

What proportion of private school students received a voucher and how much of private school tuition was paid by the state?

- 29,148 Hoosier students received a voucher in 2014-2015 (hereafter “2015”).
- 87,189 students attended private schools that accepted at least one voucher in 2015. That means a third of students at private schools that participate in the voucher program received a voucher. (Comparisons with Census estimates indicate that around 10,000 students are missing from IDOE data and are likely home schooled or attend private schools that do not report to the state.)
- Private schools report to IDOE the tuition charged for each student who receives a voucher along with the school’s overall enrollment. Assuming that voucher recipients are charged the same as non-voucher recipients on average, this allows us to estimate the total tuition payments to all private schools at \$445 million in 2015. IDOE reported voucher payments of \$78.5 million in the same year, implying that vouchers comprised about 17.5 percent of tuition received by private schools in Indiana.

How many students have shifted from public schools to private schools because of vouchers?

- The number of vouchers awarded rose by nearly 10,000 from 2014 to 2015, but enrollment at these private schools rose by only 576 students. Clearly, a substantial portion of vouchers are going to students who already attend private schools.
- Indiana’s voucher program allows students to qualify via seven “pathways.” The idea of these pathways is to target (1) students who would otherwise attend public schools and (2) specific groups: residents of “F” rated school attendance zones and special education students. However, a linkage to a separate program allows many private-school students (not in “F” school zones or special education students) to obtain a voucher:
 - Indiana offers a tax deduction to individuals who donate money to state-approved Scholarship Granting Organizations (SGOs). The SGOs are privately-operated organizations that can give scholarships to any student attending a private school with family income of at most 200% of the level to qualify for a reduced price lunch (3.7 times the poverty level).
 - One of the pathways to receiving a voucher, available to students with income below 150% of the free/reduced price lunch level, is previous receipt of an SGO scholarship of at least \$500.
 - Every year after that, the student can continue receiving a voucher as long as the family’s income stays below 200% of the free/reduced price lunch level.
 - Thus, **any** private school student can obtain a voucher for half of the money his public school would receive on his behalf if the family’s income stays below 3.7 times the poverty level — \$88,000/year for a family of four — and dips to 2.8 times the poverty level for one year.

- A closer look at the previous enrollments of first-time voucher recipients shows that over half already attended a private school before receiving their voucher.

Table 1: Prior Enrollment by Voucher Pathway for First-time Recipients, 2013 to 2015

Pathway	Pathway Description	Already in private school? ^c	
		Yes	No
1	Attendance at public school for the past two semesters	956 ^a	9,393
2	Previous receipt of a scholarship from a private SGO	8,292 ^a	1,096
3	Receipt of a voucher more than one year before	—	—
4	Receipt of a voucher the year before	—	—
5	Special Education student	1,004 ^b	533
6	Resident of an “F” rated school’s attendance zone	1,346 ^b	390
7	A sibling received a voucher the year before	3,339 ^b	2,015

a. Enrolled at private school two years before receipt of voucher

b. Enrolled at private school one year before receipt of voucher

c. Restricted to first-time voucher recipients to avoid double counting. Kindergartners and first graders qualifying by pathways 5-7 are excluded since prior enrollments cannot be observed for these students.

Will the voucher program continue growing as fast as in recent years?

- The voucher program has two potential sources of growth under current rules: students who attend private schools and those in public schools.
- In 2015, 71% of private school students who qualified for a free or reduced price lunch received a voucher. This leaves about 11,000 students currently enrolled in private schools who could potentially qualify for a voucher based on their income (assuming those at 100%-200% of free/reduced lunch eligibility have taken up vouchers at the same rate as those below the line).
- Students genuinely coming from public schools seems to have stayed relatively constant around 4,000/year. There is no reason to expect a change in this rate.
- Under current program rules, it seems likely that growth will slow in future years since most income-eligible private school students already receive a voucher.

Did the voucher program really cost the state \$40 million in 2015?

- IDOE’s 2015 annual report calculated that the “savings” to Indiana schools from the voucher program (using a formula defined in statute, intended to return money to schools since the vouchers are only for 50% or 90% of what the schools would receive to educate the students) were *negative* \$40 million.
- However, this formula excludes any student who got a voucher in kindergarten (via an older sibling, special education status, or residence in an “F” school zone) and might otherwise have attended the public school. Maybe it’s overstating the cost?

2,798 of the students who received a voucher in 2015 got their *first* voucher when in kindergarten. These students received voucher payments of around \$9.6 million. Under the rosy

assumption that all of these students would otherwise be in public schools and that the state would spend \$1.33 for every \$1.00 given in vouchers for these kids, the losses from the voucher program in 2015 would still top \$27 million. A more realistic estimate is that half of the students would attend public schools, putting the real additional expense at \$33.6 million.

Do voucher recipients correctly report their family income?

- A student who maintains a “90% Award” for 13 years is receiving a public benefit in the neighborhood of \$60,000. (In comparison, 13 years of free school lunch is worth around \$5,000.) It is up to schools to verify families’ income.
- 70 percent of voucher recipients received the “90% Award” — reserved for those with low enough family income to qualify for a free or reduced price lunch — and 30 percent received the “50% Award”
- Of students receiving the “90% Award” (and enrolled in a school where at least 1 percent of students got free or reduced priced lunch, taken to mean that the school is at least participating in the program), 40 percent are **not** signed up to receive a free or reduced price lunch. This comprises 3,726 students or 13 percent of all voucher recipients. If all of these students really qualified for the 50% Award, the overpayment by the state due to misreporting of income would be about \$5 million.
 - This estimate may be too high if many students actually qualify for a free/reduced price lunch but do not bother applying.
 - This estimate may be too low if some students (1) should not qualify for a voucher at all or (2) receive a free/reduced price lunch but do not, in fact, qualify for it.