

States Should Reverse Course on Defunding Public Education Through Private School Vouchers and Property Tax Cuts

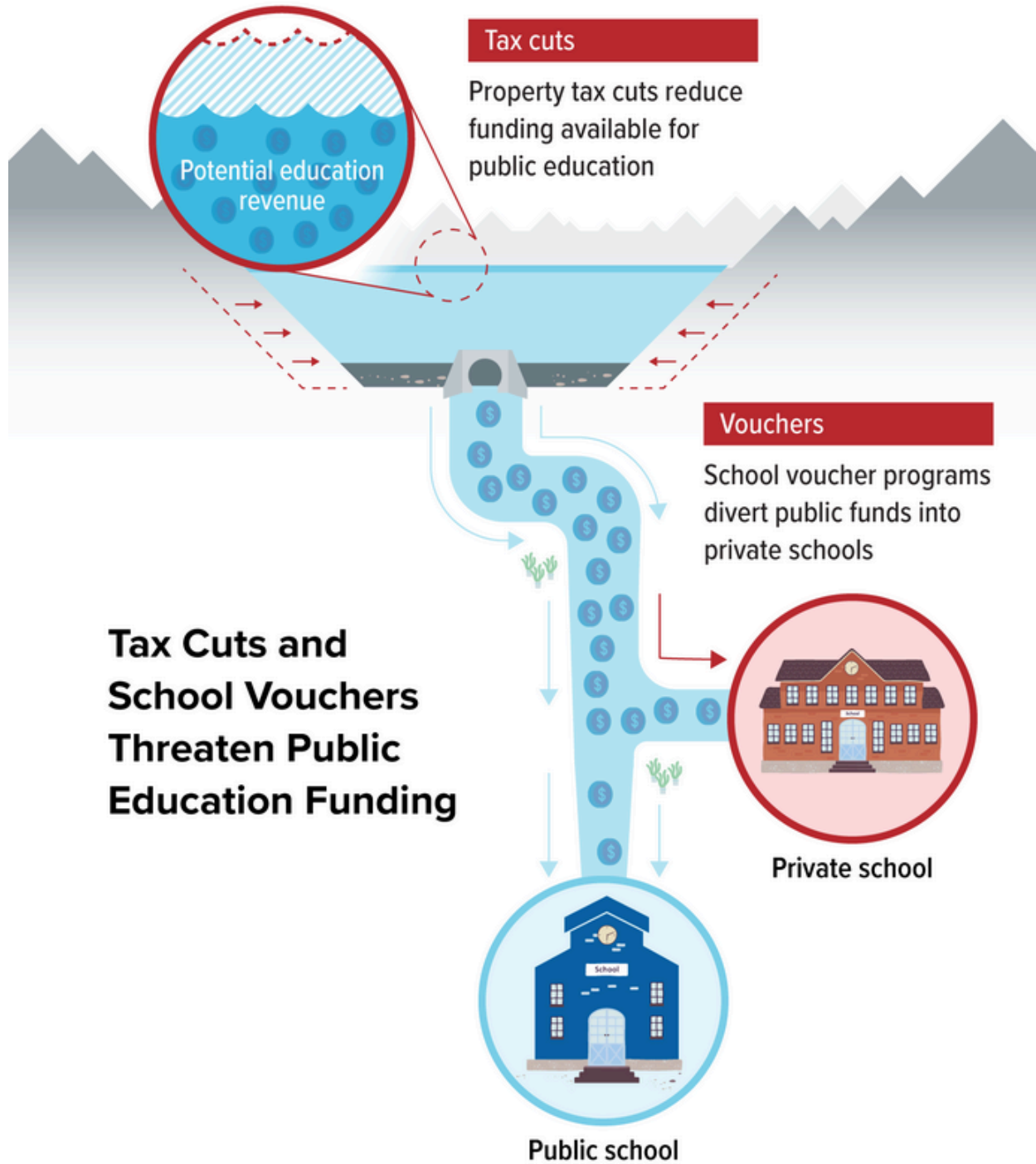
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During this year's legislative sessions, at least one in three states are considering or have enacted school voucher expansions alongside broad, untargeted property tax cuts. Over half of states^[1] have already enacted deep personal and corporate income tax cuts in the last three years. These policies will result in under-resourced public schools, worse student outcomes, and, over time, weaker communities.

Research suggests property tax cuts result in disproportionately less funding for districts serving large numbers of students of color^[2] and that school funding matters more^[3] for these students' life outcomes because of historical and systemic racial discrimination. States wishing to ensure a quality education for all children should instead invest in public schools, reject K-12 voucher programs, and pursue only targeted property tax relief.

Property tax cuts reduce funding for public education at its source. Revenue from local property taxes accounted for over 36 percent of public education funding^[4] in the 2020-2021 school year, the most recent year for which national data are available. States have a long history of weaponizing this policy design, using their property tax codes to limit education funding for Black and brown students. For example, California's infamous 1978 Proposition 13^[5], which limited property taxes to 1 percent of a home's purchase price, passed with primary support from white property owners amid a campaign of thinly veiled racism and xenophobia^[6] about paying for "other" people's children to go to school.

K-12 vouchers also siphon funding away from public schools. Voucher programs can take many forms^[7], but all use public dollars to subsidize private school tuition. Some voucher programs defund public education directly^[8] by siphoning off funding that otherwise would have gone to public schools. Others do so indirectly by reducing revenue available for all public services, including education.



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Modern school vouchers have their roots in similar programs created after *Brown v. Board of Education* to perpetuate segregation and exacerbate inequities^[9]. This vision can be seen in today’s programs, where most vouchers go to families with high incomes^[10]. Although data on the race and ethnicity of voucher recipients themselves is scarce, white students make up 65 percent of private school enrollment^[11] in the U.S. but only 45

percent of public school enrollment^[12]. Defunding public schools through vouchers and property tax cuts exacerbates inequities in educational outcomes, which often fall along lines of race and class due to the persisting effects of slavery and segregation.

A trend has emerged of states proposing or enacting school voucher programs while simultaneously cutting, limiting, or proposing to eliminate property taxes^[13]. Florida, Texas, and Idaho are leading examples of this trend.

- **Florida:** This year, a Republican representative introduced a bill to study eliminating Florida's property tax system^[14]. Property taxes generated \$14 billion^[15] in the 2020-2021 school year (the most recent for which data are available), equivalent to almost 40 percent of Florida's K-12 education funding. Meanwhile, the legislature passed a budget in early March that includes about \$4 billion^[16] for private school vouchers, a significant portion of the \$29 billion^[17] appropriated for K-12 education.
- **Texas:** Last year, Governor Greg Abbott called two special legislative sessions and spent seven months lobbying lawmakers to pass a school voucher system without success^[18]. The voucher proposal would have cost Texas school districts up to \$2.28 billion^[19]. However, the legislature approved over \$18 billion^[20] worth of property tax cuts, with 66 percent of benefits accruing to families making more than \$100,000^[21], putting pressure on future education budgets.
- **Idaho:** Last year, Idaho's legislature passed property tax cuts totaling \$355 million^[22], equivalent to over half of property tax revenue^[23] for schools. Although some of this funding was replaced with general fund revenue to repair the state's abysmal school facilities^[24], the overall reduction in revenue jeopardizes the state's long-term ability to fund education. Meanwhile, this year, the legislature tried and failed to pass a school voucher bill that would have cost the state over \$170 million^[25].

Other states where both school vouchers^[26] and property tax cuts are being considered this year include Alabama^[27], Colorado^[28], Georgia^[29], Illinois^[30], Indiana^[31], Kansas^[32], Kentucky^[33], Louisiana^[34], Michigan^[35], Missouri^[36], Nebraska^[37], Ohio^[38], Oregon^[39], South Dakota^[40], Tennessee^[41], and Wyoming^[42].

Broad property tax cuts and caps will not address housing affordability. Property values have risen by about 37 percent^[43] since the beginning of the COVID-19 pandemic, and some proponents of property tax cuts argue they will help make housing more affordable. However, most of the proposals being debated would do little to help while stripping resources from public education. Instead of broad property tax cuts or caps, states should adopt "circuit breaker"^[44] policies that respond to residents' ability to pay without limiting revenue-raising capacity.

States should raise revenue equitably and invest in robust public schools. Research suggests the education attainment gap between children from low-income families and those from higher-income families can be eliminated^[45] with increased funding for public schools. Raising revenue^[46] to invest in public education and resisting calls to dismantle it through school vouchers and property tax cuts is critical to enabling thriving communities with broadly shared opportunity.

States are defunding public education by reducing revenue available for schools through property taxes and by diverting public dollars to private schools.

^[1] <https://www.cbpp.org/research/state-budget-and-tax/states-recent-tax-cut-spree-creates-big-risks-for-families-and>

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[3] <https://www.shankerinstitute.org/resource/does-money-matter-education-second-edition>

[4] https://nces.ed.gov/programs/digest/d23/tables/dt23_235.10.asp?current=yes

[5] <https://www.wbur.org/onpoint/2024/03/06/anti-tax-movement-stronghold-american-politics>

[6] <https://theopportunityinstitute.org/publications-list/2022/8/3/unjust-legacies>

[7] <https://www.cbpp.org/research/state-budget-and-tax/state-policymakers-should-reject-k-12-school-voucher-plans>

[8] <https://casetext.com/statute/new-hampshire-revised-statutes/title-15-education/chapter-194-f-education-freedom-accounts/section-194-f11-appropriation-from-education-trust-fund>

[9] <https://www.americanprogress.org/article/racist-origins-private-school-vouchers/>

[10] <https://itep.org/tax-avoidance-fuels-school-vouchers-privatization-efforts/>

[11] <https://nces.ed.gov/surveys/pss/tables/TABLE09fl2122.asp>

[12] <https://nces.ed.gov/programs/coe/indicator/cge/racial-ethnic-enrollment>

[13] <https://www.governing.com/finance/some-states-are-looking-to-abolish-property-taxes-entirely>

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<https://www.flsenate.gov/Committees/BillSummaries/2024/html/3256#:~:text=HB%205001%20%E2%80%94%20General%20Appropriatic>

[18] <https://www.texastribune.org/2023/11/16/texas-house-school-vouchers/>

[19] <https://everytexan.org/special-session-voucher-analysis/>

[20] <https://everytexan.org/2023/09/15/second-special-session-prioritizing-tax-cuts-over-investments-in-our-future/>

[21] <https://everytexan.org/2023/02/24/who-doesnt-pay-texas-taxes-2023/>

[22] <https://idahofiscal.org/understanding-2023-property-tax-relief/>

[23] https://nces.ed.gov/programs/digest/d23/tables/dt23_235.20.asp

[24] <https://www.propublica.org/article/idaho-students-educators-show-us-effects-of-underfunded-schools>

[25] <https://idahofiscal.org/future-costs-of-idaho-hb-447s-private-school-tax-credit-and-grant-program-projected-to-rise-sharply/>

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[27] <https://www.al.com/news/2024/05/alabama-lawmakers-ok-tax-assessment-cap-as-house-values-continue-rising.html>

[28] <https://coloradonewsline.com/2024/05/06/colorado-lawmakers-pitch-a-permanent-solution-on-property-taxes-as-ballot-fight-looms/>

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