



## Association of Metropolitan School Districts

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# AMSD Position on Taxpayer Subsidies for K-12 Private Education

**AMSD opposes the diversion of public funds to nonpublic schools through the use of vouchers or tax deductions or tax credits for private school tuition. The State should require that any school receiving public aid or enrolling students from families receiving public educational subsidies be accessible to all students and comply with all state laws and rules that are applicable to public schools.**

### AMSD BELIEVES

- The state of Minnesota is obligated to focus on funding its public schools adequately rather than subsidizing nonpublic schools, because of its constitutional duty to establish a general and uniform system of public schools.
- Minnesota, through open enrollment, the post-secondary enrollment options program, charter schools, online learning and educational tax credits and deductions, is a national leader in providing school choice options.
- Minnesota provides significant direct subsidies to private schools to assist with the costs associated with transportation, textbooks, special education, counseling and nursing services. In addition, tax credits and deductions are available to families of private school students.
- Providing additional tax subsidies to nonpublic schools will reduce revenue to public schools and further challenge the state's ability to provide a quality education model.
- State taxpayers have a right to expect that any institution that receives public dollars will be held accountable for how those funds are expended and will follow all applicable state laws and regulations.
- Citizens expect that taxpayer dollars will be used at schools that are accessible to all children, including children with special needs.

### BACKGROUND

The United States Supreme Court ruling upholding the Cleveland voucher program moved the debate on providing public aid to private schools to the state level. Vouchers, according to the U.S. Supreme Court, do not violate the U.S. Constitution's prohibition against a government establishment of religion. As a result of that ruling, each state was left to deal with the issue on a state constitutional basis. In addition, it is important that the various public policy implications of a voucher system be considered.

The Minnesota Constitution prohibits the State from directing public money to sectarian schools. Article XIII, Section 2 states, "In no case shall public money or property be appropriated or used for the support of schools wherein the distinctive doctrines, creeds or tenets of any particular Christian or other religious sect are promulgated or taught." That language notwithstanding, the state Supreme Court upheld the constitutionality of directing public funds to students attending private, religious colleges.

Numerous studies, including those by the U.S. Department of Education and the Center on Education Policy have found that there is no measurable difference in performance between students using school vouchers and their peers in public schools.<sup>1</sup> In 2017, research from Louisiana and Indiana showed that "public school students that received vouchers to attend private schools subsequently scored lower on reading and math tests compared to similar students that remained in public schools. The magnitudes of the negative impacts were large." The data showed the following, "In Louisiana, a public school student who was average in math (at the 50th percentile)

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and began attending a private school using a voucher declined to the 34th percentile after one year. If that student was in third, fourth, or fifth grade, the decline was steeper, to the 26th percentile. Reading declined, too: a student at the 50th percentile in reading declined to about the 46th percentile. In Indiana, a student who had entered a private school with a math score at the 50th percentile declined to the 44th percentile after one year.”<sup>2</sup> “A case to use taxpayer funds to send children of low-income parents to private schools is based on an expectation the outcome will be positive. The findings point in the other direction.”<sup>2</sup>

Similarly, research does not support tax credits, or neovouchers. Recent research on Florida’s neovoucher program found that students receiving neovouchers had a nonsignificant (-0.7 percentile points) loss in math and nonsignificant (+0.1 percentile points) gain in standardized test scores.<sup>3</sup> In addition, neovouchers can allow taxpayers to game the tax system, “In the six states that give a full tax credit for voucher donations, those taxpayers can get back the full value of their voucher plus a deduction for the donation.”<sup>3</sup> “While neovouchers are unlikely to improve educational outcomes for students moving to private schools, the negative impact on those students remaining in public schools is even clearer. Thirty neovouchers across 20 states are draining over \$1 billion in public revenues from state coffers every year. Every dollar of revenue diverted toward private schools is revenue that cannot be invested in the public education system.”<sup>4</sup>

State policymakers should focus on adequately funding our public schools rather than subsidizing nonpublic schools. Minnesota’s constitution makes it the duty of the Legislature to establish a general and uniform system of public schools. By many measures, the State is not meeting that constitutional obligation. For example:

- The general education basic formula for FY 2019 is \$618 per pupil (9.8 percent) less than it was in FY 2003 in inflation adjusted (FY 2019) dollars.
- The Minnesota Department of Education’s FY 2017 cross-subsidy report shows that special education costs exceeded state and federal special education aid by \$672.3 million (State portion: \$249 million) in FY 2017. The cross-subsidy is projected to grow to \$735 million (State portion: \$253 million) by FY 2019 and \$817 million (State portion: \$277 million) by FY 2021.
- In FY 2017, AMSD school districts spent almost \$119 million on services for English learners but received just \$37 million in English learner funding. In other words, AMSD school districts redirected more than \$82 million in general education revenue to provide important services to English learners.

The American public is overwhelmingly opposed to private school vouchers. The 2017 Phi Delta Kappa (PDK)/Gallup Poll of the Public’s Attitudes toward the Public Schools shows that only 39 percent of Americans favor allowing students and parents to choose a private school to attend at public expense (vouchers).<sup>5</sup> Minnesotans are likewise strongly opposed to private school vouchers. A public opinion survey conducted by the Morris Leatherman Company in August of 2016 showed that more than 60 percent of Minnesotans oppose vouchers/tax credits for private/religious schools.

## Endnotes

<sup>1</sup> See the following studies: Metcalf (1998), Witte (1996), Greene, Howell & Peterson (1999) Greene, Peterson & Du (1996), US Dept. of Education Evaluations of the DC Opportunity Scholarship Program (2007, 2008, 2009), Center on Education Policy, “Keeping Informed About School Vouchers (2011) and Center for Tax and Budget Accountability, “Analysis of Indiana School Choice Scholarship Program,” April 2015. <http://www.ctbaonline.org>

<sup>2</sup> Dynarski, Mark. (2016). “On Negative Effects of Vouchers.” *Brookings Press*. Available at: <https://www.brookings.edu/research/on-negative-effects-of-vouchers/>

<sup>3</sup> Welner, Kevin G. (2017). “The Conversation: Tax Credits, School Choice and ‘Neovouchers’: What You Need to Know.” *National Education Policy Center*. Available at: <http://nepc.colorado.edu/blog/tax-credits>

<sup>4</sup> Institute on Taxation and Economic Policy. (2016). “State Tax Subsidies for Private K-12 Education.” Available at: <https://itep.org/state-tax-subsidies-for-private-k-12-education/>

<sup>5</sup> Phi Delta Kappan/Gallup, “Using Public Money to Support Private Schools,” Available at: <http://pdkpoll.org>