

Private School Voucher Programs Can Lead to Tax Hikes

Idaho should invest in its public schools rather than diverting state revenue to fund a second system of private education that will strain public school budgets and overburden local taxpayers.

Idaho has a constitutional duty to fund its public schools, and the state should do so without unnecessarily burdening taxpayers. Idaho's per pupil public school funding ranks last in the nation,¹ and Idaho's state funding for public schools was lower in 2022 than in 2002.² Idaho lawmakers should focus on adequately funding public schools instead of paying for a second system of unaccountable private education.

Stretching the state budget to fund private school vouchers can lead to an increase in taxes at the local level.

Idaho school districts are supported by local, state, and federal funds. When a state funds private school vouchers, there is less state funding available for public education; district budgets are cut due to decreased enrollments; and voucher funds can be diverted directly from public school appropriations. Voucher programs with "universal" eligibility are not limited to public school students switching to private school, meaning state funding is diverted to vouchers for students who may already attend private school.

During Idaho's 2023 legislative session, lawmakers proposed a universal education savings account voucher program that would have diverted funding from public schools to pay for private school tuition, homeschooling, and other private education expenses.³ The Idaho Center for Fiscal Policy estimated that a universal voucher program in Idaho could cost over \$360 million a year.⁴

Over time, state disinvestment in public education could lead school districts to require maintenance and operations levies and facilities bonds to cover crucial fixed costs, such as transportation, facilities upkeep, and administration, that do not decrease with reduced enrollments. The challenge of raising additional revenue to cover these necessary costs is likely to fall on local taxpayers, as property taxes would rise following an increase in local supplemental levies.

Supplemental levies are property taxes that must be approved by voters and reapproved at the voting booth every two years. Because these levies need to be continuously reapproved, they are an unstable source of revenue for school districts, in addition to placing added financial burden on the community. And school districts with lower property wealth often must request a higher tax rate to raise the same amount of funding as their wealthier counterparts, disproportionately burdening lower-income communities.⁵

Establishing a universal voucher program and raising property taxes to cover the additional expense runs counter to Idaho lawmakers' professed goal of providing the state's residents with property tax relief.

The Legislature created the School District Facilities (SDF) Fund as part of the 2023 property tax relief package to assist school districts with paying off their bonds and levies.⁶ However, diverting state funding to pay for private school vouchers could result in increased property taxes, thus stunting the SDF's progress towards lowering districts' debt and homeowners' property taxes. Wisconsin's school voucher system is effectively funded with property taxes. The expense of voucher programs led the Wisconsin Department of Public Instruction to report that local school boards must increase property taxes, use their fund balances, or reduce current expenditures to offset the loss of state aid.⁷

Here in Idaho, vouchers have the same potential to siphon hundreds of millions of dollars away from public schools.⁸ This will increase the need for levies and bonds to keep teachers, programs such as music and sports, and other essentials in neighborhood schools.

Endnotes

¹ Danielle Farrie & Robert Kim, [Making the Grade: How Fair is School Funding in Your State?](#), Education Law Center (2023).

² May Roberts, [Policy Basics: Idaho Public Schools Investment](#), Idaho Center for Fiscal Policy (Jan. 13, 2023).

³ [Idaho S1038](#) (2023).

^{4,5} Alejandra Cerna Rios, [Future Costs of Idaho's SB1038's Universal Education Savings Accounts Projected to Rise Sharply](#), Idaho Center for Fiscal Policy (Feb. 20, 2023).

⁶ May Roberts, [Understanding 2023 Property Tax Relief](#), Idaho Center for Fiscal Policy (May 5, 2023).

⁷ Dan Bush, [Impact of Private School Vouchers and Public Charters on Wisconsin Public Schools](#), Wisconsin Department of Public Instruction, p.13. (Jan. 18, 2018).

⁸ Save Our Schools Idaho, [What would tax voucher schemes funnel away from your town's schools?](#)

This resource is a collaboration between the [Idaho Center for Fiscal Policy](#), a nonpartisan organization committed to offering Idahoans high-quality fiscal research and analysis, and [Public Funds Public Schools](#), a national campaign directed by [Education Law Center](#) to ensure that public funds for education are used to support and strengthen public schools.