



Testimony of the
Pennsylvania School Boards Association
Before the Senate Education Committee
on
Senate Bill 1230 - “Back on Track” Education Savings Accounts (ESAs)
John Callahan, Chief Advocacy Officer

Good morning Chairmen Langerholc, Dinniman and members of the Senate Education Committee. I am John Callahan, the Chief Advocacy Officer for the Pennsylvania School Boards Association (PSBA). Thank you for inviting PSBA to present testimony regarding the “Back on Track” Education Savings Accounts (ESAs), the latest attempt to establish a school voucher program in Pennsylvania. On behalf of the 4,500 elected officials who govern the Commonwealth’s public school districts, we are expressing our opposition to Senate Bill 1230 because it takes resources that could be used to improve the educational programs of our public schools where 90% of children attend school and diverts them to private and religious schools as well as postsecondary institutions and private companies. The program also lacks even the most basic accountability measures, subsidizes the private and postsecondary education of the wealthy, and is duplicative with other existing programs.

Senate Bill 1230 would commit up to \$500 million of federal CARES Act funding to create a \$1,000 voucher for any parent of a school-age student in grades K-12 who applies to the PA Department of Education. Parents may enter into separate agreements for each child and use the funds on a broad range of educational expenses during kindergarten through grade twelve and for up to two years after the child graduates from high school.

Vouchers would divert resources away from public schools when they need it the most

Due to the impact of COVID-19, school districts are facing revenue shortfalls of up to \$1 billion and facing increased costs in order to ensure social distancing on school vehicles, increased cleaning and sanitation of school facilities, purchasing PPE for their staff, and providing computers and WiFi hotspots to their students in order to conduct virtual or hybrid learning schedules. Our public schools were very thankful that the partial year state budget level funded major education line items

when the state was also facing its own revenue deficits. However, Senate Bill 1230 has the potential to divert up to \$500 million in federal relief funding to an unaccountable voucher program when it could be used to support public schools that urgently need it to educate the overwhelming majority of Pennsylvania children.

Although public schools could technically participate in the program, the reality is that most public schools would be unable to benefit from the program because they cannot charge resident students fees for tuition, tutoring services, instructional materials, textbooks and the like. Public schools are also required to provide all students with disabilities with a free appropriate public education which includes any and all educational and other services required to help the student achieve their educational goals. Therefore, public schools cannot accept voucher funds as proposed by the legislation.

Voucher programs lack accountability

Like past voucher program proposals, Senate Bill 1230 does not contain necessary financial accountability measures. Not only is the list of allowable uses overly broad, the State Treasurer is not required to audit the program and individual accounts, making this proposal ripe for fraud, abuse, and waste. Further, participating entities are not required to report on the services they provide and there are no provisions in the proposal to ensure vouchers are being used for appropriate educational expenses. In fact, the only financial accountability provision is a requirement for participating entities to provide a receipt to parents. These accountability concerns are more than just hypothetical. Other voucher programs, such as Arizona's Empowerment Scholarship Account program was audited and of found that parents had fraudulently spent over \$700,000 in taxpayer funds on beauty supplies, clothing, and sporting goods.

Senate Bill 1230 also lacks robust academic accountability measures. There are no provisions in the bill to ensure the taxpayer funds are being used to assist in the academic growth of students. The sole provision resembling an academic accountability measure is a report of graduation that the parents provide to the Treasury Department, which would only serve as an indicator of how students close to graduation are performing. The entities who would benefit from the taxpayer funded voucher are primarily private and religious schools, which are not held accountable under the legislation for the performance of students who would use voucher funds to attend the school. Additionally, the bill does not require the use of state assessments which would allow comparisons to student performance in public schools, and there is no requirement for the academic performance results of voucher students to be reported to the Department of Education and made publicly available.

Private and religious schools are also not subject to strict requirements for public meetings, transparency, governance, academic achievement, and financial accountability. Taxpayers will have no idea how their money is being spent or if the program is improving the academic results of students under a voucher program. It is our position that entities that accept public dollars should have to be transparent and accountable to the taxpayers who are supporting them. Likewise, there are no means to evaluate the effectiveness or utility of the products and services of a private company participating under the bill.

Proposal goes well beyond getting students “back-on-track”

Both the bill’s title and co-sponsorship memo indicate that the purpose of the bill is to help students who may have regressed academically during the COVID-19 pandemic. However, the proposal included in the bill goes well beyond that purpose. Students and families can use funds under the program for their entire K-12 academic career and for up to two years after graduation on expenses such as college entrance exams, school uniforms, and various other overly vague purposes. Funds may also be used for higher education expenses, thus subsidizing higher education under the guise of assisting K-12 students.

With the proposal open to any student in the Commonwealth and private or religious school tuition being a permitted use of the provided funding, the bill would also help subsidize the private or religious school tuition for wealthy families. The bill attempts to include a preference for families whose income is at or below 185% of the federal poverty level. However, the bill goes on to state that such families only get preference until November 16th, 2020, while the very next provision indicates that the application period opens on November 16th – the very day in which preference expires.

Pennsylvania families and private schools already have programs intended to help pay for education expenses

Senate Bill 1230 would create a duplicative program that will require the state to spend more money on bureaucratic expenses to implement another unnecessary government initiative. PSBA questions why Pennsylvania should create another government entitlement program when the Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs are already available to students and families. Additionally, federal tax law was expanded for 529 program to include K-12 expenses, and the State Treasurer has already implemented the federal law and expanded those savings accounts to allow families to put aside money for K-12 education expenses. Senate Bill 1230 would create another “savings account” style program that the State Treasurer would have to expend resources to administer.

Public does not support voucher programs

In polling conducted to assess public support for the education savings account proposal included in Senate Bill 2 of last session, only 31.8% of Pennsylvanians supported the concept. When asked which was more likely to help students in struggling schools improve – giving those schools additional funding and resources that increase the supports available to students or giving those students vouchers so they can attend a different school – 48.7% said giving those schools additional funding and resources was the better way to help those students while only 28.5% said vouchers.

Public schools need solutions

The General Assembly should not use valuable federal pandemic relief funds to create a costly new government program that spends precious resources on private and religious schools and would provide the statutory basis to expand vouchers in the future.

We ask instead that our efforts be focused on solutions that would assist public schools in coping with the effects of the pandemic. As public schools and the General Assembly are faced with the

significant economic impacts of COVID-19, which will both devastate revenues and require increased spending, Pennsylvania needs solutions which do not require increased appropriations from the state and yet still provide savings and flexibility. One specific solution that PSBA's members are asking for is broad, permanent relief from mandates that consume much of their budgets and stifle innovation. We would like to thank Senator Langerholc for introducing Senate Bill 1286, which would re-establish the much needed permanent mandate waiver program.

On behalf of PSBA, I want to thank you for your attention to, and support for, our public schools, and for this opportunity to provide input. I will be happy to take any questions.