



Voucher/ESA Issue Brief

Overview – Vouchers and ESA

School voucher programs and education savings accounts (ESA) use taxpayer-funds to pay for the tuition and fees and certain educational expenses of a child at a private school. Vouchers have been a core policy goal of the school choice movement for decades, with the underlying premise that families who choose to send their children to a private school should be entitled to take the “portion” of taxpayer money that would have been used to educate their child in the public system and use it to cover the private school expenses instead. Most state voucher programs are aimed at families of certain household income levels or who have students with specific characteristics. Fifteen states and D.C. have school voucher programs.¹ Education savings accounts (ESA) are a more recent creation, established in Arizona in 2011 and now in 6 states.² Five of these states target students with special needs, but Nevada opens its ESA program to all students. ESA accounts put state funds in the hands of a parent or guardian to spend on behalf of their student.

Background

Vouchers

North Carolina established two K-12 voucher programs in 2013; the Opportunity Scholarship Program³ and the Special Education Scholarships for Children with Disabilities program⁴. Both vouchers are administered by the North Carolina State Education Assistance Authority (SEAA).

The Opportunity Scholarship Program targets “low-income” students from households with an income level not in excess of 133% of the amount required for a student to qualify for the federal free or reduced-price lunch program. In 2018-19, a student is eligible for a scholarship grant (voucher) if their maximum household income is \$46,435 for a family of four.⁵ A reduced scholarship grant may be awarded to a student with maximum household income of \$61,759 for family of four. The scholarship grant covers up to \$4,200 per year of private school tuition and expenses (books, transportation, equipment, and other items required by the school). The North Carolina SEAA pays each private school directly for the number of scholarship children it enrolls. No funds are given to parents or guardians.

In 2017-18, the State spent \$28.1 million for 7,367 students attending 401 private schools.⁶ The appropriation for FY 2018-19 is \$54.84 million. This budget amount is scheduled to grow \$10 million a year until it reaches \$144.84 million in FY 2026-27.⁷

The Special Education Scholarships for Children with Disabilities are awarded to eligible students in Kindergarten through 12th grade. The Disabilities Grant provides up to \$4,000 per semester to pay tuition at nonpublic schools for eligible students and to reimburse parents for tutoring, therapy and other expenses at a participating nonpublic school or homeschool. In FY 2017-18, the State spent \$8,521,005 on 1,260 students in the grant program (111 in home school).⁸

¹ 15 states and D.C., www.EdChoice.org

² Arizona, Florida, Mississippi, Nevada, North Carolina, and Tennessee; www.EdChoice.org

³ S.L. 2013-360, Sec. 8.29 (G.S. 115C-562.1 – 562.7)

⁴ S.L. 2013-364 (G.S. 115C-112.5 – 112.9)

⁵ NC State Education Assistance Authority, http://www.ncseaa.edu/pdf/OPS_Overview.pdf

⁶ Opportunity Scholarship Program Report (Oct. 15, 2018), NC State Education Assistance Authority

⁷ G.S. 115C-562.8(b)

⁸ Special Education Scholarships for Children with Disabilities 2017-18 Annual Report (Oct. 15, 2018), NC State Education Assistance Authority

It should be noted that in 2015, the North Carolina Supreme Court ruled that the Opportunity Scholarship Program is constitutional.⁹ The court majority held that the program was for a public purpose in that it promoted educational opportunities for residents of the State and that the constitution does not prevent the General Assembly from appropriating other funds for other educational purposes.¹⁰

Education Savings Accounts

The North Carolina Personal Education Savings Account Program (ESA) was created in the 2017 Appropriations Act.¹¹ The ESA program grants \$9,000 per year to parents or guardians of a child with a documented disability such as autism or a hearing impairment. The funds are loaded on a debit card and are to be expended on educational expenses such as nonpublic school tuition and fees, textbooks, tutoring, and educational therapies.

The ESA program is also administered by the North Carolina SEAA and has \$3 million in FY 2018-19 to begin awards. As of 11/7/2018, the State had spent \$1.2 million on 268 children enrolled in 72 nonpublic schools.¹²

Multiple Awards

A student and her family can claim all three grants if she meets the income thresholds and has one of the following disabilities: autism spectrum disorder, deaf/blindness, developmental delay, deafness or hearing impairment, intellectual disability, multiple disabilities, or visual impairment. A student eligible for all three programs can receive up to \$21,200 per school year in aid.

Discussion

Voucher and ESA programs need to be accountable and transparent to the state taxpayers who are funding them. Nonpublic schools receiving state funds should be held to the same academic standards as public schools. Indiana agrees with this philosophy by requiring nonpublic schools receiving voucher funding to administer the same tests as are provided to public school students. Indiana nonpublic schools also must be graded on the state's A-F report card system.

Nonpublic schools are required to administer a nationally standardized test once each year to students receiving scholarship grants in grades 3 and higher.¹³ The test must measure achievement in English grammar, reading, spelling, and math. **Each school chooses the tests they administer.** Test results are submitted to the NC SEAA but are not made available to the public if the nonpublic school has 25 or fewer students receiving scholarship grants.

NCSBA Position

School board members believe that measures should be in place to allow parents to compare public schools to private schools receiving taxpayer dollars through vouchers or education savings accounts. NCSBA proposes that private schools administer a nationally normed test approved by the State Board of Education for all eligible students in grades 3 and above whose tuition and fees are paid in whole or in part with state funds.

⁹ Hart v. State of North Carolina and Richardson v. State of North Carolina

¹⁰ Liz Hedrick, North Carolina Appellate Practice Blog, July 24, 2015

¹¹ S.L. 2017-57, Sect. 10A.4 (G.S. 115C, Article 39A)

¹² Education Savings Account Summary of Data, NC State Education Assistance Authority

¹³ G.S. 115C-562.5