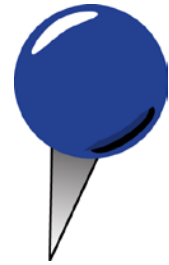




# Iowa Policy Project

## A Roadmap for Opportunity



### **Strengthening public education, no new subsidies to private schools**

Iowa’s public schools have been underfunded for years, to the detriment of the vast majority of school-age children in Iowa, whose future life prospects depend on a quality public education. At the same time, Iowa taxpayers are asked to support nonpublic schools to the tune of about \$66 million each year. These funds could be used instead to strengthen public education. While funding of public schools has failed to keep up even with inflation, recent proposals would *expand* taxpayer subsidies of private schools. These proposals would create a form of voucher, called “education savings grants.”

**Destination:**  
**Renewing Iowa’s traditional commitment to public schools:**

- Reducing subsidies to private K-12 education
- No private school vouchers

#### **Taxpayers are asked to pay twice**

Iowa taxpayers have a responsibility to support public schools, whether they have children attending them or not. They do so with their property tax dollars and through state sales and income taxes that provide state aid to school districts. Increasingly, however, they are being asked to pay a second time for a portion of the tuition and other expenses incurred by parents who send their children to private schools, as well as for some of the costs of home schooling. The table at right shows how much taxpayers contribute through each of nine state programs and tax provisions. Education Savings Grants would add many millions to the total.

#### **Iowa already supports private schools with tax dollars**

*Millions of dollars; for 2018 or 2019 unless noted*

School Tuition Organization tax credit	\$ 11.4
Textbooks for private schools	\$ 0.7
Transportation	
State funds	\$ 8.2
Local school taxes	\$ 2.1
Area Education Agencies support	\$ 4.0
Home School Assistance Program	\$ 11.1
Tuition and textbook tax credit*	\$ 4.3
Private school students in public high schools	\$ 1.6
State funds for 4-year-olds in private preschools (2015 est)	\$ 17.0
529 savings accounts for private K-12 education	\$ 5.2
	\$ 65.6

*\*estimate for private school tuition*

*Sources and explanation: See “Taxpayer Support of Education in Iowa.”  
Iowa Fiscal Partnership backgrounder, November 2018*

#### **Iowa Voucher Proposals Would be Expensive**

Bills were introduced in the Iowa House and Senate during the 2018 session to create “Education Savings Grants” (ESG). Under these proposals, a pupil attending a nonpublic school would be awarded a grant each year equal to a major portion of the state aid per pupil provided to public school districts.<sup>1</sup> The grant could then be used to pay for tuition and other educational expenses at the nonpublic school. Students would be eligible if they are enrolling in a nonpublic kindergarten, if they attended a public school the previous year, or if they received an ESG the previous year.

In the case of students previously attending public school, the ESG program diverts state funds from public school districts to the private schools — state aid would follow the student. For those

students, the grants paid are offset by the state aid no longer provided to public school districts. But currently, without the benefit of ESGs, Iowa parents decide each year to enroll about 3,300 children in private kindergartens.<sup>2</sup> Under the ESG program, those 3,300 kindergartners would get a state grant, and would continue to do so every year thereafter that they remain in private school. Those 3,300 children are not diverted from public schools by the ESG program; they were never going to attend a public school in the first place. Thus there are no savings to public school systems or the state, only costs. These students will get a state grant that represents new and additional state support of private schools.

The cost of an ESG program will grow each year as a new cohort of kindergartners enters the system, while those already in the ESG program continue to receive grants as they move up the grade ladder. By year 13 of the program, there will be students in private schools at every grade level receiving ESGs whose families would have sent them to private schools anyway. Assuming private school enrollments drop off in higher grades as they do currently, costs at that point would be about \$130 million to \$200 million annually, depending on the grant formula adopted.<sup>3</sup>

### ***The false promise of education savings grants***

ESG legislation is unlikely to improve the quality of education for participants, or to improve the quality of public education. The results of a number of studies indicate that students attending voucher schools do no better than those who remain in public schools, and in some cases do worse.<sup>4</sup> If the goal is to improve educational outcomes, there are a number of strategies that have proven successful in raising the performance of public schools, and at a lower cost than the typical voucher program.<sup>5</sup> These include greater public accountability in terms of student performance, full funding of public preschools, and investing in pre-service teacher training and after-school and summer programs.

Iowa is likely to remain in a state of chronic budget shortfalls for years to come as the massive tax cuts recently enacted take hold. With public education funding already failing to keep pace with rising costs, committing to a voucher program will all but guarantee that funding of public schools will fall further behind as ESGs draw an increasing share of a shrinking pie.

An ESG program would weaken the public school system that most Iowans will continue to rely on, particularly in rural areas where few or no private options are available. It would subsidize private education for thousands of families who can already afford it and who are already sending their children to private schools. A far better strategy would be to invest more public dollars in strengthening public education.

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<sup>1</sup> Under SF2091, the grant would be equal to the statewide average foundation aid per pupil, or around \$5,000. Under SSB3206, it would equal 60 percent of the “regular program state cost per pupil,” or about \$4,000. Under HSB651 it would equal 90 percent of the average foundation aid plus 90 percent of six other forms of state aid per pupil, producing a substantially larger grant.

<sup>2</sup> Iowa Department of Education, 2017-18 Iowa Non-Public School PreK-12 Enrollments by School, Grade, Race, and Gender, <https://educateiowa.gov/documents/nonpublic-school/2018/08/2017-2018-iowa-non-public-school-prek-12-enrollments-school-grade>

<sup>3</sup> There were 32,848 students enrolled in grades K through 12 in nonpublic schools in the 2017-18 school year (see footnote 2). Total costs by year 13 assumes that figure represents the number of students who would have enrolled even without the ESG program, each now receiving an ESG grant of \$4,000 to \$6,000 (see footnote 1).

<sup>4</sup> Mark Dynarski, *On negative effects of vouchers*. The Brookings Institution, May 2016. Martin Carnoy. *School vouchers are not a proven strategy for improving student achievement*. The Economic Policy Institute, February 28, 2017. <https://www.epi.org/publication/school-vouchers-are-not-a-proven-strategy-for-improving-student-achievement/>

<sup>5</sup> Carnoy.