



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.¹ 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

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following: “In Louisiana, a public school student who was average in math (at the 50th percentile) 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.”² “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.”²

Similarly, research does not support tax credits, or neovouchers. Recent research on Florida’s neovoucher program found that students receiving neovouchers had a nonsignificant loss in math and nonsignificant gain in standardized test scores.³ 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.”³ “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 ... Every dollar of revenue diverted toward private schools is revenue that cannot be invested in the public education system.”⁴

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

- Between 2003 and 2021, the basic formula has lost ground to inflation. the basic education formula would be \$598 per pupil higher today if it had simply kept pace with inflation since 2003.
- The Minnesota Department of Education’s Special Education FY2020 cross subsidy report estimates that special education costs exceeded state and federal special education aid by almost \$457 million for AMSD member districts. The statewide cross-subsidy was more than \$673 million in FY 2020 and is projected to grow to more than \$806 million by FY 2025. The cross subsidy is projected to be \$121 million in FY 2021 even if the federal government were to meet its goal of covering 40 percent of the cost. Even with action by the 2020 Legislature to help contain the growth of the cross subsidy (\$10.425 million in one-time funding in FY 2022 for cross-subsidy reduction aid), the cross subsidy continues to present significant budget challenges for school districts: MDE projected that an additional \$60 million was needed just to prevent the cross-subsidy from growing.
- In FY2020, AMSD school districts spent nearly \$135 million on services for English learners but received just \$35.7 million in English learner funding. In other words, AMSD districts redirected more than \$99 million in general education revenue to provide services to English learners.

The American public is also 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).⁵

Endnotes

¹ 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>

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

³ 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>

⁴ 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/>

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