

# What You Need to Know About the National Private School Voucher Proposal in the U.S. House Budget Bill

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School vouchers allow families to use public funds to pay for their children's private school tuition. School voucher programs enacted across the country - using tax credits, grants, and savings accounts to divert public funding to pay for private education - have consistently demonstrated that states with voucher programs tend to expand the programs over time. These expansions dramatically increase the amount of public funds diverted to private education while state investments in public education remain stagnant or decrease. Despite the numerous negative consequences of using publicly funded vouchers to pay for K-12 private education expenses,<sup>1</sup> policy makers across the country continue to propose similar programs.

Most recently, The U.S. House of Representatives' budget reconciliation package includes the creation of a new national school voucher program. **The U.S. Senate must act to preserve and support public education for all students by rejecting the House's proposal.**

## What is in the national school voucher proposal?

The U.S. House of Representatives' proposed national school voucher program would divert \$20 billion of taxpayer dollars over four years to pay for private education expenses using the federal tax code. This would be achieved by creating significant tax incentives for wealthy donors to contribute to a fund that would reimburse families for private education expenses.

This would be accomplished by rewarding individuals that make charitable contributions to an intermediary organization called Scholarship Granting Organizations (SGOs) with a dollar-for-dollar tax credit. This new tax credit is roughly three times as generous as what an individual would receive from donations to every other charitable cause. As a result, the proposal privileges school voucher donations over donations to organizations that help people in our local communities like veterans' organizations, homeless shelters, houses of worship, food banks, and domestic violence shelters.<sup>2</sup>

The SGO would then distribute the donated money in the form of school voucher tax credits. Parents can apply for these tax credits to be reimbursed on a range of educational expenses - including private school tuition, books, and homeschooling materials.

This is a sharp departure from the role the federal government currently plays in K-12 education funding. Federal money only covers between 6 and 13 percent of public-school budgets and is targeted towards communities with low-income students and children with disabilities.<sup>3</sup>

School voucher programs tend to greatly increase in cost over time.<sup>4</sup> This proposal is no exception and goes as far as to guarantee it within the bill. Notably, the House bill includes an accelerator clause, which would allow the amount of tax credits awarded to increase by 5 percent per year if 90 percent of funds were awarded in the preceding year. The annual allocation must never be less than the previous year's allocation.<sup>5</sup>



## The national school voucher proposal creates a tax shelter for the rich.

The budget bill would create a lucrative tax shelter and result in \$2.2 billion in capital gains tax avoidance nationally and \$1.9 million in Idaho over the next decade. This is because the reward for wealthy taxpayers to donate to the SGOs doesn't stop at the dollar-for-dollar tax credit. In addition to cash, individuals could also donate marketable securities (e.g. stocks and bonds). Normally, when individuals sell stock, they must pay capital gains taxes on any profit they've made. But donors who gift their stock to an SGO wouldn't have to pay capital gains taxes on any increase in the stock's value, and they would still get the generous dollar-for-dollar tax credit, yielding a personal profit for themselves.<sup>6</sup> The tax credit cap for donors is 10 percent of their adjusted gross income or \$5,000, whichever is greater, after subtracting the amount they receive from any state SGO tax credit program.

## The national school voucher will disproportionately subsidize wealthy families' private school tuition.

Households would be eligible to receive this federal tax credit if they make up to 300 percent of their area median gross income, which varies by city or county. For example, the estimated median family income in Idaho is \$98,400, which means **a family making up to \$295,200 annually would be eligible for a voucher**, making the program nearly universal since 95 percent of Idaho's households earn less than that.<sup>7</sup> That's significantly more generous than Idaho's school voucher tax credit where families are eligible if they make up to 300 percent of the federal poverty guidelines, \$96,450 for a family of four.

## School vouchers do not serve all kids.

Proponents of school vouchers argue that these programs increase "parental choice" in the educational options for their children. However, under voucher programs, private schools pick and choose the students that they want to serve and are reimbursed with taxpayer dollars. Private schools can reject or dismiss students based on religion, sexual orientation, academic ability, and disability.

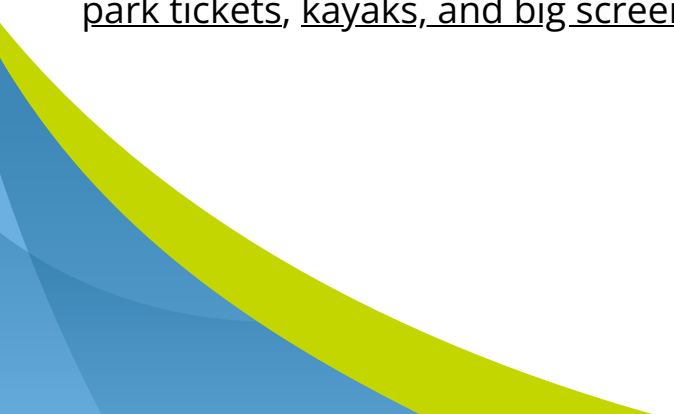
As an example, private schools are not bound by the Individuals with Disabilities Education Act (IDEA), which requires public schools to provide students with disabilities with a free, appropriate public education. Although the bill includes language that suggests some protection for students with disabilities, the bill would not require a private school to admit a student with a disability. It is also unclear which government entity would be responsible for enforcement of the weak protection clauses.

## School vouchers do not hold private schools accountable and are rife for fraud and abuse.

The House bill does not require accountability for student outcomes. In fact, the bill explicitly prohibits any "government entity to mandate, direct, or control any aspect of any private or religious elementary or secondary education institution."<sup>8</sup> As a result:

- Voucher students are not required to take the same standardized testing as public-school students. This means educational outcomes cannot be compared directly between private and public school students to track student achievement.
- Private schools are not required to be accredited.
- Private schools may hire subject matter experts as teachers in place of certified educators.<sup>9</sup>

Further, the lack of transparency around reimbursements creates potential for fraud and abuse. Florida's school voucher program – which is similar in design to the proposed national program – has resulted in purchases of theme park tickets, kayaks, and big screen televisions.





## School vouchers are unpopular in Idaho.

Idaho has struggled to adequately fund public school for years, ranking last place in state per pupil spending at \$5,636 below the national average.<sup>10</sup> Research shows that voucher programs would exacerbate this underfunding by diverting limited public dollars to private education.<sup>11</sup> Despite widespread public and education stakeholder opposition to school vouchers, the Idaho Legislature approved the creation of a new school voucher program during the 2025 Legislative Session. When the bill was sent to the governor's desk for action, the governor's office received 37,457 phone calls and emails about the voucher bill; 86 percent of the those calls and emails were opposed to school vouchers. The governor did not follow the public's will and signed the bill into law.<sup>12</sup>

### Citations

1. Idaho Center for Fiscal Policy and Public Funds Public Schools. ["The Dangers of Private School Vouchers for Idaho Students, Schools, and Communities."](#) January 10, 2024.
2. Davis, Carl. ["House Tax Bill Enlists the Wealthy to Spread Private School Vouchers."](#) May 15, 2025. Institute on Taxation and Economic Policy. and U.S. Government Accountability Office. ["Department of Education: Resource and Achievement Trends."](#) February 07, 2018.
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5. Dollard, Norin and Esteban Santis. ["Federal Voucher System – Like Florida's – Would Divert Funding to Private Schools and Homeschoolers."](#) May 29, 2025. Florida Policy Institute.
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7. Dollard, Norin and Esteban Santis. ["Federal Voucher System – Like Florida's – Would Divert Funding to Private Schools and Homeschoolers."](#) May 29, 2025. Florida Policy Institute.
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9. Ibid. Page 716.
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11. Idaho Center for Fiscal Policy and Public Funds Public Schools. ["The Dangers of Private School Vouchers for Idaho Students, Schools, and Communities."](#) January 10, 2024.
12. Suppe, Ryan. ["Idaho Gov. Little's office received more than 32,000 requests to veto House Bill 93."](#) March 3, 2025. Idaho Capital Sun.