

ISBA/IAPSS Talking Points Appendix

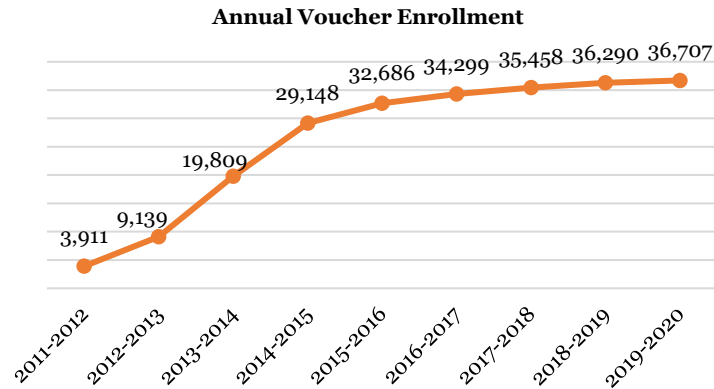
CHOICE SCHOLARSHIP PROGRAM

The Choice Scholarship Program was created in 2011 and provides state funding in the form of a voucher to qualifying students to pay for tuition at participating non-public schools.

Of the 324 non-public schools currently participating in the Choice Scholarship Program, half are concentrated in four counties: Marion (68 schools), Allen (39), St. Joseph (29), and Lake (26).¹

More than one-third of Indiana counties (33 out of 92, or 36% of all Indiana counties) have zero private schools participating in the Choice Scholarship Program: Blackford, Brown, Carroll, Cass, Clay, Clinton, Crawford, Fulton, Greene, Henry, LaGrange, Martin, Miami, Montgomery, Newton, Ohio, Orange, Owen, Parke, Perry, Pike, Pulaski, Putnam, Randolph, Steuben, Sullivan, Switzerland, Tipton, Union, Warren, Washington, Wells, and White counties. Only 8.7% of voucher recipients last year resided in rural Indiana.²

The number of students receiving private school vouchers has increased every year, although the growth rate has slowed. Indiana awarded vouchers to a record 36,707 students in 2019-2020.



State expenditures on private school vouchers reached a record high of \$172.78M in 2019-2020. Indiana has spent a cumulative total of more than \$1 billion on private school vouchers since the program’s inception.

Annual State Expenditures on Vouchers	
Year	Expenditures
2011-2012	\$15,514,024.60
2012-2013	\$36,042,923.03
2013-2014	\$78,593,339.80
2014-2015	\$112,707,313.24
2015-2016	\$131,514,681.68
2016-2017	\$142,193,570.25
2017-2018	\$151,377,354.18
2018-2019	\$158,837,889.53
2019-2020	\$172,776,489.99
2020-2021	\$165,451,050.00 ³
<i>Total (2011-2021)</i>	<i>\$1,165,009,000</i>

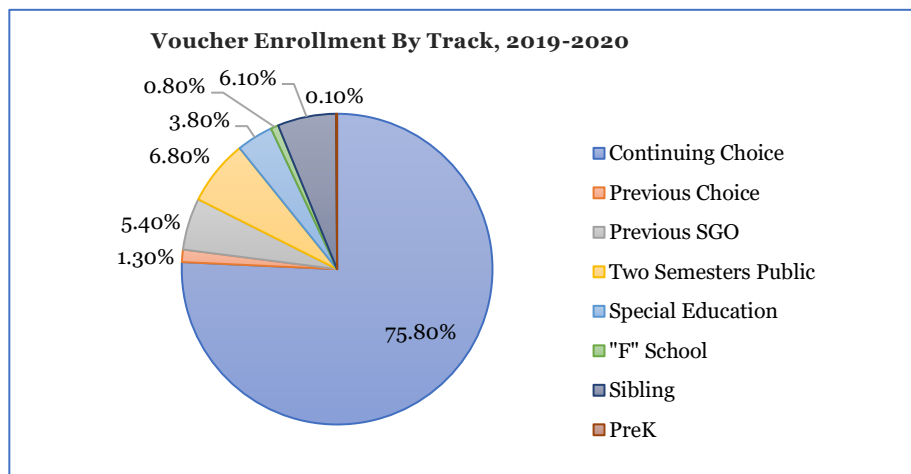
¹ <https://www.doe.in.gov/choice/2020-2021-participating-choice-schools>

² <https://www.doe.in.gov/sites/default/files/choice/annual-report-june.pdf>

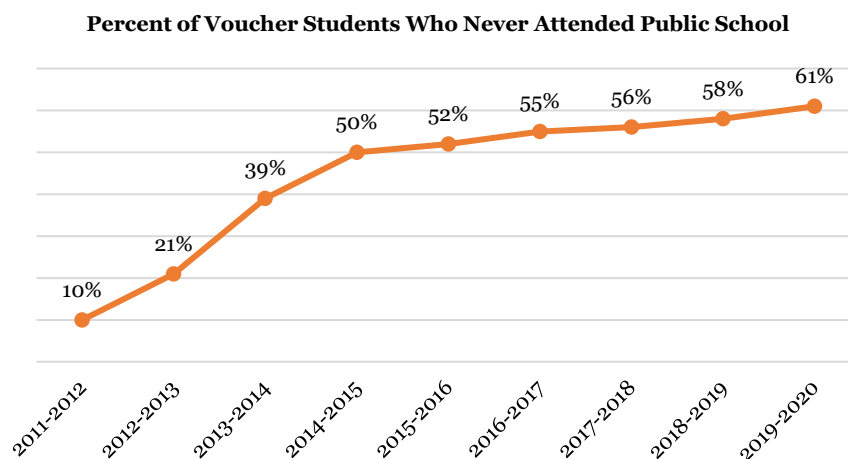
³ Estimate based on Fall 2021 voucher enrollment multiplied by average award amount of \$4,707

Students qualify for a voucher by meeting household income requirements AND one of eight eligibility tracks:

- 1) Continuing Choice Scholarship (student received a Choice Scholarship in the immediately preceding school year and remained enrolled at the Choice School for that entire school year)
- 2) Previous Choice Scholarship (student received a Choice Scholarship in a prior school year but not in the immediately preceding school year, or student received a Choice Scholarship in the immediately preceding school year but exited the Choice School prior to the end of that school year)
- 3) Previous Scholarship Granting Organization (SGO) award
- 4) Special Education (student has a disability that requires special education services)
- 5) "F" Public School (student resides in attendance area of "F" public school; prior attendance not required)⁴
- 6) Two Semesters in Public School
- 7) Sibling previously received Choice Scholarship or SGO award
- 8) Previously attended On My Way Pre-K program at same non-public school



In the first year of the Choice Scholarship Program, only 10% of voucher recipients had no record of previous public school attendance. This percent has grown annually, and in 2019-2020, 61% of voucher recipients (22,281) had not previously attended an Indiana public school.⁵



⁴ There are 55 "F" schools for choice eligibility purposes for the 2020-2021 school year.

⁵ Annual reports posted at <https://www.doe.in.gov/choice>

A student's Choice Scholarship amount is the lesser of 1) the tuition and fees to attend the Choice school; or 2) a share of the per-student state funding the student's public school corporation of residence would have received. The share is calculated as follows: 50% if the student's household income is up to 150% of reduced-price lunch; 70% if the student's household income is up to 125% of reduced-price lunch; and 90% if the student's household income is up to 150% of reduced-price lunch.

The average voucher award amount for all students in the most recent year was \$4,707.⁶

A plurality of students (41%, or 14,916) in 2019-2020 received a voucher award amount equal to the tuition and fees at their Choice school.⁷

EXPANDING INCOME ELIGIBILITY TO 300% OF REDUCED-PRICE LUNCH

Lawmakers have proposed expanding school voucher eligibility to households with income up to 300% of the maximum amount to qualify for reduced-price lunch and eliminating the 50% and 70% tiers so all qualifying students would receive the lesser of 1) the tuition and fees to attend the Choice School or 2) 90% of the per-student state funding the student's public school corporation of residence would have received for the student.

The following tables demonstrate that the 300% income thresholds substantially exceed state and national median family and household incomes.

300% of Reduced-Price Lunch	
Persons in Household	Income
2	\$95,682
3	\$120,546
4	\$145,410
5	\$170,274
6	\$195,138

Median Income, 2019	Indiana	US
Household	\$57,603	\$65,712
Family	\$73,876	\$80,944
3-person family	\$77,161	\$82,677
4-person family	\$90,654	\$99,048
5-person family	\$86,511	\$91,850

[Pew Research maintains an online calculator](#) that allows users to see based on their income whether they are in the lower, middle, or upper class. The tool shows that Hoosier incomes at the 300% threshold qualify as upper-class in Muncie, Michigan City, Lafayette, West Lafayette, Fort Wayne, Elkhart, and Goshen.

TUITION TAX CREDIT SCHOLARSHIPS

In 2009 Indiana created a tuition scholarship tax credit program that provides tax credits to donors (individuals or corporations) who donate to organizations that fund scholarships for students to attend private school. The amount of the tax credit is equal to 50% of the donation. While there is no limit on the amount of tax credit a taxpayer can claim, the maximum credit for all taxpayers is capped at \$16.5M for Fiscal Year 2021. Eight Scholarship Granting Organizations (SGOs) are currently approved to participate in the program.⁸

SGOs awarded 10,012 private school scholarships during the 2019-2020 school year worth \$22,820,233. Since the inception of the SGO tax credit, scholarship granting organizations have received more than 40,000 contributions and have awarded more than 75,000 scholarships worth more than \$125 million.⁹

⁶ <https://www.doe.in.gov/sites/default/files/choice/annual-report-june.pdf>

⁷ <https://www.doe.in.gov/sites/default/files/choice/annual-report-june.pdf>

⁸ Community Foundation of Elkhart County, Institute for Quality Education, LaGrange County Community Foundation, Professional Athletes of Indiana, Sagamore Institute Scholarships for Education Choice, School Scholarship Granting Organization of Northeast Indiana, Summit Scholarship Granting Organization, and The Lutheran Scholarship Granting Organization of Indiana.

⁹ Annual reports at <https://www.doe.in.gov/choice/school-scholarships>

STATE RANKINGS ON PRIVATE SCHOOL CHOICE ENROLLMENT AND SPENDING

An estimated 3.9% of K-12 students in Indiana are already enrolled in a state-supported private school choice program, the fourth-highest percentage in the nation after Arizona, Florida, and Wisconsin.¹⁰

Indiana spent \$195.6 million combined on the school voucher and tax-credit scholarship program last year, the fifth-highest total of any state after Florida, Wisconsin, Arizona, and Ohio.¹¹

HOME SCHOOL

Accurate home school counts are notoriously hard to come by, but according to A2Z Homeschooling, 37,267 Indiana students were enrolled in a home school in 2016-2017, more than double the 17,575 who were home schooled in 2000-2001.

PRIVATE/HOME SCHOOL TAX DEDUCTION

Indiana launched a private school/home school tax deduction in 2011. Taxpayers are permitted to claim up to a \$1,000 tax deduction per child for private school/home school educational expenses, including tuition, fees, textbooks, software, tutoring, and supplies. More than 56,000 taxpayers took the deduction in 2017.¹²

OPEN ENROLLMENT

By far the most popular form of school choice in Indiana is public-to-public choice, according to transfer reports published by the Indiana Department of Education.¹³

Approximately 70,394 students in Fall 2020 chose to enroll in and attend a different traditional public school corporation other than their corporation of legal settlement.

State-Funded Student Transfer Destinations, Fall 2020	Students
Different traditional public school corporation	70,394
Charter school	44,569
Choice Scholarship School	35,150
<i>Total</i>	<i>150,113</i>

Among state-funded students who chose an alternative to their assigned public school district, nearly half chose a different traditional public school, 30% chose a charter school, and 23% chose a Choice school.

Inter-district transfer continues to grow more popular every year as a share of overall state-funded choice.

Share of State-Funded Transfer Destinations, past four years	Fall 2020	Fall 2019	Fall 2018	Fall 2017
Different traditional public school corporation	47%	46%	42%	40%
Charter school	30%	28%	32%	33%
Choice Scholarship school	23%	26%	26%	27%
<i>Total</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

¹⁰ <https://www.edchoice.org/engage/u-s-states-ranked-by-educational-choice-share-2020/>

¹¹ <https://www.edchoice.org/engage/the-states-ranked-by-spending-on-school-choice-programs-2021-edition/>

¹² <https://www.edchoice.org/school-choice/programs/indiana-private-schoolhomeschool-deduction/>

¹³ <https://www.doe.in.gov/accountability/find-school-and-corporation-data-reports>

CHARTER SCHOOLS

Indiana enacted a charter school law in 2001, and the first charter schools opened in 2002. Approximately 110 charter schools are currently in operation in 23 counties, enrolling more than 45,000 students, including 8,000 enrolled in four virtual charter schools.¹⁴ Around 45 charter schools have closed over time due to financial challenges, low enrollment, administrative issues, and/or inadequate academic performance.

A-F school accountability grades show traditional public schools perform significantly better than charter schools, earning more A's and B's and fewer D's and F's.¹⁵

For the 2019-2020 school year, two-thirds of traditional public schools (66%) earned an A or B vs. only 38% of charter schools, while 20% of charter schools rated a D or F compared to 11.5% of traditional public schools.

2020 School Accountability Grades					
Traditional Public Schools			Charter Schools		
Grade	Count	Distribution	Grade	Count	Distribution
A	498	29.1%	A	21	25.0%
B	625	36.5%	B	11	13.1%
C	360	21.0%	C	13	15.5%
D	142	8.3%	D	15	17.9%
F	55	3.2%	F	2	2.4%

Year after year, traditional public schools produce better academic outcomes than charter schools, according to longitudinal A-F accountability grades. In 2019, 67% of traditional public schools earned an A or B compared to 52% of charter schools, and 27% of charter schools rated a D or F vs. only 12% of traditional public schools.

2019 School Accountability Grades					
Traditional Public Schools			Charter Schools		
Grade	Count	Distribution	Grade	Count	Distribution
A	498	29.6%	A	22	32.8%
B	624	37.1%	B	13	19.4%
C	360	21.4%	C	14	20.9%
D	147	8.7%	D	14	20.9%
F	55	3.3%	F	4	6.0%

Likewise, in 2018, 64% of traditional public schools earned an A or B vs. 47% of charter schools, and 43% of charter schools earned a D or F vs. 14% of traditional public schools.

2018 School Accountability Grades					
Traditional Public Schools			Charter Schools		
Grade	Count	Distribution	Grade	Count	Distribution
A	442	26.2%	A	18	25.7%
B	639	37.9%	B	15	21.4%
C	366	21.7%	C	14	20.0%
D	165	9.8%	D	16	22.9%
F	74	4.4%	F	7	10.0%

¹⁴ Enrollment Report <https://www.doe.in.gov/accountability/find-school-and-corporation-data-reports>

¹⁵ A-F Results <https://www.doe.in.gov/accountability/find-school-and-corporation-data-reports>

TIMELINE OF PRIVATE CHOICE EXPANSION IN INDIANA

2011

Established the Choice Scholarship Program for students in grades 1-12 who meet income criteria and were either enrolled in an Indiana public school for the immediately preceding two semesters or previously received a Choice Scholarship or SGO scholarship. Set income criteria at not more than 150% of the amount to qualify for federal free/reduced lunch. Capped Choice Scholarship award amount for grades 1-8 at \$4,300 per year. Capped Choice Scholarship participation at 7,500 in the first year and 15,000 beginning in the second year. Increased cap on School Scholarship Granting Organization income tax credit from \$2.5M to \$5M. Created an individual income tax deduction of \$1,000 per child for expenses related to private school/home school.

2012

Expanded eligibility to receive an SGO scholarship to students who received an SGO scholarship in a year that does not immediately precede the year for which the scholarship would apply.

2013

Removed 15,000 cap on number of Choice Scholarships. Increased Choice Scholarship maximum for students in grades 1-8 from \$4,300 per year to \$4,800 per year. Allowed taxpayers to carry forward tax credits for SGO contributions for up to nine years. Expanded Choice Scholarship eligibility by adding four new tracks: special education students with household income up to 200% of the amount to qualify for free/reduced lunch; students who reside in the attendance area of an “F”-rated public school with household income up to 150% of free/reduced lunch; students enrolled in public school in grades K-12 (instead of grades 1-12) for at least two semesters immediately before they receive a Choice Scholarship and have household income up to 150% of free/reduced lunch; and siblings of students who previously received a Choice Scholarship or SGO scholarship with household income up to 150% of free/reduced lunch.

2014

Increased Choice Scholarship award amount to include special education funding.

2015

Removed \$4,800 cap on maximum Choice Scholarship in grades 1-8. Increased cap on SGO tax credit from \$5M to \$9.5M.

2016

Created second Choice Scholarship application window from September 2 through January 15. Required voucher funding to follow the student if the student transfers mid-year to a new Choice School.

2017

Created Pre-K track for Choice Scholarship eligibility. Increased cap on SGO tax credit from \$9.5M to \$14M.

2018

Designated Choice Scholarship students as eligible to enroll in the Indiana School for the Deaf or the Indiana School for the Blind and Visually Impaired.

2019

Increased cap on SGO tax credit from \$14M to \$16.5M. Re-established second Choice Scholarship application window. Created additional Choice Scholarship award tier of 70% of state tuition support for students whose family income is between 100% and 125% of the amount required to qualify for reduced price lunch.