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## **No Matter What You Call Them, Private School Vouchers Are Bad for New Jersey**

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New Jersey’s public schools are among the strongest in the nation, a direct result of robust state funding that supports districts and students in every corner of the state. This investment in public schools is now threatened by a sweeping new bill that would establish the first-ever school voucher program in New Jersey, providing tens of millions of dollars in public funds to students attending private schools.<sup>1</sup>

The bill text is careful not to include the word “voucher,” a tactic recommended by anti-public school organizations like the Cato Institute.<sup>2</sup> Instead, the bill uses coded terms like “scholarships” and “tax credits,” but the ultimate outcomes remain the same. With an annual cost of \$37.5 million, this proposal would funnel scarce public dollars to unaccountable private schools, harming students, taxpayers, and the future of public education in New Jersey.

### **New Jersey Cannot Afford School Vouchers, “Tax Credits,” or “Scholarships”**

The proposed bill would grant tax credits to corporate and individual taxpayers who make contributions to “student support organizations.” After collecting their administrative fees, these groups would redistribute the funds to private school families. Proponents argue this is different than private school vouchers, which give state funds directly to parents or schools. But that’s a distinction without a difference.

Every public dollar in tax credits for private school scholarships is a dollar that has to be made up somewhere else, either in cuts to public programs or in higher taxes.<sup>3</sup> Given the state’s current fiscal situation, the last thing New Jersey needs right now is a multi-million-dollar giveaway to private schools.

In other states, wealthy individuals and businesses have used similar tax credit schemes to reduce their tax liability by more than the amount of their donation, essentially making money on private school vouchers.<sup>4</sup> The New Jersey bill, as proposed, would create incentives to do the same.

It's worth noting that in other states, voucher programs started small, but grew enormously in a short time. Arizona's voucher program, for example, totaled \$57 million in 2012 and ballooned to \$218 million by 2022.<sup>5</sup> It's telling that the original version of the New Jersey bill set the total cost at \$250 million; if it passes, it wouldn't at all be surprising to see the bill reach this extremely high cost in the near future.

## **Most Funding Would Benefit Those Already Enrolled in Private School**

The bill sets the income threshold for a family of five at \$176,000 — nearly twice the median household income<sup>6</sup> — meaning families that can afford private schools on their own will now take money from the rest of the state's taxpayers to subsidize their children's private school education.<sup>7</sup>

Some argue voucher programs do not cost states school funding because the state doesn't have to pay to educate students who would otherwise attend public school. This logic fails, however, up against the fact that large numbers of private school students wouldn't attend public school under any circumstances. More than half of New Jersey's private schools students, for example, attend religious schools; it is reasonable to assume many of their parents would always choose a religious education for them, no matter the availability of private school vouchers.<sup>8</sup>

In fact, data from other states confirm that similar programs subsidize large numbers of private school families whose children never attended public schools. In Florida, for example, 69 percent of students who enrolled in the state's voucher scholarship program for the first time were already attending private schools.<sup>9</sup> Similarly, two-thirds of Iowa's voucher students were already enrolled in private schools.<sup>10</sup> Other states have similar figures.<sup>11</sup>

## **New Jersey Already Gives Extensive Support to Private Schools**

By law, New Jersey's school districts must provide funding to private schools for textbooks, handicap services, nursing, technology, and other programs and services.<sup>12</sup> According to state data, public schools transferred nearly \$80 million to private schools in the 2021-22 school year.<sup>13</sup> There is no public audit available showing how, exactly, this money was spent.

In addition, public schools must provide transportation to resident children attending private schools within a 20-mile radius.<sup>14</sup> How much this costs taxpayers is unclear; state data does not separate out transportation costs between public and private school students, further highlighting the state's lack of oversight for its current private school subsidies.

The current bill doesn't rescind this private school support; instead, it piles even more subsidies on top of an unfunded mandate, pulling even more money from public schools.

## Private Schools Lack Oversight and Are Allowed to Discriminate

Despite receiving public funds, New Jersey’s private schools have little to no accountability to the state’s taxpayers. Private school students do not take state tests, so there is no way to determine if they are receiving an adequate education. Unlike public schools, the state doesn’t have a true monitoring and accountability system in place for private schools.<sup>15</sup>

Privatization advocates will often argue that parental “choice” is the only accountability taxpayers need. This is, of course, absurd. If taxpayers are going to foot the bill for private school education, they deserve a real oversight system to protect their interests. Such a system, however, requires significant resources — funding that could be used to improve public schools, which are open to all students.

The current bill has no provision for private schools to change their admissions policies, meaning schools receiving taxpayer funds could systematically exclude students with learning disabilities or students who are English Language Learners, concentrating these students — whose costs are greater — into public schools. As is the case in other states, religious schools that discriminate against LGBTQ+ students would also be eligible for public funding.<sup>16</sup>

## Voucher Programs Lead to Worse Student Outcomes

Proponents of private school vouchers used to claim that private schools get better academic outcomes than public schools. Their claims were based on decades-old, small-scale studies that inadequately controlled for differences in student characteristics.

As researchers at the University of Indiana point out, more recent studies with better methods paint a very different picture.<sup>17</sup> States that have implemented large-scale private school voucher systems have seen dramatic declines in student outcomes. In some studies, the effects have been larger than estimates of the learning loss from the COVID-19 pandemic.<sup>18</sup>

## There Are Better Ways to Support Students

Public school leaders across New Jersey have begged the Legislature to revise the state’s school funding formula, which has been shown to be inadequate in meeting the current needs of students.<sup>19</sup> Implementing a new scheme for funding private schools takes time and attention away from this important work. It also diverts funds away from public schools and toward private schools, which have no meaningful oversight and can pick and choose who they admit.

New Jersey’s students deserve better. The Legislature should drop this bill and get back to the work of ensuring that every student can attend a well-resourced public school.

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  - 2 <https://www.cato.org/education-wiki/scholarship-tax-credits-vouchers>
  - 3 <https://networkforpubliceducation.org/wp-content/uploads/2019/01/Are-tax-credits-scholarships-a-voucher-by-a-different-name.f.pdf>
  - 4 <https://itep.org/tax-avoidance-fuels-school-vouchers-privatization-efforts/>
  - 5 [https://azdor.gov/sites/default/files/2023-05/REPORTS\\_CREDITS\\_2023\\_fy2022-private-school-tuition-org-credit-report.pdf](https://azdor.gov/sites/default/files/2023-05/REPORTS_CREDITS_2023_fy2022-private-school-tuition-org-credit-report.pdf)
  - 6 <https://data.census.gov/all?q=New+Jersey+Income+and+Poverty>
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  - 11 <https://www.ncpecoalition.org/voucher-recipient>
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  - 13 <https://www.nj.gov/education/finance/fp/ufb/>
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  - 18 <https://www.brookings.edu/articles/research-on-school-vouchers-suggests-concerns-ahead-for-education-savings-accounts/>
  - 19 <https://www.njpp.org/publications/report/unlocking-academic-success-revitalizing-new-jerseys-school-funding-formula-for-student-achievement/>