

What are School Vouchers?

School vouchers are a way for the government to pay a student's tuition at a private school. Instead of the tax-payer funds going to a public school a student would be able to attend free, the funds are used to pay for the student to attend a private school. In other words, school vouchers are tax dollars paid directly to private schools as tuition for students who opt out of public schools. School voucher programs exist in a number of states and each has specific requirements and restrictions.

In North Carolina, the largest voucher program, started in 2013 and titled the **Opportunity Scholarship Grant Program**, was initially designed for low-income families to opt out of their local public school. To qualify for a voucher, a student had to first attend a public school for at least one year. Since the program started, funding for it has steadily increased even though each year, there is less demand for vouchers than funding allocated for the program.

Until the November 2021 budget combined them, there were two other voucher programs that diverted public funds from public education.

- 1) **Special Education Scholarship for Students with Disabilities** is a traditional voucher program covering up to \$8,000 per year for students with disabilities.
- 2) **Personal Education Savings Accounts** give parents of qualifying children a debit card with \$9,000 to spend on education-related expenses.

The **November 2021 budget combined these two programs** into the Personal Education Student Accounts for Children with Disabilities (PESA) Program and increased their total allocation to \$31.6 million in FY 2022-23.

2021 Changes to the Opportunity Scholarship Program

The [budget](#) passed by the General Assembly on November 18, 2021 and signed into law by Governor Cooper incorporated major policy changes to the NC voucher program that were introduced in the 2021 legislative session through two bills: SB671 and HB32. These bills were designed to substantially expand eligibility for the NC voucher program and most provisions made it into the final budget. Below are some of the key changes to the voucher program as a result of the 2021 budget.

- **Family income qualification increased (again).** The income cutoff, which had previously been 150% of the federal free lunch cutoff (up from 133% in previous years), increased to 175%. For a family of four, it increases the eligibility limit from about \$73,000 to nearly \$85,000.
- **Individual voucher allocation increased.** Instead of a \$4,200 annual cap for each voucher, the cap is increased to \$5,850 in the 2021- school year. This amount equates to 90% of what the state spends per pupil at traditional public schools across the state.
- **Funds were designated to market the vouchers.** Because demand for the Opportunity Scholarships has lagged behind the funds allocated for them, the new budget designated \$500,000 for a yet-to-be-named nonprofit to publicize the program. There are currently millions in unspent funds.
- **Annual increases to the voucher program were further increased.** By law, funding for the Opportunity Scholarships was set to grow by \$10 million each year regardless of whether the money was spent the previous year. The increase is now \$15 million per year for the next 15 years. Total allocation for the Opportunity Scholarships will be \$133 million in the school year 2022-23 and will grow to greater than \$240 million by the fiscal year 2032. **More than \$3.1 billion will be spent on the program over the next 15 years.**

2021 Changes to the Special Education Scholarship for Students with Disabilities and the Personal Education Savings Accounts

In addition to combining the programs under a new name, **Personal Education Student Accounts for Children with Disabilities (PESA) Program**, other key changes were made.

- The annual scholarship amount increased to \$9,000 per eligible student.
- For students with specific disabilities, the annual scholarship amount increased to \$17,000 per student. The qualifying disabilities include (1) Autism, (2) Hearing impairment, (3) Moderate or severe intellectual or developmental disability, (4) Multiple, permanent orthopedic impairments, and (5) Visual impairment.

Why are Vouchers for Private Education a Problem?

- Loss of funds for public schools - The loss of tax dollars may reduce academic programs and teaching staff at traditional public schools.
- Student success - There is no evidence that private or religious schools offer a higher quality education for students than public schools.
- Student safety - Private schools do not have to conduct background checks on employees and volunteers the way public schools do.
- Financial accountability - Voucher programs divert tax dollars to largely unregulated private entities that run private schools. Taxpayers do not see how students are performing or how the money is spent.
- Academic accountability - Private schools do not have to hire licensed teachers, and are not subject to the academic standards imposed on public schools.
- Admissions - Private schools are not required to serve free/reduced lunch, offer transportation, or provide special education services—and they can select the students they admit.
- Tuition Gap - Even with a taxpayer-funded subsidy, most middle class families cannot afford to pay the difference between the subsidy and the high cost of a private school education.
- Enrollment - The vast majority of our students (about 1.45 million) are educated in our public schools. [Private school enrollment](#) for the 2017-2018 term was 101,775 students.
- Oversight - The use of public tax dollars to fund private school education demands careful monitoring to ensure standards for schools accepting voucher funds are met. The price to develop and administer such standards is significant and is an additional cost to taxpayers.

Current Qualification Criteria

To qualify for an Opportunity Scholarship, a student must meet one of the following criteria:

- Was a full-time student attending a NC public school or Department of Defense school in North Carolina last spring semester.
- Received a voucher in the previous school year.
- Is eligible to enter kindergarten, first, or second grade.
- Live in foster care or be an adopted child whose decree was entered not more than a year before applying for the grant.
- Has a parent in full-time active duty in the military or receives an honorable discharge within 12 months before applying for voucher.
- The student must live in a household with an income level not in excess of 175% of the amount required for the student to qualify for the federal free or reduced-price lunch program. A family of 4, for example, can't exceed \$84,822 annual income.

The NCSEAA relies on applicants to report all income. Only “a percentage” of applicants are “randomly selected to be verified, requiring families to provide documentation for items such as income, school enrollment, and household members.” Meaning, only applicants selected for verification have to submit tax returns as proof of income.

Overview of School Vouchers

While Opportunity Scholarships have been presented as providing “equity” for students, they are really about religiosity and the privatization of education. Taking money from our public schools is not good for current or future students. Vouchers drain much needed resources from our “free, open to all students” public schools. School vouchers are tax dollars paid directly to private schools as tuition for students who opt out of public schools. Traditional public schools consistently get high marks from parents. According to the recent 2019 PDK report, 76 percent of parents surveyed [give their own child’s school an A or B grade](#), up a slight 6 percentage points from last year.

Vouchers were originally [created in response to Brown v. Board of Education](#). White families who wanted to keep their children in segregated schools were granted vouchers to attend private schools. Today, vouchers are often sold as means for minority and low income children to opt out of their local, high-poverty, under-resourced schools. Voucher programs siphon money from local public schools and exacerbate existing problems with school performance and funding. In many areas of the country, this has resulted in school closures.

North Carolina Opportunity Scholarships

The North Carolina General Assembly created a voucher program called Opportunity Scholarships in 2013. The Opportunity Scholarship program awards up to \$4,200 per year for qualifying students to attend participating nonpublic schools. The state issued tax money to private schools for the first time in the 2014-2015 school year. After a lawsuit, the NC Supreme Court upheld the constitutionality of the program in July 2015. In 2016, the NCGA greatly expanded the program as part of the budget passed in the short session. The budget raised the percentage of funding available to K-1st grade students, and it established an Opportunity Scholarship reserve fund to be augmented by \$10 million every year until 2027-28, when it will plateau at \$144.8 million in annual funding. The 2021 budget increased current funding as well as raising the annual augmentation to \$15 million, bringing annual funding to more than \$255 million by 2032-33. Future legislatures cannot be compelled to provide this funding, yet it represents a commitment to dramatically expanding this program without reviewing academic outcomes for students or increasing accountability for the taxpayers who fund it.

In the [2019-2020 school year](#), 12,285 students received Opportunity Scholarships. There were 456 private schools with recipients enrolled. The total cost of these scholarships was over \$48 million. The largest cohort of Opportunity Scholarship recipients attended a single religious school in Fayetteville, Trinity Christian School, with those 309 students making up more than half of its student population. Trinity Christian School received \$1.2 million in disbursements during the 2019-2020 school year. The 2018-2019 Budget Adjustments bill increased funding for the Opportunity Scholarship program from \$45 to \$55 million. In 2020, the General Assembly expanded the program’s income eligibility requirements and removed limits on the number of vouchers that could be given to students entering kindergarten and first grade. With the additional expansions in the 2021 budget, vouchers are estimated to cost North Carolina more than \$3 billion over the next 15 years.

As of April 14, 2021 16,030 students received Opportunity Scholarships for the 2020-2021 school year. The total amount of Scholarships for 2020-21 was \$61,241,959. There were 480 Participating Nonpublic Schools with recipients enrolled. Trinity Christian School of Fayetteville, Inc. in Fayetteville NC enrolled 350 students, making it the school with the largest cohort of scholarship recipients. These scholarships amounted to \$1,409,100. Cumberland County had the most students receive Opportunity Scholarships with 1,587 students receiving scholarships. Opportunity Scholarship Program Recipients by race were: 57% White, 23% Black or African American, 10% two or more Races, 2% American Indian or Alaskan Native, 2% Asian, and 0.2% Native Hawaiian or other Pacific Islander. The remainder of Opportunity Scholarship recipients did not offer racial information. Opportunity Scholarship Program recipients by ethnicity were 14% Hispanic, 68% Not Hispanic with 19% choosing not to answer.

The [NC State Education Assistance Authority](#) administers NC's voucher program. Funding for the Program is contingent each year upon appropriations made available to the Authority by the General Assembly. The voucher can be used for "tuition and fees for books, transportation, equipment, or other items required" by the private school. Other provisions of the legislation include:

- Aggregated standardized test performance data of voucher recipients is not part of the public record. It is only reported if a private school has more than 25 students receiving vouchers.
- The only measure of student learning gains or losses required for voucher recipients is aggregated standardized test performance.
- Only the highest decision-making staff member at a participating private school is subject to a background check.
- A private school is only required to conduct a financial review if it receives more than \$300,000 in scholarship grants.

Legal History of North Carolina's Voucher Program

In December 2013, two lawsuits challenging the constitutionality of the voucher program were filed. The NC Association of Educators and the NC Justice Center filed a suit on behalf of 25 plaintiffs. The NC School Boards Association filed the other lawsuit on behalf of four individual plaintiffs; 72 of NC's 115 school districts also adopted resolutions supporting the second suit.

In August 2014, Judge Hobgood found school vouchers to be unconstitutional "beyond a reasonable doubt." Further, he stated: "The General Assembly fails the children of North Carolina when they are sent with public, taxpayer money to private schools that have no legal obligation to teach them anything."

On July 23, 2015, the NC Supreme Court ruled in a rare partisan split that the voucher program is constitutional. Our press release read, "Today is a very sad day in the history of our state. Our long-standing tradition of commitment to excellence in public education has made North Carolina a jewel among southern states." Many believe that this decision does not uphold North Carolina's constitutional promise that all children receive a sound, basic education within the public school system.

References

- A., & Lubienski, S. T. (2013, December 9). The Public School Advantage: Why Public Schools Outperform Private Schools. Retrieved from https://ssir.org/articles/entry/the_public_school_advantage_why_public_schools_outperform_private_schools
- Camera, L. (2017, June 26). A Mixed Bag on Private School Vouchers. Retrieved from <https://www.usnews.com/news/education-news/articles/2017-06-26/on-private-school-vouchers-a-mixed-bag-of-research>
- Children's Law Clinic: Duke Law School. (2017, March). School Vouchers in North Carolina: The First Three Years. Retrieved from https://www.publicschoolsfirstnc.org/wp-content/uploads/2017/03/School_Vouchers_NC.pdf
- Children's Law Clinic: Duke Law School. (2020, May). School Vouchers in North Carolina 2014 - 2020. Retrieved from [https://law.duke.edu/childdedlaw/School_Vouchers_in_North_Carolina-2014-2020_\(5-13-20\).pdf](https://law.duke.edu/childdedlaw/School_Vouchers_in_North_Carolina-2014-2020_(5-13-20).pdf)
- Darling-Hammond, L. (2017, March 09). Education for sale? Retrieved from <https://www.thenation.com/article/archive/can-the-education-system-survive-betsy-devoss-extreme-school-choice-agenda/>
- Darling-Hammond, L., Rothman, R., & Cookson, P. W., Jr. (2017, December 14). Expanding High-Quality Educational Options for All Students: How States Can Create a System of Schools Worth Choosing. Retrieved from <https://learningpolicyinstitute.org/product/expanding-high-quality-options-report>
- Dynarski, M., & Nichols, A. (2017, July 13). More findings about school vouchers and test scores, and they are still negative. Retrieved from <https://www.brookings.edu/research/more-findings-about-school-vouchers-and-test-scores-and-they-are-still-negative/>
- General Assembly of North Carolina. (2021). 2021 Appropriations Act. Retrieved from <https://webservices.ncleg.gov/ViewBillDocument/2021/53458/0/S105-PCCS25005-MLXR-3>
- Kahlenberg, R. D. (2017, March 02). America Needs Public School Choice, Not Private School Vouchers. Retrieved from <https://tcf.org/content/report/america-needs-public-school-choice-not-private-school-vouchers/>
- Kahlenberg, R. D., Potter, H., & Quick, K. (2016, December 16). Why private school vouchers could exacerbate school segregation. Retrieved from <https://tcf.org/content/commentary/private-school-vouchers-exacerbate-school-segregation/>
- Keselowski, A. (2017, May 11). Are Private School Voucher Programs an Effective School Choice Option? Retrieved from <https://tcf.org/content/commentary/private-school-voucher-programs-effective-school-choice-option/>

- Ladd, H. F. (2003, May 15). School vouchers don't make the grade. Retrieved from https://www.epi.org/publication/webfeatures_viewpoints_hl_testimony_20030509/
- Nordstrom, K. (2021, February 05). NC legislators waste little time in trying to further privatize state's public schools. Retrieved from <http://www.ncpolicywatch.com/2021/02/05/nc-legislators-waste-little-time-in-trying-to-further-privatize-states-public-schools/>
- North Carolina State Education Assistance Authority. (2018, March). K12 Programs: Participating Nonpublic Schools. Retrieved from <https://myportal.ncseaa.edu/NC/NonpublicSchools.aspx>
- NCSEAA. (2021, February 03). Opportunity Scholarship Summary of Data. Retrieved from <https://www.ncseaa.edu/k12/opportunity/opportunity-srd/opportunity-scholarship-summary-of-data/>
- Quick, K. (2017, July 20). School vouchers and Race: It's Complicated. Retrieved from <https://tcf.org/content/commentary/school-vouchers-race-complicated/>
- Ravitch, D. (2017, February 01). Diane Ravitch's Blog: New Study: Vouchers Enable Discrimination and Segregation. Retrieved from <https://nepc.colorado.edu/blog/new-study-vouchers>
- Ravitch, D. (2017, February 01). IMPORTANT: Here's WHY School Vouchers HURT us! Retrieved from https://www.opednews.com/Quicklink/IMPORTANT-Here-s-WHY-Scho-in-Best_Web_OpEds-Betsy-Devos_Diane-Ravitch_Education_Education-170201-723.html
- Rethinking Schools. (2017, August). Frequently Asked Questions: Charters, Vouchers, and Public Schools. Retrieved from <http://www.backpackfullofcash.com/wp-content/uploads/2017/08/backpack-faq.pdf>
- Spector, C. (2017, February 28). Vouchers do not improve student Achievement, Stanford researcher finds.
- Strauss, V. (2012, June 06). Vouchers and the future of public education. Retrieved from https://www.washingtonpost.com/blogs/answer-sheet/post/vouchers-and-the-future-of-public-education/2012/06/05/gJQAZ3X6GV_blog.html?utm_term=.b84a6bbd5d6f
- Walker, T. (2017, May 26). Beware of school voucher doublespeak. Retrieved from <http://neatoday.org/2017/05/26/beware-of-school-voucher-doublespeak/>
- Walker, T. What Do School Vouchers Have to Do With Protecting Bullied Students? (2018, February 01). Retrieved from <https://www.nea.org/advocating-for-change/new-from-nea/what-do-school-vouchers-have-do-protecting-bullied-students>

Last revised December 10, 2021