Legislature's vouchers report is based on smoke and mirrors

Kevin G. Welner

Special To The Sentinel

December 24, 2008

A program intended to prompt corporate contributions for private-school tuition assistance saves the state money, according to a recent report prepared for the Florida Legislature. The program gives tax credits to corporations in exchange for their contributions, and the report contends that for every dollar lost in revenue due to the tax credits, the state last year saved $1.49 in forgone public-school expenses.

But this figure is based on smoke and mirrors. The report concocts its numbers out of thin air. The report's author -- the legislature's Office of Program Policy Analysis and Government Accountability -- says as much in an appendix, "we had no information from which to estimate [the key] percentage" on which the fiscal-savings claim is based.

The tax-credit law offers a dollar-for-dollar credit for companies that pay Florida's corporate income taxes, a system I call "neovouchers." Instead of paying those taxes, they can donate to a scholarship-funding organization, which distributes the money as private-school vouchers. This system provided more than 21,000 neovouchers in 2007-08.

Neovouchers can save the state money when students are prompted by their availability to switch from public to private school. If Bobby enrolls in first grade in his local public school, the public funding is about $6,100 per school year. But if Bobby uses a $3,400 neovoucher (the average last year) to switch from public to private school, the state can be considered to have saved the $2,700 difference.

But consider Bobby's classmate Nancy. She also received a $3,400 neovoucher, but her parents had always intended to enroll her in private school, which they would have paid for all by themselves. While the state saved $2,700 on Bobby, it lost $3,400 on Nancy.

The 21,000 neovoucher recipients last year were made up of many Bobbys and Nancys. But to calculate the budgetary impact of the program, we would have to know how many of each.

OPPAGA didn't have that information. In fact, nobody does. So OPPAGA guessed. And it guessed 90 percent, as if there are nine Bobbys to every one Nancy.

The defense of this guess is tucked away in the report's appendix. Neovouchers are available only to low-income students, so according to the report, it's "reasonable to assume a high percentage of low-income students would not be able to afford private school without a scholarship, and therefore, would attend public school in absence of the program." But the reality is that Catholic schools in urban areas sometimes enroll 60
percent to 70 percent low-income children.

More importantly, the low-income families at the head of the line to receive neovouchers are probably those who had already planned to enroll in the private schools. This means that, contrary to the report's assumptions, the relative percentages of Bobbys and Nancys would not mirror the general enrollment percentages for low-income students in private schools.

In fact, all 21,000 neovoucher recipients could be accounted for with just a 6 percent low-income enrollment among the more than 350,000 students attending Florida's private schools (although the law effectively prevents the benefits from going to many students currently enrolled in private schools).

These possibilities cannot be ignored, given the likelihood that the percentage of switchers is substantially below the 90 percent assumed by the report. In fact, the appendix acknowledges that any fiscal advantage to the state disappears when the percentage of switchers drops from 90 percent to 60 percent. So if there's a 50/50 split, the program's in the red.

The question asked in the OPPAGA report is an important one. But the argument that neovouchers save the state money is grounded in guesswork, not fact. When a report's appendix acknowledges that it's based on "no information," we would all do well to ignore its conclusions.

Kevin G. Welner is a professor and director of Education and the Public Interest Center at the University of Colorado at Boulder. He is the author of "NeoVouchers: The Emergence of Tuition Tax Credits for Private Schooling."

Copyright © 2008, Orlando Sentinel