

I stand in strong opposition to SB 296. First I must point out that the author of the fiscal note was not accurate in writing “These scholarships are privately funded and will not have a fiscal impact on the state.” While they are indeed funded by private donations, the private donors get a tax credit back of 50% of their donation on their state taxes. This clearly creates a fiscal impact. The state budget allowed \$5 million dollars of tax money to be paid back to donors in tax credits. If the program is in high demand and the maximum is reached, it would mean donors have given \$10 million dollars and taxpayers would pay \$5 million back to these donors in tax credits. If there are fewer donors and less demand, taxpayers would give back less than \$5 million and money unspent would revert to the General Fund. In essence, taxpayers are paying for 50% of every school scholarship given.

This program was sold to the General Assembly in 2009 as a money saver. By getting students to transfer from public schools to private schools using these scholarships, the state would not have to pay the public school amount and would only have to pay for 50% of the private school scholarship. This bill would remove that savings for Grade 8 students. By making 8th graders who have always been in private schools eligible for school scholarships, the 50% of the scholarship picked up by the state will be a new expense for the state, without any savings to replace the cost. For these 8th grade students, the program is no longer a money saver but a direct cost to the state to cover 50% of the scholarship.

Then by opening the door to all private school 8th graders, these students will remain eligible for school scholarships throughout their high school years. In four years, the state may be funding 50% scholarships for all private high school students who are not getting a voucher.

So taxpayer money is clearly involved in this bill and in considering SB 296, the General Assembly has returned to the most divisive question about public education in the past 160 years: Should more public money be given to subsidize tuition for private religious schools?

I say no. Public money should not be diverted from public coffers to religious schools.

My major concerns are threefold:

- 1) This program violates the barrier between church and state. I agree with the leader of Indiana’s common school movement Caleb Mills who wrote in the 1850’s that public money should go to schools that are non-denominational.
- 2) Private schools are not “equally open to all.” Parents can not choose the private schools that they want, but rather private schools choose or reject the students. Parent choice does not prevail in this program.
- 3) State funding for private school tuition has ended the vision of Caleb Mills and the common school movement of the 1850’s to introduce young citizens to our democracy in a non-partisan forum, where pros and cons are considered in a balanced manor. State funding now flows to private schools with private missions to impart using techniques that may include partisan presentations and one-sided methods. I fear for our democracy if a high percentage of our young people learn about citizenship in a partisan curriculum and never hear other perspectives.

This point was illustrated last Wednesday as young students were brought into the Statehouse to advocate for vouchers. They were acting as partisans at the direction of adults supporting specific controversial policies. In contrast, you have not seen large groups of public school students being brought to the Statehouse to promote public school interests. Such a tactic is simply not in the public school tradition of non-partisan discussion. If public school students are discussing vouchers, it is back in their classrooms discussing both the pros and cons of the issue. That is as it should be as young people learn how democracy works.

In addition to opposing the concept of this program, I submit that this program has not been administered in line with the 2009 law. This General Assembly should demand accountability from the Indiana Department before authorizing any expansion of the program. Here are the facts:

- 1) Indiana law (IC 20-51-3-3) requires each Scholarship Granting Organization to “(2) Distribute at least ninety percent (90%) of the total amount of contributions as school scholarships to eligible students.”**
- 2) Indiana law requires one public report by each Scholarship Granting Organization to the IDOE “by August 1 of each year” listing the “amount of contributions received during the previous school year” and “the number and total dollar amount of school scholarships awarded during the previous year.” (IC 20-51-3-6)**
- 3) In the first report filed under the new law on August 1, 2010, the largest Scholarship Granting Organization, the Educational Choice Charitable Trust, reported donations of \$260,000, but they had given out only \$152,000 in scholarships, or 58%. They did not meet the 90% rule in the law in their 2009-10 report. In explaining this, their officials claimed that August 1 was not the deadline to meet the 90% rule. However, the August 1 report is the only report required under the current law, IC 20-51-3-6. On August 1, 2011 in the second report of the program, the Educational Choice Charitable Trust distributed according to their own figures 75% (\$570,000) of their total contributions of \$765,000. Once again, they fell short of 90%.**
- 4) The law also requires that “the scholarship granting organization must provide a copy of the annual financial audit to the department and must make the annual financial audit available to a member of the public upon request.” I studied the audit to find out when the Educational Choice Charitable Trust met the 90% rule. The answer was not there. The audit for 2009-10 did not distinguish school scholarships from other scholarships. It did not separate contributions that qualified for tax credits from those that did not. It simply listed all contributions as \$675,000, all scholarships as \$483,000 (72%), and all salaries and professional fees as \$167,000 (25%). There is no evidence in the audit that 90% of the total amount of school scholarship contributions were distributed as school scholarships to eligible students.**
- 5) Please note that this information is about the audit covering 2009-10, two school years back. The IDOE has not received audits for last year, 2010-11, from any of the four approved Scholarship Granting Organizations listed on the IDOE website.**
- 6) The School Scholarship Granting Organization of Northeast Indiana, approved two years ago for this program on March 5, 2010, has yet to submit an audit to the Indiana Department of Education. On August 1, 2011, it reported getting \$750 in contributions and giving \$750 in scholarships. It is the only one of four groups to report meeting the 90% rule.**
- 7) The Tuition Assistance Fund of Southwestern Indiana, approved for the program on May 6, 2010, has not submitted an audit to the Indiana Department of Education. In the August 1, 2011 report, it cited contributions of \$57,000 and school scholarships awarded totaling \$6600, or 12%.**
- 8) The Sagamore Institute, approved for the program on March 4, 2011, reported on August 1, 2011 a contribution total of \$115,000 and school scholarship grants of \$8000, or 7%.**

This set of facts raises many questions about whether the law is being enforced as it should be. The Indiana Department of Education has apparently raised no questions about compliance with the law. This program is in disarray and should not be expanded in any way until the General Assembly holds the IDOE accountable for carrying out the law as it was written. I urge you to look into the serious failings in the administration of this program and to reject this effort to expand the program.