

Equity Alert: California Must Reject the Federal Voucher Tax Credit Program

A Threat to Student Opportunity, Educational Equity, and Public Accountability

Introduction

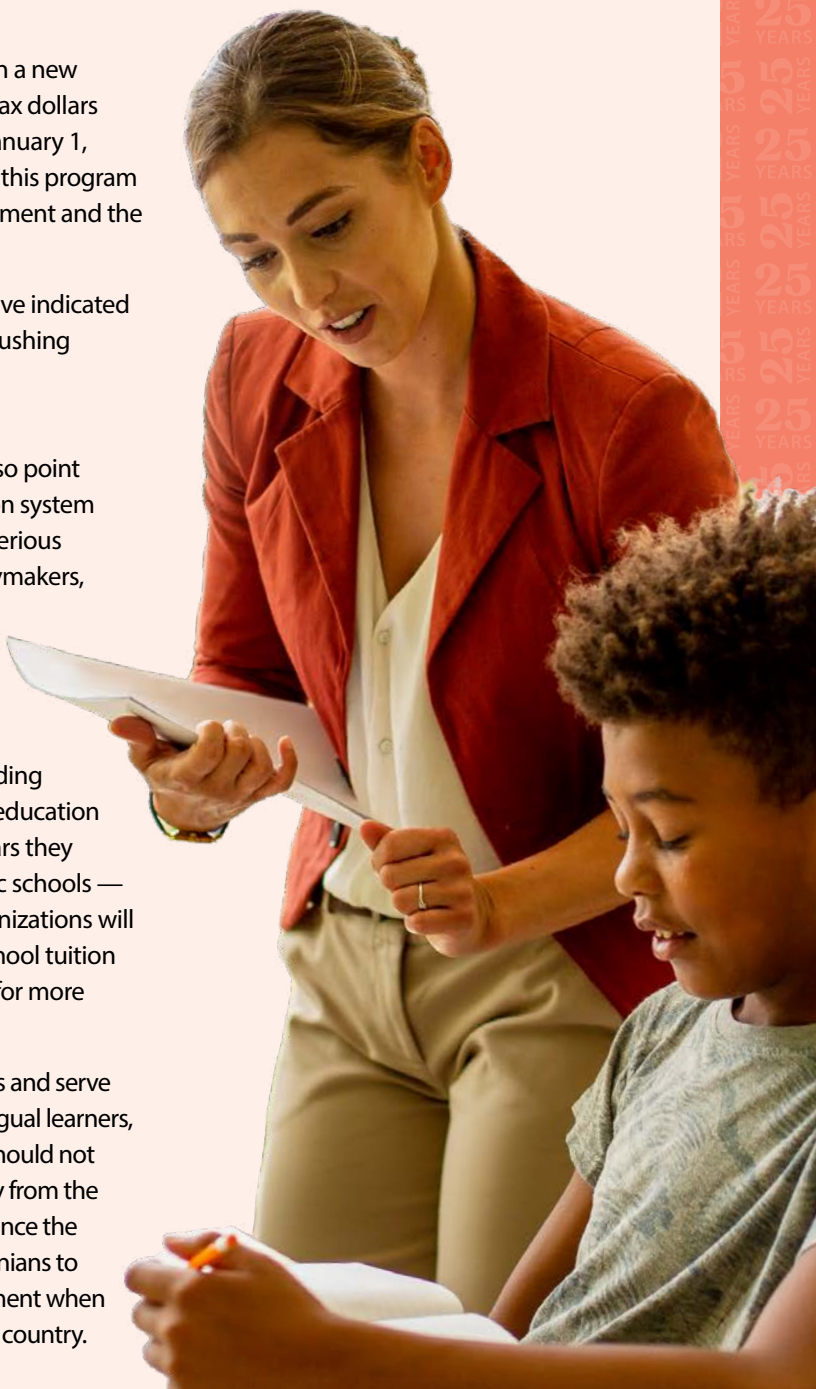
California faces an important decision: whether to participate in a new federal voucher tax credit program that would redirect public tax dollars toward private educational expenses. The governor has until January 1, 2027, to determine whether or not California will participate in this program through a federal process administered by the Treasury Department and the Internal Revenue Service.

More than 30 states have already opted into the program or have indicated that they intend to, and private school advocates are actively pushing California leaders to do the same.

Supporters argue that the program will expand educational choice and provide families with additional resources. Some also point to frustration among families who believe the current education system is not meeting their children's needs. These concerns deserve serious consideration. The question for California's governor and policymakers, however, is not whether change is needed but whether opting into this policy is likely to improve outcomes for students, especially those who are furthest from opportunity and have been underserved.

Although some advocates for this program describe it as providing new educational resources, the program does **not** create new education funding. Instead, it allows taxpayers to redirect federal tax dollars they would have otherwise paid — that could have benefited public schools — toward Scholarship Granting Organizations (SGOs). These organizations will then distribute scholarships that families can use for private school tuition and other educational expenses. See the graphic on page five for more information on how the program works.

California's public schools educate more than six million students and serve the overwhelming majority of students with disabilities, multilingual learners, foster youth, and students from low-income families. The state should not support a policy that will redirect critical financial resources away from the public school system, jeopardizing its capacity to serve and advance the success of nearly all of California's students. We are asking Californians to urge state leaders to protect public school investments at a moment when policies affecting public education are being debated across the country.



This Equity Alert outlines four main reasons why California should opt out of the federal voucher tax credit program and stay committed to delivering a high-quality public education system that serves all students.

Reason #1: Voucher Programs Have Not Been Shown to Improve Student Outcomes

Supporters of voucher programs often argue that allowing students to use public funds to attend private schools will improve academic outcomes by providing access to higher-quality educational options. However, the most rigorous research on large-scale voucher programs suggests otherwise.

Over the past decade, multiple evaluations of statewide voucher programs have found that students using vouchers frequently experience academic declines after leaving public schools. One of the most [widely cited studies](#) found that participation in Louisiana's statewide voucher program produced substantial declines in student achievement, including a reduction in math performance that was larger than the impact of COVID-19.^{1,2}

Louisiana is not an outlier. Studies of voucher programs in Indiana, Ohio, and Washington, D.C., have similarly reported either negative or neutral impacts on student achievement. A review of [major voucher evaluations](#) found that students participating in statewide voucher programs often performed worse academically than comparable students who remained in public schools, [particularly in mathematics](#).^{3,4}

For California policymakers, the lesson is clear: the most rigorous studies of contemporary voucher programs have failed to demonstrate consistent academic benefits, and, in several cases, have found negative impacts on student achievement.

Reason #2: The Students With the Greatest Needs Are Least Likely to Benefit

Despite being framed as tools for expanding educational opportunity, voucher programs often

provide the greatest benefits to families who already have the means to access private education, whereas the cost of tuition beyond the value of the voucher remains out of reach for many low-income families.⁵

Supporters often argue that voucher programs expand educational choices. But choice alone does not guarantee opportunity. To understand who is likely to benefit, policymakers must look beyond eligibility and examine which students are most likely to access and use the program.

Concerns about equity are heightened by the program's broad eligibility rules. Under the federal voucher tax credit, students from families earning up to 300% of their area's median income may qualify — making roughly 90% of U.S. families eligible, including many high-income and affluent households.⁶ In some high-cost regions, eligibility extends to families with incomes approaching half a million dollars annually. Rather than targeting students with the greatest needs, the program makes public subsidies available to many families who already have access to private educational options.

Furthermore, voucher programs raise significant equity concerns because, unlike public schools, private schools can often decide which students they will serve. Many private schools that accept vouchers do not offer the supports needed to effectively serve students with disabilities or multilingual learners, and some are permitted to maintain admissions policies that exclude students based on academic performance, disciplinary history, religion, sexual orientation, or other characteristics. As a result, students who are disproportionately affected by exclusionary discipline practices and other systemic inequities — particularly students of color, students with disabilities, and multilingual learners — may have fewer meaningful opportunities to benefit from voucher programs.

The risks are particularly significant for California's multilingual learners, who represent one of the largest student populations in the nation. Public schools

are required by federal law to provide specialized instructional supports, qualified educators, language-access services, and translated communications to help multilingual learners and their families fully participate in school communities. Private schools accepting voucher-funded students are generally not subject to these same requirements, and many do not offer comparable language development services.

In addition, private schools often intensify racial and socioeconomic segregation because they disproportionately enroll white and affluent students. Reflecting these enrollment disparities, [national data shows](#) that private schools account for a meaningful share of school racial and socioeconomic segregation — more than 40% in some metropolitan areas — including several in California. The expansion of private school enrollment driven by vouchers therefore risks deepening racial and socioeconomic segregation in schools.⁷

Rather than expanding opportunity, participation in the federal voucher tax credit program could contribute to a more fragmented, segregated, and unequal educational landscape; reduce access to critical services; and weaken the public school systems that educate and support most of California's learners and their families.

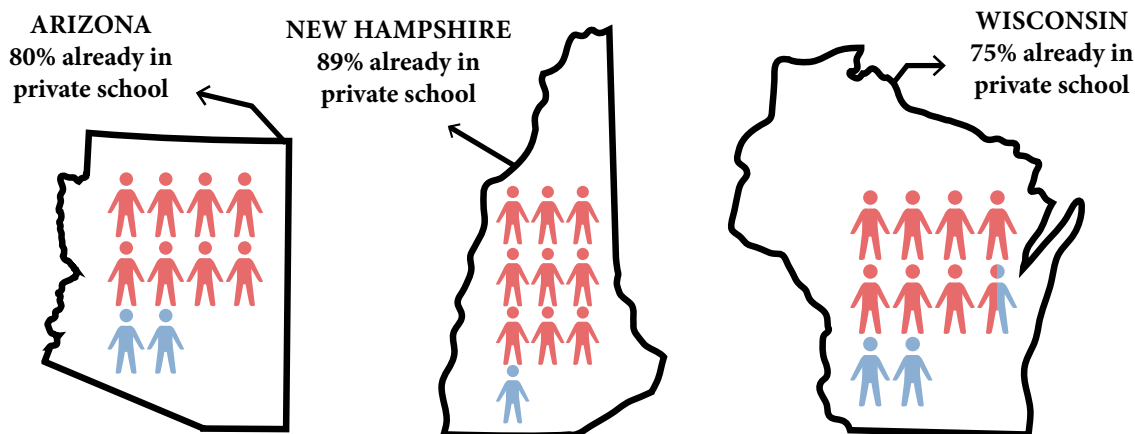
Reason #3: Public Dollars Should Come With Public Accountability

California has spent decades building systems to increase transparency, improve student outcomes, and ensure that public investments are accompanied by public accountability. Public schools are required to publicly report student achievement data, administer state assessments, comply with civil rights protections, adhere to open meeting and public records laws, undergo financial oversight, provide extensive financial disclosures, and serve all students who enroll. These requirements exist because public resources should be tied to measurable outcomes, transparency, and accountability to families and communities.

Yet comparable requirements have not been established for schools and organizations benefiting from the federal voucher tax credit program. The federal voucher program does not guarantee that the private providers who benefit from the program will be subject to the same civil rights protections, transparency requirements, or obligations to serve all students that govern public schools. This fact should concern anyone who believes public investments should be accompanied by public oversight and public responsibility.

Most Voucher Recipients Already Attend Private Schools.

The majority of voucher users in these states have never attended a public school. Vouchers subsidize tuition for students who already attend pricey private schools.



Source: National Coalition of Public Education

The program will also shift important decisions about publicly subsidized education dollars away from California's public education system and into private Scholarship Granting Organizations (SGOs). Although the intent is for states to approve participating organizations, SGOs will determine how the scholarships are awarded and which educational providers will benefit. As a result, decisions about the use of public funds will likely occur outside many of the systems the state has designed to promote transparency, public oversight, and fair access.

Federal reviews of private-school choice programs have found that accountability requirements vary widely across programs and that participating private schools are often subject to fewer academic, administrative, and financial accountability requirements than public schools.⁸ For example, private schools are not required to provide the same accessibility supports that public schools must provide under the Individuals with Disabilities Education Act (IDEA).

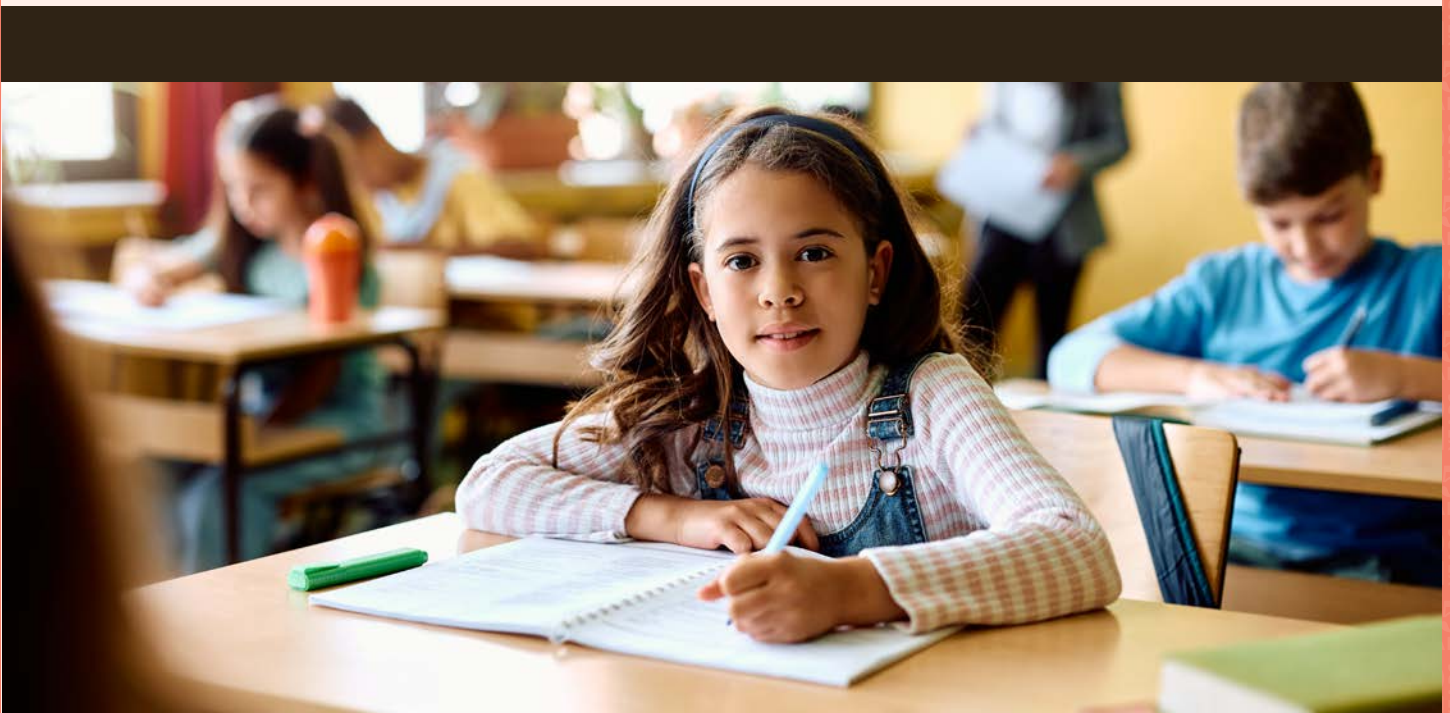
According to the Treasury Department's **emerging implementation framework**, federal oversight is focused primarily on SGOs' eligibility, certification, reporting, and recordkeeping requirements rather than on academic accountability measures.^{9,10} The Treasury Department and the Internal Revenue Service have not proposed a comprehensive system of student achievement reporting, nor have they indicated their interest in extending any federal civil rights requirements to programs students attend

using funding from participating SGOs. In addition, the Treasury Department's **preview** of forthcoming regulations indicate that states may be **prohibited** from imposing SGO-specific requirements that are more restrictive than federal requirements, which raises questions about state authority to establish additional accountability or transparency measures.¹¹ In practical terms, California could be responsible for implementing a program without meaningful authority over its fundamental design or ability to increase accountability measures.

In short, public schools must accept every student who arrives at their doors and publicly demonstrate how well those students are being served. Private schools benefiting from voucher programs generally are not required to do either.

Reason #4: The Program Risks Weakening California's Public Education System

A final concern for California is not simply the impact this program could have on federal revenues but the ways it could destabilize California's public school system. Although California's public schools are not perfect, they are designed to serve all students, regardless of income, disability status, language background, or academic achievement. The federal voucher tax credit would create incentives to shift public resources toward a parallel system of private education that is not required to meet the same





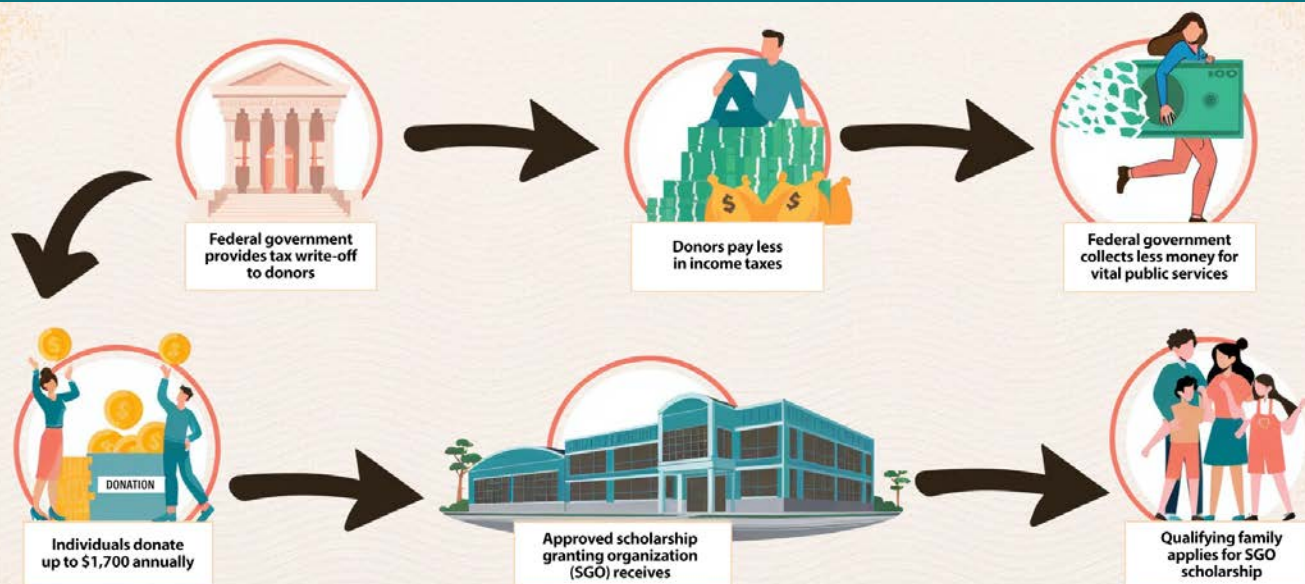
standards for access, accountability, transparency, or student outcomes.

Experience from states with large-scale voucher programs suggests that these policies can **increase fiscal pressures** on states and districts and may exacerbate **enrollment declines and school closures** in some communities.^{12,13} As students leave public schools, districts often lose funding tied to enrollment, even though many fixed costs — such as transportation, facilities, and staffing — remain. This dynamic can force difficult budget decisions, school closures, and reductions in student services. California public schools have lost nearly half a million students over the past decade, and enrollment is projected to continue declining across most regions of the state.¹⁴ Where many districts are already managing declining enrollment and **long-term fiscal challenges**, a federally subsidized voucher program could exacerbate existing pressures rather than relieve them.¹⁵

California policymakers should consider the long-term fiscal implications of implementing and participating in this program. Although the voucher tax credit is structured as a federal tax expenditure, its effects will be felt locally. If the program drives further enrollment losses or encourages the expansion of privately operated alternatives, state and local leaders will be forced to sustain public schools with fewer students and fewer resources. The experience of states such as **Arizona** demonstrates how voucher expansions can generate costs that far exceed initial projections while diverting attention and resources away from strengthening the public schools that educate most students.¹⁶

For California, the central question is not whether some families will benefit from vouchers but whether the state can afford the broader consequences for its public education system and the students who rely on it.

Federal Voucher Program Flow



Source: EdTrust



Conclusion: California Should Say No to the Federal Voucher Tax Credit Program

The evidence from existing voucher programs offers little reason to believe this program will improve student outcomes. Instead, research suggests voucher programs produce negative academic results, increase inequities in access to educational opportunities, and direct public resources toward schools and organizations that are not required to meet the same standards of transparency, accountability, and student protection as public schools.

For California, the stakes are particularly high. Public schools educate the overwhelming majority of the state's children, including nearly all students with disabilities, multilingual learners, foster youth, students

experiencing homelessness, and students from low-income families. Yet voucher programs often benefit students already attending private schools while allowing participating schools to determine whom they will serve. The result is a system that can leave the students with the greatest needs concentrated in public schools while diverting resources away from the institutions responsible for educating all students.

California has spent decades building a public education system grounded in equity, public accountability, and a commitment to serving every child. Rather than investing in a parallel system with fewer safeguards and poor results, policymakers should focus on evidence-based strategies that improve student success and expand access to high-quality educational opportunities for all of California's more than six million students.

California should reject participation in the federal voucher tax credit program.



*Join us in calling on California's leaders to reject the federal voucher tax credit program. **Complete this form.***

Endnotes

- 1 The Education Trust. (2024). Who really benefits from school vouchers. <https://edtrust.org/wp-content/uploads/2024/10/Who-Really-Benefits-from-School-Voucher-Programs-FINAL.pdf>
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- 3 The Parents' Campaign Research & Education Fund. (n.d.). Achievement impact of private school vouchers. Retrieved July 24, 2026, from <https://tpceref.org/achievement-impact-of-private-school-vouchers/>
- 4 National Coalition for Public Education. (2024). Vouchers harm student achievement as much as natural disasters. <https://www.ncpecoalition.org/vouchers-harm-student-achievement>
- 5 Young, E. (2025, July 21). What the federal voucher program means for students in your state. EdTrust. <https://edtrust.org/blog/what-the-federal-voucher-program-means-for-students-in-your-state/>
- 6 Ibid.
- 7 Potter, H. (2026, July 2022). A new federal voucher program poised to ramp up school segregation. The Century Foundation. <https://tcf.org/content/commentary/a-new-federal-voucher-program-poised-to-ramp-up-school-segregation/>
- 8 U.S. Government Accountability Office. (2017). Private school choice: Federal actions needed to ensure parents are notified about changes in rights for students with disabilities (GAO-18-94). <https://www.gao.gov/products/gao-18-94>
- 9 This distinction matters because the program does not require scholarship funds to be directed toward interventions that have been shown to improve student outcomes. For example, although scholarships may be used for tutoring and other educational supports, the program neither requires investments in evidence-based interventions nor prioritizes students with the greatest needs.
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- 13 Advancement Project. (2025, April 10). New policy brief co-authored by PFPS and Advancement Project links private education vouchers to public school closures [Press release]. <https://advancementproject.org/news/new-policy-brief-co-authored-by-pfps-and-advancement-project-links-private-education-vouchers-to-public-school-closures/>
- 14 Lafortune, J. (2026). Enrollment is falling across California's school districts. Public Policy Institute of California. <https://www.ppic.org/blog/enrollment-is-falling-across-californias-school-districts/>
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- 16 The Education Trust. (2024). The financial impact of school vouchers: Lessons from Arizona. <https://edtrust.org/wp-content/uploads/2024/10/Lessons-From-Arizona-1-Page-FINAL.pdf>



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