

ISBA/IAPSS Talking Points Appendix

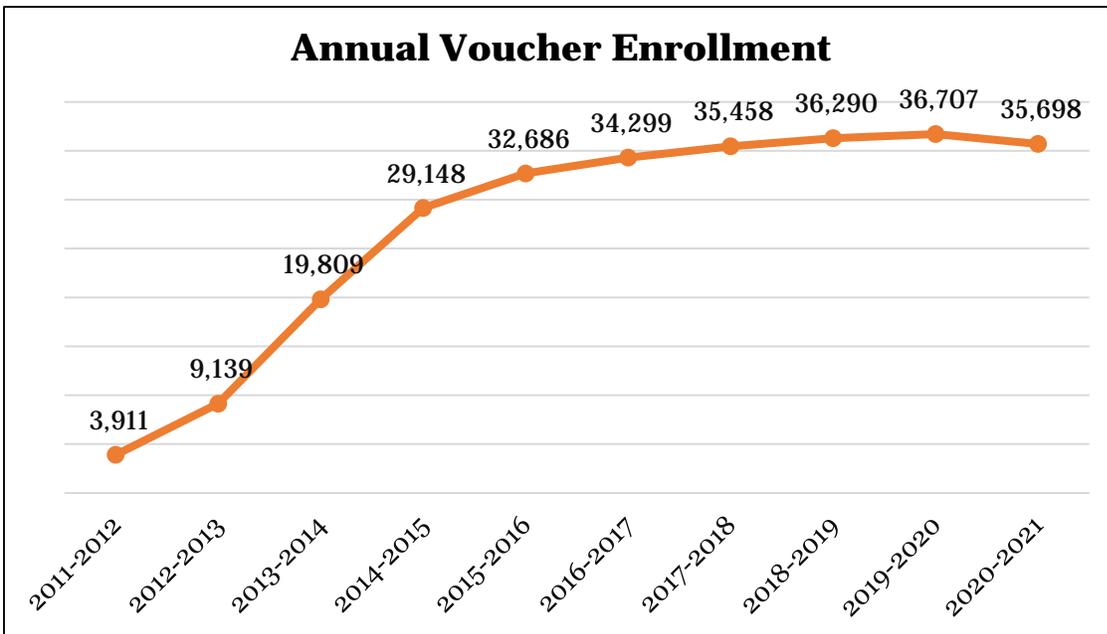
Choice Scholarship Program

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.

Half of the 324 non-public schools that participate in the Choice Scholarship Program 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%) have zero private schools in the Choice Scholarship Program. The 33 are: 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. Another 20 counties have only one voucher school. Only 8.8% of voucher recipients in the 2020-2021 school year resided in rural Indiana.²

The number of students receiving private school vouchers increased every year, until the 2020-2021 school year when voucher enrollment, like enrollment in traditional public schools, declined.



Indiana has spent a cumulative total of more than \$1 billion on private school vouchers in the 10 years since the inception of the program.

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

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

² <https://www.in.gov/doe/files/2020-2021-Annual-Report.pdf>

2016-2017	\$142,193,570.25
2017-2018	\$151,377,354.18
2018-2019	\$158,837,889.53
2019-2020	\$169,339,335.01
2020-2021	\$170,684,989.00 ³
<i>Total (2011-2021)</i>	<i>\$1,166,805,420</i>

Students qualify for a voucher by meeting household income requirements AND one of nine 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 at "F" school 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
- 9) Foster Care (new for 2021-2022)

Beginning with the 2021-2022 school year, a student's Choice Scholarship amount is the lesser of 1) the tuition and fees to attend the Choice school; or 2) a 90% share of the per-student state funding the student's public school corporation of residence would have received.

During the 2020-2021 school year, 12,132 students who received a Choice Scholarship received an award amount equal to their reported tuition and fees amount. The average voucher award amount for all students in the 2020-2021 school year was \$4,781.36.⁵

To meet the income eligibility requirements for the Choice Scholarship Program, students must belong to households earning less than 300% of the amount to qualify for reduced price lunch. The following tables demonstrate that the 300% income threshold substantially exceeds state and national median family and household incomes.⁶

300% of Reduced-Price Lunch, 2021-2022	
Persons in Household	Income
2	\$96,681
3	\$121,878
4	\$147,075
5	\$172,272
6	\$197,469

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

³ Estimate based on 2020-2021 voucher enrollment multiplied by average award amount of \$4,781.36

⁴ There are 53 "F" schools for choice eligibility purposes for the 2021-2022 school year.

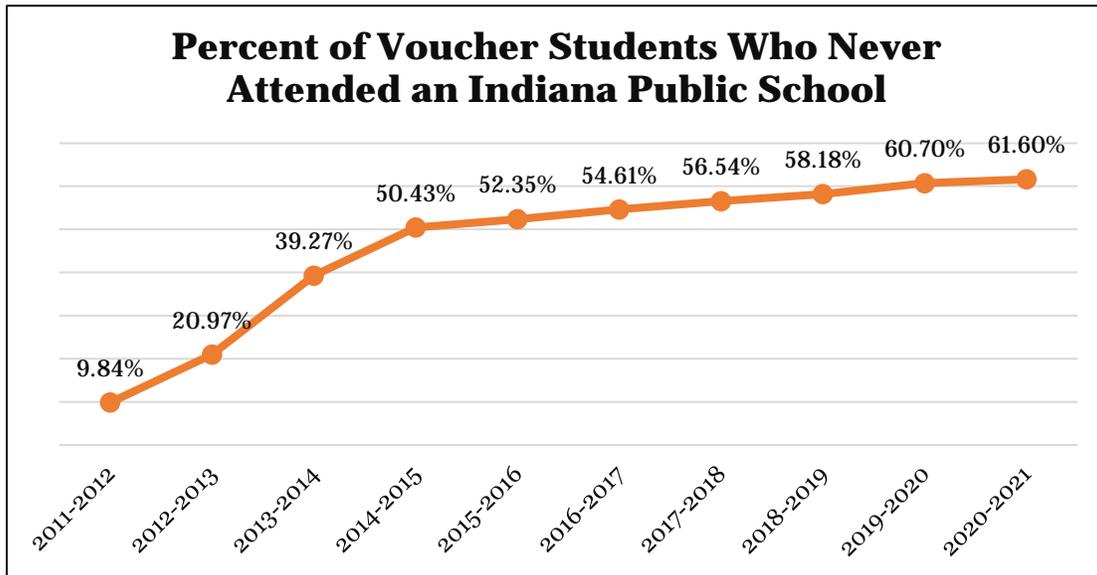
⁵ <https://www.in.gov/doe/files/2020-2021-Annual-Report.pdf>

⁶ <https://data.census.gov/cedsci/profile?g=0100000US>

According to Pew Research, incomes at the 300% threshold qualify as upper-class incomes in the Hoosier cities of Muncie, Michigan City, Lafayette, West Lafayette, Fort Wayne, Elkhart, and Goshen.⁷

Approximately 80% of Hoosier families are eligible for the school voucher program. Indiana's voucher program has the highest income eligibility of any means-tested voucher program in the country.⁸

In the initial year of the Choice Scholarship Program, only 10% of participating students had not previously attended an Indiana public school. This percent has grown annually in each subsequent year. In 2020-2021, 62% (21,990) of Choice Scholarship recipients had never previously attended an Indiana public school.⁹



Tuition Tax Credit Scholarships

In 2009 Indiana created a tuition tax credit scholarship 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 \$17.5M for Fiscal Year 2022 and \$18.5M in Fiscal Year 2023.

Seven Scholarship Granting Organizations (SGOs) are currently approved to participate in the program: Community Foundation of Elkhart County, Institute for Quality Education, LaGrange County Community Foundation, Professional Athletes of Indiana, Sagamore Institute Scholarships for Education, School Scholarship Granting Organization of Northeast Indiana, and The Lutheran Scholarship Granting Organization of Indiana.

To qualify for a tax credit-funded scholarship, a student must be a member of a household with an annual income of not more than 300% of the amount required to qualify for reduced price lunch.

Indiana students received 10,012 tax credit-funded scholarships worth \$22,820,233 during the 2019-2020 school year. Since the inception of the tax credit-funded scholarship program, scholarship granting organizations have awarded more than 75,000 scholarships worth more than \$125 million.¹⁰

⁷ <https://www.pewresearch.org/fact-tank/2020/07/23/are-you-in-the-american-middle-class/>

⁸ <https://www.edchoice.org/media/indianas-expanded-voucher-tax-credit-programs-and-new-special-needs-esa-signed-into-law/>

⁹ <https://www.in.gov/doe/students/indiana-choice-scholarship-program/>

¹⁰ <https://www.in.gov/doe/students/indiana-choice-scholarship-program/school-scholarships/>

State Rankings on Private School Choice Enrollment and Spending

An estimated 3.9% of K-12 students in Indiana are enrolled in a state-supported private school choice program, the fourth-highest percentage in the nation after Arizona, Florida, and Wisconsin.¹¹

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.¹²

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 attended a 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 2017.¹³

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. Approximately 70,394 students in Fall 2020 chose to attend a different traditional public school corporation than their corporation of legal settlement.¹⁴

State-Funded Student Transfer Destinations, Fall 2020	Students
Different traditional public school district	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.

Public-to-public transfer has grown 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 district	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>

Charter Schools

Indiana enacted a charter school law in 2001, and the first charter schools opened in 2002. Charter schools are public schools that operate pursuant to a contract between an authorizer and a nonprofit 501(c)3 organization.

¹¹ <https://www.edchoice.org/engage/u-s-states-ranked-by-educational-choice-share-2020/>

¹² <https://www.edchoice.org/engage/the-states-ranked-by-spending-on-school-choice-programs-2021-edition/>

¹³ <https://www.edchoice.org/school-choice/programs/indiana-private-schoolhomeschool-deduction/>

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

Approximately 110 charter schools operate in 23 counties, enrolling more than 45,000 students.¹⁵ Around 45 charter schools have closed over time due to financial challenges, low enrollment, administrative issues, and/or inadequate academic performance.

Traditional public schools perform significantly better than charter schools, earning more A's and B's and fewer D's and F's.¹⁶

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%

¹⁵ Enrollment Report <https://www.doe.in.gov/accountability/find-school-and-corporation-data-reports>

¹⁶ 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.