

Your Question:

You requested information on school choice programs. Specifically, you wanted to know what states have adopted voucher, tax credit or education savings account policies and what eligibility and financial limitations have been placed on the programs. You also wanted information on the states with a Blaine Amendment. Additionally, you requested information on the impact of choice programs.

Our Response:

The information below is divided into two sections: (1) An overview of voucher, education savings account, and tax credit programs plus the Blaine Amendment, and (2) An overview of the research on school choice programs.

Programs Overview

Much of the information about the various types of choice programs comes from ECS's 2012 report "[Vouchers, Scholarship Tax Credits, and Individual Tax Credits and Deductions](#)." Information about education savings accounts is from our 2016 report "[Education Savings Accounts: Key provisions and state variations](#)." We recommend reviewing both reports closely for more detailed information about state programs and specific answers to several of your questions.

Under each choice program highlighted below is a brief definition of the program, states with the program, and information about eligibility; state examples are provided under vouchers and education savings accounts. Below you will also find information about Blaine Amendments.

Of the questions you asked, we were only unable to provide a specific answer to the question about states that allow monies to be used for religiously-affiliated schools. From a quick review of a few states' voucher programs, it appears at least a few programs in a small number of states (such as Indiana's Choice Scholarship Program and Ohio's EdChoice Scholarship program) do include religiously-affiliated schools on their list of eligible schools. However, the question about religiously-affiliated schools is tricky to answer because there have been a number of legal challenges centered around this very question (see the section "Legal Challenges" on page 15 of the 2012 ECS report "[Vouchers, Scholarship Tax Credits, and Individual Tax Credits and Deductions](#)"). It isn't always clear what states allow school choice monies to be used at religiously-affiliated schools and at this point we don't have much more additional information about this issue.

You also asked if any states have not put any limits on how monies can be spent. To the best of our knowledge, the majority of states have set parameters or limits of some sort around how these monies can be spent.

Voucher Programs

Vouchers, sometimes called scholarships, are a payment the state makes to a parent, or an institution on a parent's behalf, to be used for a child's education expenses. Generally this means allowing students to attend a private school

rather than a public school. ([This](#) is a nice overview of voucher programs.) **As of late 2012, 11 states plus Washington D.C. offered voucher programs**, with some states offering multiple programs. States include: Florida, Georgia, Indiana, Louisiana, Maine, Ohio, Oklahoma, Utah, Vermont, Washington D.C., and Wisconsin. Note that Maine and Vermont’s voucher programs are limited to students in districts without a public school. (*See the research overview section of this document, beginning on page 4, for a summary of some of the research around voucher programs.*)

Eligibility and Restrictions

As of 2012, all states’ voucher programs – except Maine and Vermont – are limited to students with a disability, low-income students, and/or students attending a low-performing school. In addition, states generally require the receiving private schools to meet certain eligibility requirements. (*See pages 3-7 of the 2012 ECS report “[Vouchers, Scholarship Tax Credits, and Individual Tax Credits and Deductions](#)” for more specific information about each state’s program eligibility requirements plus the per-student voucher amount for each state and/or program.*)

State Examples

- **Florida:** Recipients of the state’s [McKay Scholarship](#) – a voucher program allowing students with disabilities to attend an eligible public or private school of their choice – must have a documented disability and an Individual Education Plan (IEP) or other accommodation plan. To be eligible, the student must also have spent the prior year in a Florida public school or be a dependent of a member of the military meeting specific criteria and the parent must provide proof that the student has been admitted to an eligible private school. Participating private schools must meet [eligibility requirements](#).
- **Indiana:** There are seven eligibility options for Indiana’s [Choice Scholarship](#). Generally, all eligible students’ annual household income must be at or below 150% to 200% of the qualifying income for the federal free or reduced price lunch program. Additional requirements include: having a disability, being zoned to a low-performing school, and being a previous recipient of another type of scholarship. Students must attend an [eligible school](#).
- **Ohio:** Ohio has [multiple voucher programs](#), all limited to students with special education needs, students from low-income families, or students attending low-performing schools. For example, the [EdChoice Scholarship Program](#) provides scholarships to students attending low-performing public schools to attend an approved private school. The EdChoice “expansion” program allows students with household incomes at or below 200% of federal poverty level to apply; the state will pay all tuition costs beyond those covered by the base voucher amount. (*See page 6 of this document for information about a study on Ohio’s EdChoice Scholarship Program.*)

Education Savings Accounts

Education savings accounts (ESAs) are individual accounts managed by a parent and funded by the state. Parents use the funds to purchase various education services, such as tutoring, online courses or private school tuition. Arizona was the first state to create an ESA program in 2011. There are currently **five states with ESA programs**: Arizona, Florida, Mississippi, Nevada, and Tennessee. Additionally, several states introduced legislation to create ESA programs during the 2016 legislative sessions.

Eligibility and Restrictions

In every state but Nevada programs are limited to students meeting certain criteria, often students with disabilities. Over the past five years Arizona has significantly broadened their program eligibility requirements. In 2015 Nevada was the first state to create an ESA program with universal eligibility, but that law is currently on hold pending a state Supreme Court decision. (See ECS's 2016 report "[Education Savings Accounts: Key provisions and state variations](#)" for more specific information about eligibility requirements and funding.)

State Examples

- **Arizona:** Nearly every year since it was created the state legislature has taken steps to broaden [Empowerment Scholarship Account](#) (ESA) program eligibility. Currently, eligible students include: children with a parent in the armed forces, foster youth, Native American students on a reservation, students attending low-performing schools, and siblings of students currently eligible for the ESA. Starting in 2017, children of a parent who is legally blind or deaf will be eligible. ESA monies may be used for a number of different kinds of expenses, such as fees for college placement exams, tuition at qualified schools, and tutoring services (see pages 7-8 of the state's [parent handbook](#) for more information about eligible expenses). The Arizona's Office of the Auditor General's [2016 audit report](#) on the ESA program may be of some interest to you. It includes recommendations on improving program oversight and Appendices A and B both provide a comparison of a few states' ESA programs.
 - **Funding:** Students receive 90% of the state aide funding (see pages 4-5 of the [parent handbook](#)).
- **Nevada:** Nevada's ESA program, created in 2015, is the first in the country with universal eligibility. Students must have attended a public school in the state for at least 100 consecutive days prior to applying. ESA monies may be used for a number of educational expenses, such as: tuition at eligible institutions, textbooks, educational therapies, tutoring, test fees, and so on (see [pages 7-12 of the state's parent handbook](#) for a full list). The program is currently on hold pending a decision by the state Supreme Court.
 - **Funding:** Students with a disability or students with a household income of 185% or less of the federal poverty line receive 100% of the state's per-pupil amount (about \$5,700). All other students receive 90% of the per-pupil amount (about \$5,100). (See page 7 of the [parent handbook](#).)
- **Tennessee:** [Tennessee's Individualized Education Account \(IEA\) Program](#) was created in 2015 and is limited to students with disabilities who have an IEP and were previously enrolled in a Tennessee public school one full school year prior to applying for an IEA.
 - **Funding:** [Students receive](#) the state's per-pupil amount, about \$6,300.

Scholarship Tax Credits

In a **scholarship tax credit** program, taxpayers or corporations make donations to non-profit scholarship granting organizations in exchange for a tax credit, and the scholarship granting organizations give scholarships to eligible students for private school tuition. As of 2012, **11 states had scholarship tax credit programs**, some with multiple programs: Arizona, Florida, Georgia, Indiana, Iowa, Louisiana, New Hampshire, Oklahoma, Pennsylvania, Rhode

Island, and Virginia. According to an overview by [NCSL](#), five additional states have created scholarship tax credit programs since 2012: Alabama, Kansas, Montana, Nevada, and South Carolina.

Eligibility and Restrictions

Generally, students eligible for scholarships must meet income requirements. Some states also limit eligibility to students with a disability, attending a low-performing school, or in foster care. Georgia's program and one of Arizona's programs do not have any eligibility requirements. (See pages 9-13 of the 2012 ECS report "[Vouchers, Scholarship Tax Credits, and Individual Tax Credits and Deductions](#)" for state examples and additional information.)

Tax Credits or Deductions

As of late 2012 **six states offered tax credits or deductions**, including: Indiana, Iowa, Illinois, Louisiana, Minnesota, and North Carolina. These programs require the taxpayers to pay for expenses upfront and wait until their tax return is processed to receive the tax credit or deduction benefit.

Eligibility and Restrictions

As of 2012, North Carolina was the only state that limits its tax credit, limiting it to families that have a child with a disability. Despite the general lack of eligibility requirements, this option is inaccessible for some low-income families who do not have disposable income for education-related costs, or families whose income is so low that they are not required to file a tax return. Permitted expenses generally include tuition, textbooks, and curricula or other instructional materials. (See page 14 of the 2012 ECS report "[Vouchers, Scholarship Tax Credits, and Individual Tax Credits and Deductions](#)" for state examples, including tax credit information and allowable expenses.)

Blaine Amendments

Between 30 and 38 states (depending on the source) have adopted constitutional restrictions prohibiting states from funding religious organizations, collectively known as the Blaine Amendments. It appears the Blaine Amendments are intact in the constitutions of most states that adopted them. Although several states have had proposals to repeal their Blaine Amendments over the past several decades, it appears that most have been rejected by voters but it isn't entirely clear if any states have made changes. There are very few sources of information about the Blaine Amendments, but the Pew Research Center does have a few articles that may interest you ([here](#) and [here](#)).

Research Overview

Research says the impact of school choice programs on public schools, students and communities varies by program type, location, eligibility and policy design frameworks. As such, it difficult to definitively say how a program will affect the educational environment – both public and private – in which it is implemented. The research summarized here is intended to demonstrate some of the more important findings from a small cross section of school choice research.

A Brief Note on School Choice Research:

You had asked for an overview on the research on school choice and how it affects public schools and student performance.

The newest program to the school choice universe, ESAs, have not been in effect long enough nor has sufficient data been collected to study their impact on student achievement, public schools or other areas of education. Additionally, when approaching research studies focusing on the effects of school choice programs, it is important to understand the distinction between vouchers and tax credits from a student standpoint, is non-existent. That is, even though states fund tax credit and voucher programs differently, the funding distinction has not been shown to affect outcomes on student performance, public school competitiveness or any other performance variable.

It is difficult to measure the effects of voucher programs because it is hard to link student achievement gains solely to voucher programs when other factors – like class size, school safety issues, and peer effects, among others – also affect students’ academic success.

Research Overview:

Several reports have done extensive meta-analysis on the findings of voucher research. The reports sought to provide a holistic picture of the outcomes of voucher programs and highlight some of the program design aspects that may affect those results. These two reports are particularly useful in that they provide a good overview of the varying outcomes of a number of voucher programs and highlight program design considerations:

- In 2007, the [RAND](#) Corporation released a wide-ranging meta-analysis of research literature focused on charter schools and school vouchers. Discussion of voucher research includes analysis of student achievement outcomes, systemic effects and the demographic characteristics of voucher participants. Some of the **key findings** include:
 - Student improvement was modest to non-existent with **only African-American participants seeing academic improvement.**
 - **Positive effects on public schools were found, but there is no way to tell if vouchers were the cause.** Voucher programs found to have positive competitive effects on public schools lack the ability to generalize to other contexts and cannot isolate the effect of the program from other variables such as high stakes accountability systems, class size reduction or other related variables.
 - Who uses vouchers depends heavily on policy design and funding levels. Generally, programs limited to low income families with enough funding to cover private school tuition were effective in supporting private education for the targeted demographics and had high participation. Programs with no income eligibility requirements and insufficient award amounts primarily only served middle and upper income families.

Key policy considerations for creating school choice programs:

- Enforce requirements for testing and information dissemination and impose consequences for public and private schools that do not perform at acceptable levels.
- Do not skimp on resources or funding for choice programs.
- Give public schools the autonomy to act competitively and respond to market pressure.

An important financial consideration from the report: *Small-scale programs may appear to be more affordable than the public options, however, when programs are widely implemented additional costs, such as transportation and information dissemination, are inevitable. “They [costs] may be borne privately, but they must be borne by someone.”* (p. 225)

- The [National Bureau of Economic Research](#) more recently published an analysis of research findings for voucher programs from multiple countries, including the United States. The report, which synthesized various research studies, focuses on answering the following questions:
 - What effects do vouchers have on the students who use them?

- Do vouchers induce non-random migration (i.e. sorting by race or class) from public to private schools?
- Do voucher programs pressure public schools to improve performance?
- What is the net effect of vouchers on aggregate educational performance?
- What political economy factors determine the existence and design of voucher programs?

Research results for the United States include:

- **Non-existent or not very robust effects of vouchers on test scores, except for African-American students.**
- **High-quality students were much more likely to leave low performing schools.** Sorting around other key identifiers (including the quality of current school, family income, etc.) are not surprising given the identifiers are frequently used when designing eligibility policies. The result has been increased segregation in schools by achievement, race and income levels.
- There is evidence suggesting voucher programs lead to public school improvement, but the research is unable to isolate the effects of the voucher programs specifically from the effects of high stakes accountability policies or student level peer effects.

Competitive Effects:

One of the more interesting findings discovered in voucher research has been a small competitive impact on public schools in the near vicinity of participating voucher schools. **Simply put, public schools near private schools participating in voucher programs see a small improvement in test scores after voucher programs have been implemented.** While some improvement has been shown in these areas, because the finding was a second order effect and not the focus of the studies, it is difficult to isolate “competition” as the reason for student success over other factors a causal mechanism over other variables such as reduced class size, more efficient resource utilization and others.

The following studies highlight cases where competitive effects have been found as well as an alternative theory to competitive effects:

- Since 2007, [Florida](#) has conducted high quality program evaluations of its tax credit scholarship. The scholarship program is eligible to students in foster care and students qualifying for free or reduced-price lunch. Participating students must take a standardized provided by his or her private school of choice. **The findings since 2007 have shown no statistically significant increases in test scores for scholarship participants, but researchers have found modest competitive effects with small improvements in public schools near participating voucher schools.** As stated above, researchers were not able to isolate competition effects from other variables.
- Most recently, the [Thomas B. Fordham](#) Institute conducted a study of Ohio’s EdChoice Scholarship program to evaluate program outcomes. The Ohio program was introduced in 2005 and provides private school vouchers to students attending low performing public schools. The authors captured student performance data prior to program implementation (2003-04) through the 2012-13 academic years. The report highlights three key conclusions:
 - Participants tended to be somewhat higher achieving and economically better off than eligible public school peers who chose not to use the vouchers.
 - **Public school students who were eligible for a voucher and did not use it performed modestly better than participating voucher recipients in private schools, demonstrating a small, positive competitive effect on public schools.**

- **Voucher recipients in private schools performed worse than matched public school peers.** The findings are consistent over time, meaning other variables such as transitioning to a new school are not driving those results.
- It is also worth considering an alternative theory. The [Brookings Institute](#) recently published a policy brief that considered an alternative theory to low performance of voucher recipients. **Using testing trends from 2000 to 2015, the authors highlight increases in test scores in public schools and a corresponding decrease in performance in private schools. Based on the available evidence, the authors suggest that the traditional view that private schools promote higher academic achievement is no longer valid.**

Case Study: Washington D.C. Opportunity Scholarship

The Institute of Education Sciences has released four reports highlighting information collected from participating students, schools, parents and principals in Washington D.C.'s Opportunity Scholarship program. This program is a federally funded and designed school voucher program available to Washington D.C. students with household incomes below 185 percent of the federal poverty line and individual awards for an academic year are \$8,000. The findings of the surveys were:

- [Program Evaluation](#) – In 2010 researchers compared student achievement outcomes for students participating in the Opportunity Scholarship programs to students who were not participating in the voucher program and three main findings after analyzing the cohort of 2,300 students:
 - The voucher program did not affect student achievement positively or negatively.
 - Participants were significantly more likely to graduate from high school.
 - Perceptions of school safety improved for parents, but not for students, in participating families.
- [Characteristics of Participating Schools and Families](#) – In order to develop a more holistic view of the D.C. Opportunity Scholarship Program, researchers conducted a survey of participating schools and families following the program reauthorization in 2011. A little over half of the private schools in D.C. were participating in the program, and participating schools are more likely to have a religious affiliation the longer they have participated in the program, tend to be located in affluent neighborhoods and primarily service a higher share of White students. Family participation varied with funding levels and participating students were less likely to have previously attended a poorly performing school. Additionally, the majority of program applicants reside in areas of the city where there are fewer participating private schools.
- [Parent Survey](#) – The survey received data from 2,268 student application forms completed by 1,470 parents applying to the program for the school years 2011-2013. In general, the survey demonstrates that academic quality is parent's highest priority for choosing a school and the motives for participating in a school choice program vary and are not necessarily because of low academic quality in their child's current school. The results demonstrate that parents of public school children were primarily dissatisfied with "how much a student can observe religious traditions." However, the important variable for parents when choosing a new school was academic quality, which was even more important for parents of children that were currently attending a low performing school.
- [Principal Survey](#) – The principal survey included self-reported responses from every public, charter, participating private and non-participating private school in D.C. Private school principals were more likely to report that student motivation, behavior and parental support for student learning are very good or excellent. Additionally, private schools reported lower suspension rates than public and charter schools. Most noteworthy in these findings was private school principals were less likely to report use of programs

with specific instructional approaches and to have programs for non-English speakers and students with disabilities.

Privately Funded Vouchers in Three Cities – Mildly Positive Impact of African American Test Scores:

- A [study](#) released in 2000 analyzed test scores in Dayton, Ohio, New York City, and Washington D.C. for low income students using privately funded voucher programs. **The study found a moderate but statistically significant increase in test scores for African Americans students (the majority of participants) who participated in the program for two years.** The results were most significant for students using vouchers in Washington D.C. Other ethnic groups did not see a statistically significant improvement in student achievement.

Importance of Voucher Price, Demographic Background, and Geographic Location:

- A study from [Mathematica Policy Research, Inc.](#) (2002) analyzed a group of New York City students participating in a voucher program and found that **African American students’ saw a moderate statistically significant increase in test scores within a three year period.** Noteworthy in this research is the impact of vouchers does not vary significantly by grade. **Additionally, the positive impact of vouchers on test scores became significant in participation years two to three, implying positive results would not be seen after only one year.** Another interesting finding is that program participation was dependent upon whether the voucher covered the total cost of private school tuition and whether there was a private school located nearby.
- A [2010 research study](#) scrutinized the characteristics of students who were eligible for vouchers, but ultimately declined to use the program. Using data from a smaller voucher program in Charlotte, North Carolina, the research sought to understand the characteristics of students who do and do not choose to use vouchers when given the option. The results found that **students who were less likely to use private school vouchers were generally African American, had parents with low educational attainment, practiced certain religions, were not accepted to their desired school, or could not afford tuition in cases where it exceeds the voucher amount.**

Vouchers and College Enrollment:

- Researchers at the [Brookings Institute](#) analyzed the impact of vouchers on college enrollment. Using data from earlier studies on New York City, the study finds a **statistically significant impact on African American students with regards to enrolling in college, but no evidence of the program having any impact on Hispanic students.**

Special Needs Vouchers:

- There are several voucher programs in the United States that serve special needs students. Additionally, ESA programs have created specific eligibility requirements for these special populations. With this in mind, the [Council of Parent Attorneys and Advocates, Inc.](#) developed an overview of the legal issues – specifically the opting out of IDEA protections with school choice - surrounding special needs vouchers. Their findings include:
 - Parents choose vouchers regardless of IDEA protections because current school does not meet their child’s needs.
 - Little data exists on parents choosing vouchers that terminate rights under IDEA.
 - Vouchers rarely provide enough funding to cover the full cost of private school.

- Some private schools accept children with disabilities in order to obtain voucher funds and then expel the student.
- Special education specific vouchers are not available for every type of disability.

Policy recommendations:

- Protect legal rights of children under IDEA in private schools.
- Provide transportation and other reasonable accommodations for voucher recipients.
- Require private schools to take part in statewide assessments.
- Include private schools in state accountability policies.

School Voucher Challenges:

- Finally, a recently released paper from the [National Bureau of Economic Research](#) looks at the impact of vouchers in Louisiana during the first year of participation, specifically for low-income students or students from failing schools. The findings here show a large, negative effect in student performance relative to public school peers. **The results not only show no gains for students attending private schools, but actually demonstrate a significant decrease in learning over the course of a year and increases the likelihood a failing score on standardized tests by 50 percent.** The poor performance of the Louisiana voucher program highlights the importance of program design considerations.