



## **FINANCIAL IMPACT AND VOUCHER CALCULATION**

### **1. How much will the program cost school districts?**

- HB 2169 would create a tuition voucher program for students costing taxpayers and school districts that need resources the most almost \$144 million. Two-thirds of the cost of the program (63.1%) is born by four districts, Philadelphia (43.9%), Reading (8.9%), Allentown (5.8%) and Pittsburgh (4.5%).
- HB 2169 will create another taxpayer funded system of education. Such significant funding cuts would ultimately force school districts to reduce programs, services, and staffing (thus negatively impacting students), raise property taxes, or all the above, to compensate for the financial loss.
- Additionally, many of the lowest-performing schools which HB 2169 targets are already struggling financially and simply cannot afford to receive less resources. In fact, 70% of the school districts that would be impacted by this bill were identified by the state last year to receive the “Level-Up” supplement to Basic Education Funding in recognition of the need to divert more state resources to those districts.

### **2. How is the voucher amount calculated?**

- HB 2169 calculates the voucher by taking all state revenue (minus transportation subsidies) provided to ALL school districts and divides that amount by average daily membership (student count) of all school districts based on the most recent annual financial report published by the PDE. Voucher amounts for students with special needs are then further adjusted based on the public school’s current level of expenditures for providing an education to special needs students (these are commonly referred to as cost categories). This adjustment is accomplished by multiplying the base voucher amount by the same cost category multiplier used in distributing state special education funding to school districts.
- Estimated voucher amounts for each type of student are as follows:
  - Non-special needs students - \$6,701
  - Special needs students in special education cost category 1 - \$10,990
  - Special needs students in special education cost category 2 - \$20,640
  - Special needs students in special education cost category 3 - \$42,486
  - For a gifted student - \$10,990
- It is important to note that the bill’s use of the phrase “total state revenue” means that state funding intended for pension reimbursement and property tax relief are included in the calculation. This is highly inappropriate and contradicts every public official’s “promise” to provide property tax relief to their constituents. Under HB 2169, non-public schools and other participating entities would get a share of both pension reimbursement and property tax relief monies – expenses that none of these entities have or are responsible for.
- In a bit of true irony, HB 2169 proposes to use the special education funding formula weights for school districts to calculate special education voucher amounts. These categories reflect the cost of providing special education programs and services in a school district in compliance with all federal and state laws

– laws that don't apply to non-public schools. (Keep in mind that for years, House and Senate Republican leaders and members have fought against applying this same method to charter schools and cyber charter schools.)

### **POTENTIAL WASTE, FRAUD AND ABUSE**

#### **3. Does HB 2169 include a provision that would allow the tuition amount to be placed on a debit card for parents?**

- Yes, Section 2006-L(A)(6) of HB 2169 requires the Treasury Department to develop a system to allow parents to pay for services by electronic fund transfer, including debit cards, electronic payment systems or other means of electronic payment.
- This provision seems hypocritical when considering the concerns raised in the Legislature for years about welfare fraud abuse and the trafficking of SNAP benefit cards.

#### **4. Does HB 2169 include a requirement to audit the program to ensure financial accountability?**

- The Treasury Department would be authorized to use debit cards to provide a voucher to families without any requirement to submit receipts, or other methods to ensure the money is spent on appropriate educational products and services. But the Auditor General is only required to conduct *random* audits of voucher accounts and doesn't even require a minimum amount of audits.
- It is important to keep in mind that the PA Auditor General recently announced that the agency would no longer conduct school audits. The auditing provision is window dressing to make it appear like the program has financial accountability.

#### **5. The bill's proponents are claiming that the company ClassWallet, which has been used by other states for administering voucher programs could be used by the Treasury Department to administer the program. Is that true? Is ClassWallet capable of ensuring that there isn't waste, fraud and abuse with the program?**

- The Treasury Department is allowed to contract with a third-party entity to administer the voucher program. HOWEVER, Treasury is also required to develop guidelines, determine whether to solicit proposals from private financial managements firms to manage some or all of the program (a duplicative provision), deduct an administrative fee to cover costs for administering the program, establish fees for private financial management, make payments to the accounts for the vouchers, develop a system to pay for services, develop a process by which participating entities can register their interest in participating, and inform eligible students and parents of the participating entities.
- ClassWallet was used by Oklahoma to distribute \$8 million for educational supplies to low-income families during the pandemic. ClassWallet approves "vendors" where participants are allowed to purchase items. On their watch, parents in Oklahoma used these funds to purchase televisions, air fryers, cookware, deep fryers, gift certificates, home repairs, vacuums, luggage, fitness equipment, video game systems, sofas, mirrors, coffee tables, Christmas trees, recliners, grills, smartwatches, tools and much more. For more on Oklahoma's program and the waste, fraud and abuse of precious taxpayer resources that occurred there, see: <https://www.readfrontier.org/stories/stitt-gave-families-8-million-for-school-supplies-in-the-pandemic-they-bought-christmas-trees-gaming-consoles-and-tvs/>.

## **GENERAL/ELIGIBILITY**

### **6. Under HB 2169 what could the voucher be used for?**

Per Section 2005-L, the vouchers could be used for the following:

- Tuition, fees and uniforms
- Fees for tutoring or other teaching services
- Fees for tests (nationally normed assessments, AP exams, higher ed admission exams, etc.)
- Curriculum, textbooks or other instructional materials
- Hardware, software and internet connectivity
- Fees for special instruction or special services for students with disabilities
- Costs associated with evaluation and identification of students with special needs
- Other expenses approved by the Treasury Department

### **7. Is the voucher limited to K-12 educational expenses?**

- **No.** Institutions of higher education are participating entities under the bill. A student who obtains a voucher could use those funds to take courses at a college or university.
- The bill also allows voucher funds to be used for the first two years after high-school graduation for higher education costs. State funding for K-12 education would be diverted for a recipient's first or second year in a post-secondary institution.
- In addition, parents could spend the voucher funds on internet access, hardware (which is undefined), and at private entities that provide any of the services listed above and qualify as participating entity under the bill's definition.

### **8. Could the proposed program enable students/parents to violate compulsory attendance requirements?**

- **YES.** Section 2003-L(d)(1)(i) requires that an eligible student "withdraw from public school and receive instruction from a participating entity for the school year for which the agreement applies."
- A "participating entity" includes tutors, school counselors and providers of curriculum – not just non-public schools. Section 1327 of the Public School Code requires a child of compulsory age be enrolled in a public school, non-public school or home education program.
- This bill gives the false impression of a menu of options available to parents. In reality, the only way a parent could be in the program and follow compulsory attendance laws is to use the voucher for non-public schools or a home education program.

### **9. Is the program income-based? In other words, is the bill designed to help low-income families afford private school tuition?**

- No, there are no income-based requirements in the legislation. HB 2169 does not even provide economically disadvantaged students priority for the program. To be eligible, a student must only:
  - i. Reside within the attendance boundary of a low-achieving school; and
  - ii. Have not received a high school diploma; and
  - iii. Satisfy one of the following:
    1. Attended a public school in PA in the preceding school year.
    2. Received funds from the program in the preceding year.

3. Will attend first grade for the first time in the next school year.
4. Be a child in foster care.
5. Be a child whose adoption decree was entered not more than a year prior to submission of the application.
6. Be a child whose parent is on full-time active-duty status with US Armed Forces or PA National Guard.

**10. Does the student/family have to meet the eligibility requirements each year to get the voucher?**

- **NO.** The amendment adopted by the House Appropriations Committee on April 27<sup>th</sup> made a small but meaningful change to the renewal terms. Section 2003-L(h) now stipulates that the voucher agreements can be renewed each school year for the “same” student. That amendment deleted the term “eligible” -- thus demonstrating the House Republicans’ clear intention to only require families to demonstrate eligibility one time.
- This provision legalizes gaming of the program. Proponents are not trying to save kids from struggling schools. They are seeking to create a new unaccountable entitlement program – and not even for wealthy people who can afford non-public school tuition.

**11. How will student residency be confirmed for the voucher? Does a student have to remain within the attendance boundary of a low-achieving school in order to qualify?**

- To be eligible for a voucher, a student must reside within the attendance boundary of the low-achieving school. However, the bill does not require participating entities or the Treasury Department to verify that a student resides in the attendance boundary of a low-achieving school. And as stated earlier, the bill does not require the student to remain within the attendance boundary of the low-achieving school forever to be eligible – just initially.
- The only accountability requirement related to residency is that parents notify the Treasury Department if they no longer reside in the commonwealth. Is it prudent public policy to rely on individuals to notify a government agency that they are moving to ensure the government stops loading thousands of dollars onto a debit card?
- It is foreseeable that the lack of requirements around residency confirmation and oversight make the program rife for abuse and school districts could unnecessarily lose money due to bad actors and a lack of appropriate government oversight.

**SPECIAL EDUCATION**

**12. Don’t school districts already provide services related to the evaluation and identification of students with special needs?**

- Yes. School districts and intermediate units are required by law to provide evaluation and identification services at NO COST to families. This includes parental requests for an evaluation, which may be requested at any time.

**13. Does HB 2169 ensure that students receiving “special instruction” and their parents are guaranteed the significant rights, services and protections afforded to them under the Individuals with Disabilities Act (IDEA)?**

- **NO.** IDEA does not apply to non-public schools. The bill uses the term “special instruction” to refer to special education services to further distance the voucher program from the legal terminology. Moreover, the bill expressly prohibits the commonwealth or its agencies from regulating participating entities. This effectively means the state would be prohibited from requiring non-public schools enrolling voucher recipients to comply with IDEA or state regulations regarding special education. Ultimately, families and students who need special education services would be more vulnerable under the bill.

**14. Who will determine or confirm a student’s identification as a special needs student in non-public schools or other qualifying entities?**

- HB 2169 proposes to use the special education funding formula weights for school districts to calculate 4 different special education rates. These categories reflect the cost of providing special education and gifted education services in a school district in compliance with all federal and state laws – laws that don’t apply to non-public schools. (Again, don’t forget that House and Senate Republican leaders have fought against applying this same method to charter schools and cyber charter schools.) HB 2169 creates an incentive for participating entities to identify students as special needs students with absolutely zero accountability to confirm such identification or justify the amount of the tuition voucher. Does that sound familiar? It is the same problem that school districts have been experiencing with charter and cyber charter schools for years.
- Based on paragraph (4) under the definition of “students with special needs” (page 6, lines 16-23) it would appear as though any participating entity, and potentially even parents (through their family doctors) could identify a student as being a student with special needs. The definition of “handicapped person” is open-ended and does not require an entity bound by section 504 of the Rehabilitation Act to conduct an evaluation or verify the student’s identification as a student with special needs. While the previous three paragraphs in the definition are tied to a public school’s evaluation and identification of students, paragraph (4) is weak and provides participating entities and parents with a loophole which could be exploited to get higher voucher amounts.

**“LOW-ACHIEVING SCHOOLS” AND APPLICABILITY TO CHARTER AND CYBER CHARTER SCHOOLS**

**15. What is a “low-achieving school”? Does it include charter and cyber charter schools?**

- As amended by the House Appropriations Committee on April 27<sup>th</sup>, the definition of “low-achieving school” would include a public school, which includes school districts, charter schools and cyber charter schools, that ranked in the lowest 15% of the school’s designation as an elementary school or as a secondary school based on the combined math and reading scores from the annual state assessments administered in the previous school year.

**16. Would charter and cyber charter students be eligible for a voucher if they attend a low-achieving charter or cyber charter school?**

- The April 27<sup>th</sup> House Appropriations Committee amendment also added a definition for the term “attendance boundary” which was defined as the geographic areas used by SCHOOL DISTRICTS to

ASSIGN a student to a public school. Because of this amendment, a student attending a low-achieving charter or cyber charter school would have to also live within the attendance boundary of low-achieving district-operated public school or a charter school that is referred to as a “neighborhood” or “renaissance” school (districts ASSIGN students to these schools based on where they live) in order to be eligible for a voucher. Simply attending a low-achieving charter or cyber charter school would not make a student eligible under the proposal.

**17. Why treat traditional public schools and charter schools differently?**

- HB 2169 once again continues to extend hypocritical public policy and treat low-achieving charter and cyber charter schools differently than traditional public schools. Advocates claim they need to “save” children from low-achieving public schools and yet they carefully craft legislation that excludes charter and cyber charter schools from the direct impact of a voucher program.
- School choice proponents don’t want to save children. They want chip away at the institution of public education through publicly funded privatization. HB 2169 is about an ideology, not ensuring all students have high-quality education options – otherwise all charter and cyber charter students in the bottom 15% of schools would have access to the program.

**18. So why did House Republicans adopt an amendment to change the definition of low-achieving schools?**

- While being described as a technical amendment in the House Appropriations Committee, it is clearly substantive. The amendment was designed with the goal of reducing the number of district-operated public schools identified in the bottom 15%. Under prior PN of the bill, 77 school districts were identified as low-achieving. Under the current PN, 45 school districts are identified as having low-achieving schools.

**19. How many charter and cyber charter schools are identified in the bottom 15% schools via this legislation?**

- 50 percent of all charter schools in operation last year (89 of 177) are identified on the list of low-achieving schools. Put another way, two-thirds of the LEAs on the list of low achieving schools are charter or cyber charter schools.
- But remember...students in these low-achieving schools don’t automatically qualify for the voucher by attending a low-achieving charter or cyber charter school.

**20. Since HB 2169 expands the definition of “low-achieving school” to include charter and cyber charter schools for the first time, is there a corresponding requirement for parents of children in charter and cyber charter schools identified as being in the bottom 15 percent to be notified like parents in traditional public schools are notified?**

- No, HB 2169 contains no such requirement.
- This is yet another example of school choice proponents attempting to treat school districts and charter/cyber charter schools differently. Section 2010-B of the Public School Code requires that SCHOOL DISTRICTS notify the parents of each student who is currently attending or residing within the attendance boundary of a low-achieving school during the school year of the school's designation.

- Now that HB 2169 seeks to expand the definition of low-achieving school to include charter and cyber charter schools, one would think that those concerned about empowering parents would want to let parents of charter/cyber charter students know if their schools have been designated in the bottom 15 percent of achieving schools.

## **ACADEMIC ACCOUNTABILITY**

### **21. Does HB 2169 include academic accountability for private schools, tutors, or other institutions that accept the voucher students? For example, does the bill require students to participate in statewide assessments since they are supported with public funds?**

- The only so-called “academic accountability” in the legislation is the requirement for participating entities that accept the voucher students to administer a parent satisfaction survey. HB 2169 does not require the use of state assessments, or even alternative assessments, and there is no requirement for any student performance data reporting to allow for an objective evaluation of the success of students in the program. For a program predicated upon helping students in academically low-performing schools, this lack of academic accountability and oversight is astounding.
- For years, standardized test results have been used as a hammer against traditional public schools as policymakers have demanded accountability for student results. It is disingenuous to demand academic accountability for most students supported by state investments and not all.
- We have seen the results of this ideological faction of legislators who have consistently worked to evade public accountability for ideological school choice programs. For example, the current Opportunity Scholarship Tax Credit (OSTC) program, which is also intended to help students in low-achieving schools, contains no academic accountability either. In a recent report on the state’s current tax credit programs, including OSTC, the Independent Fiscal Office noted that the lack of student performance data makes evaluating program effectiveness impossible.
- In addition, this lack of academic accountability is inconsistent with recent discussions over the release of state assessment results from the 2020-2021 school year. In fact, in a recent [letter](#) to the Pennsylvania Department of Education, House Speaker Cutler and Education Committee Chairman Sonney argued that:

*“The release of PSSA test results is important to this legislative body, as the results are used for a variety of public policy purposes, including the relevant budgeting and allocation of resources as well as the determination of revisions to state education laws.”*

## **TRANSPORTATION**

### **22. Does HB 2169 expand the transportation requirement for school districts?**

- **Yes.** Section 2010-L(b) requires school districts to provide transportation for scholarship students to and from participating entities under the same conditions provided to students attending a non-public school under Section 1361 of the Public School Code. Section 1361 requires school districts to transport students living in the district to non-public schools within the district and within 10 miles of the district’s boundaries if the district provides transportation to resident students attending district schools. Section 1361 does not require school districts to transport students to any other type of education provider. But, because the definition of “participating entity” in HB 2169 is broader than just non-public schools, the bill would add a completely new requirement for school districts to transport students to tutors, higher education institutions, etc., located within the district or within 10 miles of the district’s boundaries.