

Tax credits, vouchers a mixed bag

By: Jim Cook - March 7, 2013

How the Alabama Accountability Act was passed has become a subject for heated debate and litigation. It's impact on education and student outcomes if it survives is also controversial, as there is a mixed body of research concerning the effectiveness of similar policies throughout the country.

Claire Smrekar, associate professor in Vanderbilt University's department of leadership, policy and organizations, said Alabama's foray into offering parents an out from failing schools is part of a nationwide trend toward school choice involving a patchwork of charter school, voucher, tax credit and other laws.

Currently, 16 states offer either vouchers or tax credits either statewide or in certain municipalities for students to transfer to private or satisfactory public schools, according to the National Conference of State Legislatures. Vouchers are payments to parents from either private or public funds to help fund a child's education expenses. Tax credits are redirected tax funds or tax deductions that help parents pay for private school or costs of attending a satisfactory public school.

The key differences between tax credits and vouchers appears to be that vouchers are given to parents up front and that private schools accepting vouchers may not charge voucher students tuition above the cost of the voucher. Parents do not get money from tax credits until they file their state taxes, and private schools can charge students using the tax credits tuition above the amount of the tax credit.

Smrekar said more research has been done concerning voucher programs than tax credit programs because voucher programs are more numerous and involve larger numbers of students. Nationwide, only about 100,000 children use vouchers.

Smrekar said a voucher plan may be more helpful than tax credits to low-income families seeking to move their children to another school environment because of their caps on tuition. Also, low-income families may not be able to fund the upfront cost of sending children to private school and then wait on money from a tax return. The Alabama Accountability Act does have a scholarship option for low-income students, however.

With regard to whether voucher plans provide improved performance among students who use them to transfer to private schools or other schools, results are mixed, Smrekar said.

Smrekar said most research finds little evidence to support improved performance among these students. She said there is some research that supports higher graduation rates among students who use vouchers to leave low-performing public schools, however.

A study in the *Journal of Policy Analysis and Management* shows that 91 percent of students who used vouchers to leave schools in Washington D.C. graduated high school, compared to a 70 percent graduation rate for D.C. students not offered vouchers.

With regard to white flight and segregation, voucher programs have not increased segregation, as many minority students end up using them to attend private schools, Smrekar said.

Whether the prospect of losing students and funding incentivizes better performance is another split decision among researchers.

According to a 2011 report by the Cato Institute, schools that are under threat of losing students to voucher programs see significant improvements in performance. The report by the libertarian think tank studied an Ohio program that offered school choice and vouchers.

“The voucher threat effect is associated with a gain of roughly 2.7 percentage points for the treatment schools in terms of proficiency passage rates,” the report said. “To put this in context, this effect represents an additional 2,150 students reaching the proficiency category.”

Smrekar said research has found that funding reform programs rather than cutting funding from low-performing schools is more effective in improving test scores.