforming schools
  - FL, LA, MD, NC, TN (*TN slated to begin in 20-21 school year; currently delayed by a legal challenge*)

## School Voucher and Tax Credit Programs, SREB States and Massachusetts

	Voucher Program	Tax Credit Program
Alabama		X
<b>Arkansas</b>	<b>X</b>	
Delaware		
Florida	X	X
Georgia	X	X
Kentucky		
Louisiana	X	X
Maryland	X	
Massachusetts		
Mississippi	X	
North Carolina	X	
Oklahoma	X	X
South Carolina		X
Tennessee	X	
Texas		
Virginia		X
West Virginia		

*Delaware, Kentucky, Massachusetts, Texas and West Virginia do not have voucher or tax credit programs*



# Voucher Programs in Comparison States: Funding of Voucher Programs

- Most states make an appropriation, separate from K-12 state aid program, to fund the voucher programs
  - For example, Maryland appropriated \$6.58 million from the general fund for the BOOST scholarship program in the 2019-20 school year
- Other states fund the program from state aid
  - For example, in Oklahoma the state DOE calculates the total cost of all scholarships for all eligible students in the state and retains from the total amount appropriated for State Aid purposes

# Voucher Programs in Comparison States: Per Student Voucher Amounts

- Voucher amounts vary among the states
  - Florida's Family Empowerment Scholarship (for low income families) provides 95% of unweighted base state aid, while its John M. McKay Scholarship for Students with Disabilities provides the same amount public schools would have spent on the participating child, not to exceed the cost of tuition and fees
  - Louisiana Scholarship Program provides the lesser of 90% percent of the per pupil amount the district receives from state and local sources or total school tuition and fees
  - North Carolina's Opportunity Scholarship Program provides a maximum of \$4,200 per year for students from low income families to attend a participating private school

# Impact of Vouchers on Student Achievement

- Research is limited, as prior to 2010, there were a small number of voucher programs across the country
- Much of the existing research attempts to measure the impact of vouchers on student achievement, with mixed results
  - University of Arkansas' longitudinal study of the Milwaukee Parental Choice Program (2012)
  - University of Arkansas' study of the Louisiana Scholarship Program after 4 years of implementation (2019)
  - Evaluation of the DC Opportunity Scholarship Program (2019), published by U.S. Department of Education, Institute of Education Science

# Impact of Vouchers on Funding

- Each program's potential funding impact is dependent on the program's specific characteristics
  - Research Brief on Indiana's Choice Scholarship (ICP) Program (Center for Evaluation & Education Policy, 2016) reported:
    - Lost per pupil revenue for students leaving public schools for private schools
    - 10% of ICP participants in 2011-12 and 23% in 2012-13 were not previously enrolled in public schools, funding for those students represent newly allocated public funds
  - Milwaukee Parental Choice Program Study (University of Arkansas, 2012) found:
    - A likely net positive impact in taxpayer savings, due to the voucher amount being smaller than per pupil revenues- saving the state \$37.2 million in FY 2009, \$46.7 million in FY 2010 and \$51.9 million in FY 2011
      - However, property taxpayers in Milwaukee paid an estimated \$44.7 million more



# Tax Credits

# Tax Credit Scholarship Programs in Comparison States

- Seven comparison states have enacted Tax Credit Scholarship programs
  - Five states' programs are for low income students and/or students zoned to attend underperforming schools (AL, FL, LA, OK, VA)
  - Two states' programs are for special needs students (SC, VA)
  - Only Florida has multiple (2) programs
    - Florida's second program is for victims of bullying or students who have been attacked at school
  - Georgia's program – any student is eligible if they attended public school for at least 6 weeks immediately prior receiving scholarship; any student enrolling in K, 1st or 2<sup>nd</sup> – 6 week requirement waived if slated to attend a low performing school as designated by the state

## School Voucher and Tax Credit Programs, SREB States and Massachusetts

	Voucher Program	Tax Credit Program
Alabama		X
Arkansas	X	
Delaware		
Florida	X	X
Georgia	X	X
Kentucky		
Louisiana	X	X
Maryland	X	
Massachusetts		
Mississippi	X	
North Carolina	X	
Oklahoma	X	X
South Carolina		X
Tennessee	X	
Texas		
Virginia		X
West Virginia		

*Delaware, Kentucky, Massachusetts, Texas and West Virginia do not have voucher or tax credit programs*

# Tax Credit Scholarship Programs in Comparison States: Funding

- Scholarships are funded using funds donated by individuals and corporations, where allowed
- Donations must be made to the program; cannot be earmarked for individual schools or students
- Public funds are not tapped, however state tax revenue is reduced by the amount of credits permitted
- Most programs are state income tax credits
  - FL's programs also include credits of motor vehicle taxes, insurance premium tax, credits against severance taxes on oil and gas production, among others
- Variation in implementation (annual caps)



# Tax Credit Scholarship Programs in Comparison States: Annual Caps

- Most states have a cap on the amount of tax credits that can be claimed each year. Of comparison states with established annual caps on tax credits given, caps range from \$5 million in Oklahoma to over \$873 million in Florida.

Comparison States Annual Caps	
State	Annual Cap on Credits
Alabama	\$30 million
Florida (TC Scholarship)	\$873+ million
Florida (Hope)	\$105 per vehicle
Georgia	\$105 per vehicle
Louisiana	none
Oklahoma	\$5 million
South Carolina	\$12 million
Virginia	\$25 million

- Impact of COVID-19 on donations – AL is not accepting new applications for 20-21 school year, due to decreased fundraising attributed to COVID.

# Impact of Tax Credit Scholarships on Funding

- Use of donated funds in exchange for state tax credits
  - Florida's Office of Program Policy Analysis and Government Accountability (OPPAGA) performed an evaluation of the Florida Corporate Income Tax Credit Scholarship Program's effect on the state budget and found the state was saving \$1.44 for every \$1 in tax credits issued, resulting in total net budget savings of \$36.2 million, in FY 2008-09



Questions?