

I believe that public money should be focused on public schools, and therefore I oppose HB 1003 and all efforts to expand vouchers for private school tuition.

Last year the General Assembly rejected a proposal to expand the role of Scholarship Granting Organization in giving tax credit scholarships after questions were raised about the accountability of those groups in following the law which says that 90% of the donations must be used for scholarships. Those questions of accountability persist to this day. The Scholarship Granting Organization of Northeast Indiana in its required August 1 report, which is dated August 13, 2012, showed contributions of \$293,000 and scholarships grants of \$197,000. That is 67%, far under the required 90%. The Tuition Assistance Fund of Southwestern Indiana, Inc., reporting on the annual audit required by law, showed total contributions and interest of \$57,341, scholarships awarded of \$19,500, and salaries and wages of \$22,697. The percentage of scholarships according to this audit was 34%, and I believe the General Assembly should be very concerned that more was spent on salaries than on scholarships.

House Bill 1003 proposes to expand the use of Scholarship Granting Organizations for preschools using another \$5 million in tax money and secondly to make all students eligible for a tax credit scholarship, not just those currently in public schools are transferring to private schools. In 2012, the Senate rejected a proposal to expand eligibility to all 8th graders. The bill before you goes far beyond that concept to offer eligibility to all students meeting the \$85,000 family income means test. Then by current law in the second year, all of those students would be eligible for a voucher. I strongly urge you to reject all expansions of the use of Scholarship Granting Organizations until all questions regarding timely reporting and accountability have been reviewed and resolved. The General Assembly needs to know that the power to grant tax credits by these groups is being carried out with integrity in accordance with law.

HB 1003 is for the most part not about expanding choices for families. Many of the students given vouchers in this bill are already in private schools, including all special education students and children of veterans who are already in private schools. Instead, this bill is about giving financial relief to the parents of current private school students who have a student in one of these categories. Giving financial relief to parents of private school students would be a generous thing for the state to do, but public school parents would wonder why they aren't being favored by the state with financial relief as well.

This bill if enacted would mark a major change. Until now, all voucher students have had to transfer from a public school to a voucher school. Based on that move, each voucher would save the state money when students transferred from the public school to the less expensive private school. With this bill, for the first time, students could get a voucher without transferring from a public school. **Each voucher then would become a new fiscal expense for the state, ending the rationale that vouchers save money. This bill therefore has a fiscal impact and would require new additional state funding to cover tuition support.**

How much new additional state money would it cost? The LSA fiscal note on this bill said the increased payments for Grade 1 – 8 vouchers would cost at least **\$1.9 million**. LSA then reported that the current average scholarship is \$4083. Consider costs for special education students and children of veterans:

1)Special education fiscal costs: If we multiply \$4083 by the 4211 special education students already in private schools (IDOE website, latest figure available), the cost to the state would be **\$12.8 million**.

2)Children of veterans costs: If only 3% of current private school students have a parent who is a veteran, the cost to the state would be **\$6.6 million**. (3% of 72,000 times \$4083 times 75% meeting means test)

These conservative estimates for only portions of the bill add up to more than **\$26 million dollars**.

1. \$5 million – Tax credits for preschool listed
2. \$1.9 million – LSA estimate for increased voucher
3. \$12.8 million for disabled students already in private schools
4. \$6.6 million for children of veterans

If the state has \$26 million dollars available, I urge you to use it to repair cuts to public school funding made during the Great Recession that were never restored and not to use it for a new program of financial relief for private school parents.