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The Neovoucher: A Kissing Cousin in Disguise

By Kevin G. Welner

In April 2008, the *Washington Monthly* published an article titled "An Idea Whose Time Has Gone: Conservatives Abandon Their Support for School Vouchers." The growth of voucher policies has stalled, according to the article, and outcomes of existing policies have disappointed even former voucher advocates.

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But the truth is the voucher movement is as strong as ever, probably stronger. It's just a bit harder to recognize. The movement has benefited from a handsome makeover — one that carries it to places it could never have gone with its old, conventional appearance.

Vouchers, as we've seen them in the past, offer parents government funding for tuition at nonpublic schools. Tax credit vouchers, what I call "neovouchers," rely on a more complicated process, whereby a taxpayer donates money to a private nonprofit organization, such as the Arizona Christian School Tuition Organization, which then bundles the donations and issues them to parents as vouchers to pay tuition at nonpublic schools. The taxpayer-donor then receives all or part of the donated money back in the form of a tax credit from the state.

Reducing Equity

This process invites two new guests to the party — taxpayer-donors and the newly created nonprofit organizations that receive those donations. The state's role changes, too. With conventional vouchers, the state effectively bundles tax revenue and distributes it as vouchers. With neovouchers, which now exist in six states, the taxpayer and the nonprofits play that role, while the state backfills the funding, reimbursing the taxpayer.

Yet after all these machinations, the end result is almost unchanged. The state's final budget still reflects the loss of tax revenue, and the voucher remains in place. The main practical difference is that neovoucher plans place parents at the mercy of taxpayers' choices since those donors decide which organizations to fund. And since wealthier residents tend to be the ones who owe substantial state taxes, the decision-making authority is effectively transferred from low-income parents to high-income taxpayers.

This shift toward less equity also is visible in the policies' rules regarding voucher recipients. While all conventional voucher policies are targeted to benefit at-risk students, two states (Arizona and Georgia) allow neovouchers to go to even the wealthiest families. In those states, neovouchers are most likely to be used by those who would attend, or are already attending, nonpublic schools even in the absence of the neovoucher policy.

The oldest neovoucher law dates back to only 1997 when legislators in Arizona created it as a way to soften political and legal resistance to vouchers. Since then, the policy has been adopted in Florida (2001), Pennsylvania (2001), Rhode Island (2006), Iowa (2006) and Georgia (2008). Altogether, almost twice as many students receive neovouchers as receive conventional vouchers — roughly 100,000 versus 55,000.

Neovouchers have several political advantages. They arrive on state legislators' desks as a new idea, without much of the baggage carried by conventional vouchers. They also are introduced into the legislature's appropriations committees, bypassing the education committees that generally are more skeptical of voucher ideas.

Moreover, neovouchers' chances for long-term political survival are enhanced by the institutionalization of a political constituency through the formation of the nonprofit corporations that carry out the policy. Finally, the budgetary impact of neovouchers is a bit less evident, couched as a tax credit rather than as direct spending.

Subversion Strategy
This last feature also is responsible for the main selling point of neovouchers: their greater potential to withstand court challenge. Thirty-six state constitutions prohibit appropriating public money for religious schools. This means that conventional vouchers are unconstitutional in those states unless a court concludes that, as a legal matter, the voucher money really only goes to parents, not to the religious schools. But as evidenced by an Arizona Supreme Court ruling just this past March that struck down a couple of conventional voucher laws, that sort of convoluted ruling is difficult and unlikely.

Neovoucher policies can subvert these provisions. According to an earlier Arizona Supreme Court ruling in 1999, the neovoucher money is not appropriated. The money, according to this reasoning, goes from taxpayer to nonprofit to parent to school, so it never actually becomes "public money." The state's subsequent backfilling of the taxpayer contribution becomes legally irrelevant.

So it turns out that voucher supporters haven't given up. Instead many have simply turned to neovouchers — kissing cousins of conventional vouchers. They add a couple extra steps but end up in the same place.

Neovouchers have become, along with charter schools, the most important school choice policy in America, presenting the greatest potential for expansion and for shifting students and funding away from public schools. Yet it's a policy that relatively few people are aware of, flying under the voucher radar.

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