

WHO BENEFITS FROM SCHOOL VOUCHERS?

A CLOSER LOOK AT THREE STATES

School voucher and education savings account (ESA) programs are expanding rapidly across the country, with the reconciliation bill proposing the first national voucher program. Though often promoted as a way to help low-income families access private education, the data tell a different story. In any given state, at least two thirds of voucher recipients had already attended private schools; meanwhile, the programs far exceed their initial budgets, further devastating funding for the vast majority of students who remain in public schools.

INDIANA: GROWING COSTS AND ACADEMIC DECLINES

Indiana's Choice Scholarship Program, launched in 2011, has become one of the largest voucher programs in the U.S., serving over [70,000 students](#). While the program was originally designed to expand options for low-income families, eligibility has expanded to families making [up to 400%](#) of the federal free/reduced-price lunch threshold (about \$237,910 for a family of four). The income cap will be [eliminated entirely](#) starting in 2026.

The program cost [\\$439 million](#) in the 2023-24 school year and continues to grow. **[More than two-thirds of voucher recipients have never attended a public school](#)**; meanwhile, the overwhelming majority of students that remain in public school face declining resources.

While the program funnels money away from public schools, voucher participants often see declines in achievement as well. [One study](#) found that **students entering private school at the 50th percentile in math dropped to the 44th percentile after just one year**.

IOWA: PRIVATE SCHOOLS RISE WHILE PUBLIC SCHOOLS CLOSE

Iowa's Students First Education Savings Account (ESA) program launched in 2023, providing families with up to \$8,000 to spend on private school tuition, tutoring, and other educational expenses. The program was initially limited to families making less than 300% of the federal poverty level (around \$90,000 for a family of four), but has since expanded to 400% in year two and will become universal this year.

In the first year of the program, **only [12.7% of recipients](#) had previously attended a public school**. In year two, **30,000 applications were approved, likely costing taxpayers around [\\$234 million](#)**, despite the legislature only allocating [\\$180 million](#).

Iowa Democrats [claim](#) that since the creation of the program, **16 public schools have closed while 36 new private schools have opened**. While the exact numbers are [disputed](#), it's clear that several public schools have closed due to declining enrollment over the past two years, while private schools in urban areas are thriving.

Public schools face devastating financial strain. Prior to the voucher law, districts received per-pupil funding even if a resident student chose private school. With vouchers in place, public schools instead receive [\\$1,205 in categorical funding](#) for each resident student that opts into private school. This money is restricted to specific programs (e.g., special education, gifted & talented, professional development) and cannot be used flexibly in the general fund. **Iowa City's school district, the fourth largest in the state, estimates a [\\$1.3 million loss](#) in revenue and spending authority.**

ARIZONA: FUNNELING PUBLIC DOLLARS TO WEALTHY FAMILIES & LUXURY ITEMS

Arizona operates the country's most expansive universal ESA program, now marked by skyrocketing costs, minimal oversight, and unequal access. Although the program is theoretically open to all families, **75% of vouchers go to students who were already in private school or homeschooled, and 77% of ESA users live in wealthy ZIP codes.**

Voucher access in low-income communities [remains limited](#):

- In one West Phoenix ZIP code, where the median income is \$46,700, only 1 voucher was used per 100 school-age children.
- In contrast, in Paradise Valley (median income: \$173,000), the rate was 28 vouchers per 100 children.
- Of 200+ private schools in metro Phoenix, only six are located in areas where families earn less than 50% of the county median income.

The program's lack of accountability is also alarming. **\$35 million in ESA funds have been spent at Amazon**, the largest beneficiary for non-school expenditures. ESA dollars have also gone to golf stores, trampoline parks, sewing machines, \$1,000 LEGO sets, and other luxury purchases.

In FY24, **Arizona's voucher program cost \$738 million, leaving public schools with an average of \$300,000 less in state funding each**, despite continuing to educate 92% of the state's students.

The impact on student achievement is clear: In just two years since Arizona implemented universal vouchers, the state's 4th-grade reading scores on [NAEP](#) fell from 28th to 46th nationwide.