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Voucher Dilemma: Taxpayer cost jumped from \$15.5 million to more than \$300 million

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Juan Garcia wanted his daughter to attend a high school with a strong academic program, but he also wanted their faith to play a role in her education.

The two factors were so important that Garcia willingly paid nearly \$10,000 tuition for her to attend Marian High School, a private Catholic school in Mishawaka.

“Our goal for her was obviously the academics,” Garcia said. “The Catholic aspect was super important to us.”

Garcia, who works in the IT field as a programmer, paid the full tuition for his daughter's freshman year and said he would have continued to assume that responsibility. Then he learned about new guidelines for the state's School Choice voucher program.

“I was informed by the school that everybody was getting accepted,” he said. “The business manager from Marian reached out to me and he says, ‘Hey, this new voucher program came out with new limits on incomes, and we’re going to encourage you to use them.’”

Garcia applied and his daughter joined more than 600 other students — or about 90% of Marian's enrollment — utilizing the state grants to pay for their schooling 2023-24. The tax-funded payments generated \$4.3 million for the private school.

“I can tell you from what I paid last year to the amount that I paid this year, is like an 80 percent difference,” Garcia said. “That's how much. It made a difference to me.”

A three-month investigation by University of Notre Dame students in the Gallivan Program for Journalism, Ethics, and Democracy found that a majority of the families in the Indiana voucher program today were previously paying for private school on their own, just like Garcia. Yet the state stepped in to offer a financial subsidy to parents who didn't need it — a costly decision critics say is hurting public schools, which educate more than 90% of the approximately one million K-12 students in Indiana.

Started in 2011 under former Gov. Mitch Daniels as an avenue to help low-income students escape failing public schools, the voucher program has changed dramatically in the last decade. While it has helped thousands of families choose their preferred school, the cost is projected to grow 263 percent in just five years. This expansion is predicted to force public school districts to either make severe cuts or ask taxpayers for more money through public referendums.

Marian principal Mark Freund praised the voucher program, saying it provides an “incredible opportunity” for low-income families whose children would not have the opportunity to attend a private school like Marian otherwise.

Critics, however, see another side of vouchers.

They say the program has become a subsidy for predominantly wealthy, white suburban families. The program's average recipient is a white female, who has never attended public school, from a family earning more than \$99,000 a year.

The shift has taken a huge bite out of state funding for public school — an estimated \$600 million this year.

The voucher boom, under the last Indiana budget, directed 36% of new state tax funding for elementary and secondary education to private schools educating only about 7% of the students in Indiana. Public schools received the remaining 64% of new public funds to educate the remaining 93% of students, according to estimates at the time.

Daniels in 2011: Not likely to be large phenomenon

When Daniels began pitching the idea of education vouchers in Indiana in 2011, he said the program would have limited impact. In a speech months after signing off on the Choice program, Daniels said, "It is not likely to be a very large phenomenon in Indiana ... I think it will be exercised by a meaningful but not an enormous number of our students."

Contrary to his projection, the voucher program in Indiana has grown to be among the largest in the nation:

- A program with only 3,911 students in 2011 has expanded to include 70,000 students.
- In 2011, students only qualified for a school voucher if their family of four made around \$40,000 a year. Today, the same family could qualify while making \$222,000 a year.
- Early supporters believed vouchers would save Indiana money because the state would only pay 90 percent of the public school cost to a private school. But the state added new pathways, and now nearly 68 percent of recipients never attended a public school.
- A program that initially cost Indiana approximately \$15.5 million cost more than \$300 million last year. It's projected to top \$600 million this year.

The school voucher program in Indiana has soared to heights once unimaginable even by those who pitched the initial idea. The question going forward is whether this upward trajectory is sustainable.

"It's almost universal — 97% qualify," said Keri Miksza, chair of the Indiana Coalition for Public Education Monroe County. "The majority of those students would have never attended public school in the first place. So this is just a handout to folks who would have paid for private school out of their pocket, no matter what."

Yet Daniels likes the direction the program is heading now, noting that he accomplished what he could at the time. "I always had hoped and rather expected that it would expand," he said in May. "I'm very happy with the way it's grown here in Indiana but also elsewhere."

Indiana is in the top three in spending, but it is not the only state experimenting with vouchers. Ohio, Arizona, Louisiana, North Carolina, and Florida are just some of the 10 states to expand education voucher systems in the past decade. Yet heavily Republican Texas in November rejected a voucher plan pushed by the governor. As vouchers spread, the issue has become more political.

Democrats generally oppose the vouchers, claiming they serve as a subsidy for wealthy families and undermine public education. Critics also question whether vouchers violate the separation of church and state, especially when private schools don't follow the same accountability rules.

Republicans argue that tax money for education should follow the child, giving families more options to attend the school of their choice, and that competition improves all schools.

Despite claims that vouchers benefit students, some research suggests changing schools can harm student achievement, particularly in math. Further research indicates that private schools engage in the act of "pushing out" students with disabilities and discouraging low-achieving students from enrolling.

Looking forward, experts and critics in Indiana question whether the state can afford to subsidize sometimes wealthy private schools to the tune of \$1.6 billion (since the program started) without devastating the public schools that provide the vast majority of the state's education.

"It's this Pandora's Box that has already been opened," said Miksza. "But the state can't sustain that, plus funding public schools. It can't sustain itself. But that's the system, unless Hoosiers are willing to pay for more taxes."

Vouchers started to help low-income families

When vouchers became state law in 2011, then-Governor Daniels proclaimed: "Social justice has come to Indiana education."

Like many other voucher programs, the scholarship was intended to help lower-income families escape failing public schools and enter into private ones considered a better option.

"The public schools will get their first shot," Daniels said. "If they try the public school and believe it is not serving their child well, they will not be forced to continue in those schools just because they don't have a high enough income."

An initial criterion was that students had to attend public school for at least one year to receive a voucher. Eligibility was based on the threshold for free and reduced lunch, limiting it to families making about \$40,000.

Vouchers did initially save the state money. In its first year, 90 percent of the participants switched from public schools, saving the state about \$1,100 per switching student. A 2018 [report](#) by EdChoice, a pro-voucher advocacy group, found that to be fiscally neutral, 61 percent of voucher students need to have switched from public schools.

But by 2014-15, half of Indiana's voucher students had never attended a public school, a figure that rose to nearly 69 percent by 2021-22. The initial savings were vastly outpaced by picking up the bill for students the state had not previously covered. The state's response in 2015 was to stop having the Department of Education calculate a savings/deficit calculation.

When the voucher program first launched in 2011, 24 percent of voucher users were black students. Today, that demographic has dropped to 9 percent. At the same time, the number of white students on vouchers has increased from 46 percent to 64 percent as the program has expanded.

Soon after implementation, the program started to change. The Indiana Supreme Court in 2013 ruled that the program did not violate the separation of church and state because parents were making the choice, not the state. Former Indiana Governor Mike Pence then pushed to expand school choice by increasing eligibility.

Legislative changes created more pathways for students to attend voucher schools, such as allowing those who had siblings already enrolled at voucher schools. The cost of the program jumped from \$15 million to \$140 million, serving more than 30,000 students in 2016-17.

Alicia Redinger, director of advancement at Marian High School, said vouchers have had a very positive impact on her family. Redinger currently has four children enrolled at Mishawaka Catholic Grade School. Without the voucher program, Redinger says it would be much harder for her and her husband to afford the private school education for their children.

“From families that we know, the voucher program provides a pathway for choice in education, one that will be best for the student, whether that is a public or private school,” Redinger said.

Today, the program is less geared towards lower-income students. Many students from the initial target group no longer seem to be prioritized when it comes to education vouchers.

Ada Austin, a low-income student from Indiana who currently attends the University of Notre Dame, went to public school in Northwest Indiana. She was never made aware of having the option to use a voucher for a private school.

“I went to a middle school, Gavit, which shut down, then I went to Hammond Central High School during my junior and senior years,” she said. “A lot of different schools came together, so a lot of turmoil happened. And construction was not at its best.”

Despite being named valedictorian of Hammond Central, Austin said there were few resources to help her during the college application process. While her teachers and advisors were supportive, Austin only learned about the Common App from the [Guided Pathway Support Program](#), which helps black students navigate the process.

Even though Austin could have been the perfect candidate for a voucher, she was never informed of its existence as the program began to take a new shape.

Legislative changes opened floodgate

During the 2021 legislative session, the state changed the eligibility for the voucher program to include families with incomes up to 300 percent of the free and reduced lunch threshold. It also eliminated a graduating scale that provided 50 percent and 75 percent vouchers for families at higher income levels.

In 2023, the eligibility was changed again to include families with incomes up to 400 percent of the free and reduced lunch threshold. The result was that a family of four that makes over \$222,000 now qualifies. Today, there are more students receiving vouchers whose families make more than \$100,000 than those making less than \$50,000.

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State Rep. Robert Behning, R-Indianapolis, has been in the Indiana House for over 30 years and currently serves as the chair on the education committee. As one of the leaders of the voucher program, he helped author the bill that established the Choice Scholarship.

Behning said there have been few overall changes to the program itself. “Income eligibility is the thing that has changed over time,” he said. “Most of the rest of the program has not.”

But the financial impact of those changes is profound. In the span of five years, the program has moved from spending \$167 million in 2020-21 to an estimated \$607 million this year.

Jennifer McCormick was a teacher and administrator in communities near Muncie for 20 years before serving as the Indiana Superintendent of Public Instruction as a Republican from 2017 through 2021. She has seen how the school voucher program has affected public education and questions spending hundreds of millions on students not attending public schools.

“It has taken money away from our most vulnerable and most deserving students,” she said.

Originally a Republican, McCormick is now running for governor of Indiana as a Democrat. The changes to the voucher program are one reason for her party switch.

She said the program had changed so dramatically in the years before she became superintendent that the Indiana Department of Education would receive calls that “schools” not fit to be educating students were taking vouchers. She said she visited one where 20 kids attended with no books, no heat, and a teacher with no experience.

“We even got called to the back of a food truck that someone had said, ‘This is our school now,’” McCormick said. “And so you have three kids sitting in the back of a food truck, and that’s the private school.”

McCormick has been taken aback as voucher eligibility shifted to serve those who are financially stable.

“What is alarming is, the data will show you it’s predominantly white, suburban, wealthy people who are taking advantage of it and really getting a governmental subsidy at the exchange or to the demise of kids and families who really need those resources,” she said.

McCormick believes there needs to be restrictions on the voucher program, especially since the money is public tax dollars. “Guardrails need to be placed on it if we are going to spend over \$1.6 billion on private schools,” she said. “There should be tighter accountability for those dollars. There should be a demand for inclusivity.”

State Rep. Cherrish Pryor, D-Indianapolis, has consistently opposed the Choice Scholarship. She believes the program was never truly intended for low-income families, noting that Republicans have used their supermajority control in the state legislature to push their priorities.

“It started out low-income, but it is no longer low-income,” Pryor said. “It’s now a way for some of the wealthiest individuals or upper-income individuals to pay for their child’s private education.”

Pryor also voiced concern for a lack of diversity and fairness. The fact that private schools do not have to “let in every student that presents themselves to the school” raises equity issues.

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“You’re getting taxpayer dollars — you should be accountable for every single penny that you spend,” she said. “But I don’t think it’s fair to starve our traditional schools and then expect for their performances to be stellar when we haven’t given them the proper resources to have a stellar educational system.”