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**RESEARCH THINK TANK REPORT CONCLUDES:  
NO COMPELLING POLICY REASON TO SUBSIDIZE INDIANA SCHOOL  
VOUCHERS WITH PUBLIC TAXPAYER DOLLARS**

INDIANAPOLIS, April 16, 2015 -- The [Center for Tax and Budget Accountability](#) (CTBA) released the results of its study into Indiana's school choice (voucher) program today at a news conference at the Indiana Statehouse.

Indiana was one of several state voucher programs the bi-partisan, nonprofit research and advocacy think tank based in Chicago has analyzed.

The CTBA study calls Indiana's Choice Legislation one of the more comprehensive school choice programs in the nation, using public tax dollars to subsidize school choice in three forms: vouchers, state income tax deductions and state income tax credits.

"The question for policy makers in Indiana is: 'Can Indiana expect its school choice program to enhance student performance or help build a better public education system statewide?,'" said Ralph Martire, executive director of CTBA, in presenting the study results.

**Key findings**

The study's key findings include:

- None of the independent studies performed of the most lauded and long-standing voucher programs in the U.S. – Milwaukee, Cleveland and Washington D.C. -- found any statistical evidence that children who used vouchers performed better than children in public schools.
- A comprehensive study commissioned by the administration of President George W. Bush found that – after controlling for school type and student demographics – students who attend traditional K12 public schools outperform students who attend charter schools or private religious schools.

- Indiana’s voucher program may actually diminish student achievement in the state over time because it diverts public taxpayer dollars away from the state’s public education systems.
- Nations that have been most successful in improving student achievement over time have a) focused on systems-based reforms that build capacity of the overall education system and b) eschewed reforms based on competition and choice.
- Indiana’s choice legislation is based in the competition/choice model of education reform rather than the capacity-building education reform model.
- Because the Indiana Choice legislation prohibits the state from regulating curriculum content at private schools that accept vouchers, public taxpayer money is being spent on education of uncertain quality.
- Because white children as a percentage of voucher recipients in the 2014-2015 school year exceed the next largest racial group by more than 44 percentage points, Indiana’s voucher program will likely lead to increased racial stratification within Indiana’s K-12 public schools.
- The school expenditure deduction will cause local governments across Indiana to lose up to \$1.4 million annually in Local Option Income Tax revenue.

“The Indiana school expenditure deduction is particular difficult to justify from a public policy standpoint for two reasons,” said Martire. “First, it is not means tested and is using public revenue to pay for private economic transactions that in all likelihood would have taken place any way. And second, it diverts revenue from public education.”

### **International models**

In comparing Indiana’s education reform model to other countries whose students perform well on standardized tests, Martire noted that all five nations that improved student achievement through successful systems-based capacity building concentrated on increasing the skills of teachers and their ability to impart knowledge to students. Capacity building among schools within a district creates a collaborative environment where administrators and teachers become almost as interested in the success of other schools in their district as they are about their own.

The study notes that focusing reforms on building the capacity of the education system is particularly crucial for children in poverty.

“The Indiana Choice Legislation not only fails to help build the type of teaching capacity that has proved to enhance student achievement, it may actually diminish the capacity of the Indiana educational system by diverting revenue to private schools,” said Martire.

The study calls the heart of the Indiana Choice Legislation a failed competitive model.

### **Financial impact**

While it is impossible to predict the number of students who will apply for and receive vouchers in future years, CTBA modeled potential scenarios projecting voucher spending. A “no-growth” model projects the state’s voucher spending to be \$115.9 million per year. But if average per-student scholarship spending increases at a rate similar to the state’s public K-12 tuition support and voucher enrollment grows at that same rate as the average for the past three years, total spending on student voucher scholarships will approach half a billion dollars by 2017.

The study finds the Indiana Scholarship Tax Credit questionable tax expenditure because it uses public dollars without providing a corresponding public benefit.

Comparing Indiana’s Scholarship Tax Credit to Arizona’s, which has a lower deduction limit, the study said: “If the total revenue loss to state government was to reach even half of the Arizona total of \$61.4 million for 2009, it would amount to a significant reduction in state revenue, which would lead to cuts in spending that would impact Indiana families and taxpayers.”

### **Conclusions**

The report poses a simple question: *“Will the Indiana Choice Legislation lead to better educational outcomes for my and/or my neighbor’s children, and be an efficient use of our taxpayer dollars, at a time when public budgets are stretched as thin as they currently are?”*

If the Indiana School Choice Scholarship Program cannot show benefits in excess of costs, decision makers and taxpayers alike should question whether it should remain public policy in the state of Indiana.

The study concludes: All three core components of the Indiana Choice Legislation are designed to funnel taxpayer money to private schools, with little evidence that demonstrates improved academic achievement for students who are most at risk. While parental choice is an undeniable right, there is no compelling policy reason to subsidize it with public, taxpayer dollars meant to educate children.

“Indiana should invest its scarce public education dollars in schools where taxpayers can expect to receive the best educational bang for their buck – that is schools that have been proven, when compared to other types of schools, to educate the most children to the highest levels. Those schools are, unequivocally, K-12 public schools.”

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EDITORS NOTE: Complete copies of the study are available online or by request.

## **BACKGROUND**

### ***The Center for Tax and Budget Accountability***

*The Center for Tax and Budget Accountability (CTBA), based in Chicago, is a bi-partisan nonprofit research, and advocacy think tank that works across ideological lines to promote social and economic justice. CTBA develops sound, peer-reviewed data and research that describes issues in rational, economic terms, especially those focused on the most politically sensitive topics, such as the intersection between education policy and racial/economic justice. CTBA works as a technical advisor to legislators on both sides of the political aisle to provide policy briefings, technical assistance and key testimony at the request of legislators.*

### ***Ralph Martire***

*Ralph Martire is Executive Director of the Center for Tax and Budget Accountability. In February 2011, he was appointed to serve on the U.S. Department of Education Equity and Excellence Commission. Mr. Martire teaches a Master's class on Education Finance and Fiscal Policy for the University of Illinois and Roosevelt University where he is also a distinguished lecturer on public policy. Additionally, he has taught fiscal policy seminars for various universities and the International Fulbright Scholar Program.*

*Mr. Martire has received numerous awards for his work on education policy reform, including the 2007 Champion of Freedom Award, presented by the Rainbow PUSH Coalition to individuals whose professional work embodies Dr. Martin Luther King, Jr.'s, commitment to equal educational opportunities, and the Ben C. Hubbard Leadership Award given by Illinois State University to individuals who have greatly benefited education in Illinois.. He was elected to serve on the School Board of River Forest District 90, where he still serves. Ralph is also a regular columnist on education, fiscal and economic policy for the State Journal Register and Daily Herald.*

*Mr. Martire graduated from Indiana University Phi Beta Kappa, with a B.A. in History and received his J.D. from the University of Michigan.*