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## *Vermont Legislative Research Service*

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### **Tuition Vouchers**

Various US states have implemented educational choice programs for students with disabilities, low-income students, and students attending underperforming schools since the 1970s.<sup>1</sup> However, in Vermont and Maine, educational choice has been used since the mid-1800s to give primary and secondary students living in rural areas without educational institutions access to schools outside their towns of residence.<sup>2</sup> While Vermont and Maine are unique in these ways, we examine programs in other states to investigate the concept of education vouchers as there is little research available on voucher systems specific to Vermont and Maine.

### **History**

In 1955, Milton Friedman introduced the concept of a tuition “voucher,” in which parents of students would be given a set amount of money to be used at a school of their choosing. Friedman argued that so long as monopolies, neighborhood effects, and challenges to teaching basic literacy are avoided, parents should be able to choose what schools their children attend.<sup>3</sup> According to Carpenter and Kafer, the voucher movement gained momentum in the 1980s, in part due to Friedman’s theoretical literature on school choice and Ronald Reagan’s support for vouchers and education tax credits throughout his presidency.<sup>4</sup> In the 1990s, Milwaukee and Cleveland implemented robust voucher programs. Education tax credit programs were implemented in the following years in Arizona, Florida, Pennsylvania, Louisiana, and Indiana. In 1999, Florida started the McKay Scholarship Program, which expanded educational choice for students with disabilities to attend both public and private schools. Between 2003 and 2010, Ohio, Utah, Arizona, Georgia, Louisiana, and Oklahoma implemented scholarship programs for students with disabilities. In 2006, Ohio implemented a statewide program called The Educational Choice Scholarship Pilot Program to allow students in underperforming schools to enroll in an independent school. In 2006, federal legislation was passed to provide low-income

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<sup>1</sup> Dick M. Carpenter and Kristina Kafer, “A History of Private School Choice,” *Peabody Journal of Education* 87, 3 (2012): 336–50, <http://www.jstor.org/stable/41725438>.

<sup>2</sup> Carpenter and Kafer, “A History of Private School Choice.”

<sup>3</sup> Milton Friedman, “The Role of Government in Education,” *Economics and the Public Interest*, (1955) <https://la.utexas.edu/users/hcleaver/330T/350kPEEFriedmanRoleOfGovttable.pdf>.

<sup>4</sup> Carpenter and Kafer, “A History of Private School Choice.”

students in the District of Columbia with school vouchers.<sup>5</sup> As of 2017, 14 states and the District of Columbia had at least one tuition voucher program.<sup>6</sup>

According to the National Rural Education Association, 54.4% of students in Vermont were enrolled in rural districts in 2023, meaning Vermont had the highest percentage of rural students in any U.S. state.<sup>7</sup> The U.S. Census Bureau defines rural as all territory, population, and housing that is not in an urban area.<sup>8</sup> The rurality of Vermont is associated with smaller class sizes which was demonstrated by Kolbe et al. in 2018, when 23.4% of Vermont schools enrolled less than 100 students and 37.6% enrolled 101-250 students.<sup>9</sup> The authors calculated that in 2018, it cost \$1,059 more per pupil for schools enrolling fewer than 100 students to achieve the same educational outcomes as those enrolling more than 250 students. Act 46 in Vermont intended to create more efficient educational structures by consolidating rural districts, which lowered the number of students residing in rural districts since 2019.<sup>10</sup>

As of 2016, Vermont's voucher program does not have explicit nondiscrimination provisions and did not require voucher programs to have a service provision for children with disabilities or students learning English.<sup>11</sup> Vermont does not have any provisions regarding compliance with private school policies, nor the ability for students to opt out of religious activities in the case that non-religious voucher students attended a private religious school. However, Vermont's public accommodation law, which prohibits the exclusion of students who are part of a protected class, applies to both religious and secular schools who participate in voucher programs.<sup>12</sup> The Vermont Human Rights Commission enforces this law rather than the Agency of Education, but is not permitted to proactively investigate schools on discriminatory enrollment practices.<sup>13</sup> Eckes et al. points out that the lack of explicit nondiscrimination provisions in voucher programs could allow private schools to discriminate against students. Consequently, public schools that are prohibited from engaging in this type of discrimination by law could have a larger numbers of students who require more educational resources.<sup>14</sup> If a student attends a private school

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<sup>5</sup> Carpenter and Kafer, "A History of Private School Choice."

<sup>6</sup> National Center for Education Statistics, *State Education Practices*, 2016, [https://nces.ed.gov/programs/statereform/tab2\\_1-2020.asp](https://nces.ed.gov/programs/statereform/tab2_1-2020.asp).

<sup>7</sup> Showalter et al., "Why Rural Matters," *National Rural Education Association*, (2023), [https://wsos-cdn.s3.us-west-2.amazonaws.com/uploads/sites/18/WRMReport2023\\_DIGITAL.pdf](https://wsos-cdn.s3.us-west-2.amazonaws.com/uploads/sites/18/WRMReport2023_DIGITAL.pdf).

<sup>8</sup> US Census Bureau, "Urban and Rural," 26 Sept. 2023, [www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html](https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural.html).

<sup>9</sup> Tammy Kolbe, Bruce D. Baker, Drew Atchison, Jesse Levin, and Phoebe Harris, "The Additional Cost of Operating Rural Schools: Evidence From Vermont," *AERA Open*, 7 (2021): 1-16, <https://journals.sagepub.com/doi/pdf/10.1177/2332858420988868>.

<sup>10</sup> State of Vermont Agency of Education, "Act 46: State Board of Education's Final Report of Decisions and Order," 2019, <https://education.vermont.gov/vermont-schools/school-governance/act-46-state-board-final-plan>.

<sup>11</sup> Suzanne E. Eckes, Julie Mead, and Jessica Ulm, "Dollars to Discriminate: The (Un)Intended Consequences of School Vouchers," *Peabody Journal of Education* 91 (4), (2016): 537-58, <https://www.tandfonline.com/doi/full/10.1080/0161956X.2016.1207446>.

<sup>12</sup> Vermont General Assembly, Commerce and Trade, 9 V.S.A. § 4502, (2024), <https://legislature.vermont.gov/statutes/section/09/139/04502>.

<sup>13</sup> Vermont Human Rights Commission, *Jurisdiction*, accessed November 21, 2024, <https://hrc.vermont.gov/legal/jurisdiction>.

<sup>14</sup> Eckes, et al., "Dollars to Discriminate."

outside of their district using Vermont's school choice program, the money that would originally be given to a Vermont public school will instead be given to a private school.<sup>15</sup> Eckes et al. argue that this poses the risk of states giving public education funding to private schools that discriminate.<sup>16</sup>

Like Vermont, the State of Maine also has a long running system of tuition vouchers, referred to as "town tuitioning," that started in 1873.<sup>17</sup> Maine's town tuition and Vermont's tuition vouchers are frequently compared due to their longevity, their rural districts, and the way the programs run. Maine's program was put in place to assist parents who lived in a district that did not have a secondary school nor a contract with another school in the area.<sup>18</sup>

### **Vermont Tuition Requirements**

According to the Vermont Statutes Annotated, tuition vouchers are a form of public payments made to the families of students in districts that don't have a public school. These funds are used to pay for the tuition of a public or private school outside of the student's district.<sup>19</sup> In Vermont, every school district is legally required to maintain an elementary school unless agreed upon by the electorate, general assembly or if the district is only required to provide high school education for the students.<sup>20</sup> Districts are also required to maintain a high school unless the district meets the stated requirements, is approved by the electorate or if the district already has met the requirements for not providing an elementary school. Another reason a student may be eligible for a tuition voucher is if they live closer to a school in a different district. In this case, parents can request a voucher so their child can attend the school that's nearer to their home. The school board will decide whether there's enough reason to approve the voucher and if the parents do not agree with the school board's ruling, they are given 30 days to bring a petition to the Secretary of the Board of Education. In these specific instances, tuition vouchers can be acquired by the school district, although in some cases, a voucher will not cover the entire cost of the school.<sup>21</sup>

As of July 1, 2024, a school district is not required to give a tuition voucher to students unless it's to a public school, an approved private school, an approved tutorial school, or an approved school that resides in a different state or county. Vermont law also states that it is not allowed to discriminate in tuition voucher allocation based on age.<sup>22</sup>

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<sup>15</sup>Vermont Agency of Education, "Average Announced Tuition," 2024, <https://education.vermont.gov/sites/aoe/files/documents/edu-fy25-announced-tuition-report-print-version.pdf>.

<sup>16</sup> Eckes, et al., "Dollars to Discriminate."

<sup>17</sup> Nick Murry, "School Choice Options for Maine Students Differ by Town," *Maine Policy Institute*, (October 2021): 1-5, <https://mainepolicy.org/wp-content/uploads/SchoolChoiceMapFINAL.pdf>.

<sup>18</sup> *Carson v. Makin*, 142 S. Ct. 1987 (2022), [https://www.supremecourt.gov/opinions/21pdf/20-1088\\_dbfi.pdf](https://www.supremecourt.gov/opinions/21pdf/20-1088_dbfi.pdf).

<sup>19</sup> Vermont General Assembly, Education, § 21, (2023), <https://legislature.vermont.gov/statutes/fullchapter/16/021>.

<sup>20</sup> Vermont General Assembly, Education, § 21, (2023).

<sup>21</sup> Vermont General Assembly, Education, § 21, (2023).

<sup>22</sup> Vermont General Assembly, Education, § 21, (2023).

The Secretary determines the annual tuition voucher amounts by calculating the net cost per student, for both elementary and secondary education in Vermont.<sup>23</sup> Costs that are not included when calculating the value of tuition vouchers may include transportation costs for students living in the receiving districts, transportation costs that have been previously reimbursed, specified maintenance costs, costs for special education, and tuition for career and technical education programs. The Secretary must notify the receiving school boards of the per pupil costs and the details of the calculations. Receiving schools are then given the chance to figure out if sending schools have been overpaid or underpaid. If the sending districts have overpaid by more than three percent of the net cost per pupil, then they are able to get a refund from the receiving district. It is also stated that the sending schools are only able to get a refund if the overpayment cannot be used as credit for future tuition. If the sending district is underpaid, then in most cases they are required to pay the difference by July 31<sup>st</sup> of that same year, or the payment will start collecting interest.<sup>24</sup>

When acquiring a tuition voucher, tuition for the students will be paid by the district in which the student resides. The average announced tuition voucher value for school year 2024-2025 is \$18,346 for elementary school students, and is \$19,774 for high school students, although voucher amounts vary annually.<sup>25</sup> Each Vermont district will pay up to the average announced tuition for Vermont union schools for each student to attend an approved school in the state for the 2024-2025 fiscal year.<sup>26</sup>

### Relevant Court Cases

In the case of *Zelman v. Simmons-Harris* on June 27<sup>th</sup>, 2002, the Supreme Court ruled that students who resided in the Cleveland City school district were eligible for tuition vouchers to attend a school outside of their allotted district.<sup>27</sup> After the ruling, many students in this district used the voucher as financial aid to be able to attend religious schools without having to pay the whole cost.<sup>28</sup> This Supreme Court ruling set the precedent for *Carson v. Makin* in which the Supreme Court altered how tuition vouchers functioned in participating states. The Court ruled that if a state offers tuition aid to their students to attend private schools, then religious schools must be categorized as private schools eligible for tuition vouchers. This case was brought about by several Maine families who wanted their children to attend private religious schools, and believed those schools should be eligible for tuition vouchers like secular private schools were. Their argument was denied by the Maine Civil Court, but then brought to the United States Supreme Court. After *Carson v. Makin*, Vermont's tuition voucher system was also required to include religious schools.<sup>29</sup>

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<sup>23</sup> State of Vermont Agency of Education, *Tuition Rates*, 2024, accessed November 14, 2024, <https://education.vermont.gov/data-and-reporting/financial-reports/tuition-rates>.

<sup>24</sup> Vermont General Assembly, Education, § 21, (2023).

<sup>25</sup> Vermont Agency of Education, *Average Announced Tuition*, February 2024, <https://education.vermont.gov/sites/aoe/files/documents/edu-fy25-announced-tuition-report-print-version.pdf>.

<sup>26</sup> Vermont Agency of Education, *Average Announced Tuition*.

<sup>27</sup> *Zelman v. Simmons-Harris*, 122 S. Ct. 2460 (2002).

<sup>28</sup> *Zelman v. Simmons-Harris*, 122 S. Ct. 2460 (2002).

<sup>29</sup> *Carson V. Makin*, 142 S. Ct. 1987 (2022).

In the case of *Vitale et al. v. Bellows Falls Union High School et al.* in 2023, several parents of children attending Bellows Falls Union High school argued that certain districts, outside of those previously approved, should also be granted access to tuition vouchers. The plaintiffs claimed their reasoning behind bringing this to the Vermont Supreme Court was due to bullying, harassment, unfair treatment by school officials, and inadequate services, experienced by their children, and they believed this was reason enough for students to get a tuition voucher. Their argument was denied by the Vermont Supreme Court, which identified a problem in the claim that would allow some groups of people in Vermont the ability to use tuition vouchers while others would not be able to. The Court's final ruling declared that this could enable discrimination within the tuition voucher system, and found that the plaintiffs were unable to make a reliable claim.<sup>30</sup>

### **Cost Considerations**

Implementing voucher programs to tuition students to other existing or emerging schools and giving public education funds to private schools can reduce the financial capacity of public schools by reducing the amount of money the school receives from the state.<sup>31</sup> Also, the state oversight of individual schools instead of districts can increase decentralization of state education. The rural nature of Vermont in conjunction with the “strong tradition of local control and school board governance,” contribute to decentralization, which former Vermont Secretary of Education French associates with increased inefficiencies and costs.<sup>32</sup> The cost of a tuition voucher may be less than the average per-pupil expenditure which can introduce the possibility of reducing spending by tuitioning students, as described by Levin.<sup>33</sup> The cost of tuitioning to private schools may be lower due to factors such as external funding of private schools from private organizations and a lack of services that public schools are required to provide such as food, transportation, and special education. The voucher amount funded by the state may not cover the entire tuition of more expensive private schools, shifting costs onto parents who are willing and able to pay out-of-pocket in addition to receiving a voucher. Levin further explains that statewide educational expenditures are not limited to tuition costs but also include overhead costs such as transaction costs and the monitoring and assessment of a greater number of schools to ensure all schools are held to state education standards. There may also be costs associated with information systems needed to inform parents of their school choices and application processes, and increases in state funded transportation of students often traveling farther away than they historically did as local schools transition to tuitioning.<sup>34</sup>

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<sup>30</sup> *Vitale et al., v. Bellows Falls Union High School*, 2023, VT 15 (2023).

<sup>31</sup> Henry M. Levin, “Educational Vouchers: Effectiveness, Choice, and Costs,” *Journal of Policy Analysis and Management*, 17 (1998): 373-392, [https://doi.org/10.1002/\(SICI\)1520-6688\(199822\)17:3<373::AID-PAMI>3.0.CO;2-D](https://doi.org/10.1002/(SICI)1520-6688(199822)17:3<373::AID-PAMI>3.0.CO;2-D).

<sup>32</sup> Vermont Agency of education, *Agency of Education 2023 Annual Report*, February 23, 2023, 9, <https://education.vermont.gov/sites/aoe/files/documents/edu-annual-report-agency-of-education-SY2023.pdf>.

<sup>33</sup> Levin, “Educational Vouchers.”

<sup>34</sup> Levin, “Educational Vouchers.”

## **Incorporating Additional Students into State Expenditures**

When districts introduce or expand voucher programs, tuitioning their students to other schools, both public and private, the integration of students who were not previously part of the public education system is a significant fiscal consideration for the state as outlined by Shand and Levin.<sup>35</sup> While all families contribute to state education funds through taxation, some families do not utilize the public schools in their district and instead pay for their children to attend private schools out of pocket. The expansion of voucher programs to students by geographic area can incorporate these students into public education expenditures by using vouchers, as families are able to supplement their private school tuition with vouchers that they would have otherwise paid for independently.<sup>36</sup>

In the instance of Indiana where the Choice Scholarship Program began supplying scholarship towards non-public schools in 2011-2012, 9.8% of the initial 3,911 students had never previously attended a public school.<sup>37</sup> In 2023-2024, after 12 years of program expansion, the percentage of students who had never previously attended a public school rose to 67% of the 70,095 participating students.<sup>38</sup> The program initially included students from households with annual incomes less than or equal to 150% of the amount qualifying for the Federal Free or Reduced Lunch Program, although this has gradually increased to 400% for the 2023-2024 school year. Throughout the course of the Choice Scholarship Program, various pathways for students to enter the program have been created and removed, although for each year after the first there has been a pathway for students previously enrolled to continue enrollment for the following year. When considering increases in enrollment, it is also important to note that in various years prior to 2021-2022, as the upper limit of household income for qualification was raised to include more students, less money was awarded to those closer to the upper limit. Although, since 2021-2022, the tiered system has been repealed and the formula awarding the most tuition to those from the lowest household incomes applies to all qualifying students regardless of household income, increasing scholarship spending.<sup>39</sup>

In the context of New England, New Hampshire began their Education Freedom Accounts program to provide grants for students to pursue, “educational programming of their choice,” in 2021-2022.<sup>40</sup> Upon initiation, the program consisted of 1,635 students, 83% of which were not

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<sup>35</sup> Robert Shand and Henry Levin, “Estimating a Price Tag for School Vouchers,” *National Education Policy Center*, (2021): 9-11, <https://files.eric.ed.gov/fulltext/ED613076.pdf>.

<sup>36</sup> Shand and Levin, “Estimating a Price Tag for School Vouchers.”

<sup>37</sup> The Indiana Department of Education, *Choice Scholarship Program Annual Report: Participation and Payment Data*, 2016, 16, <https://www.in.gov/doe/files/2015-2016-Annual-Report.pdf>.

<sup>38</sup> The Indiana Department of Education, *Choice Scholarship Program Annual Report: Participation and Payment Data 2023-2024*, 2024, 11, <https://www.in.gov/doe/files/2023-2024-Annual-Choice-Report.pdf>.

<sup>39</sup> The Indiana Department of Education, *Choice Scholarship Program Annual Report: Participation and Payment Data 2023-2024*, 14-15.

<sup>40</sup> New Hampshire Department of Education, “Education Freedom Accounts,” Accessed November 12, 2024, <https://www.education.nh.gov/pathways-education/education-freedom-accounts>.



enrolled in public school the year before participation, and 57% had never attended public school.<sup>41</sup> Those eligible for this program have consisted of students from household incomes less than or equal to 350% of the federal poverty level.<sup>42</sup> Enrollment has increased to 5,321 students for 2024-2025, with 91% of those students being previously enrolled or coming from private education unrelated to the program.<sup>43</sup>

While Vermont tuitioning eligibility does not pertain to household income, these examples demonstrate that the introduction and expansion of educational voucher systems can increase the number of students that receive state education funding. Since funding is not limited to students already enrolled in public schools and previously accounted for in statewide enrollment, the incorporation of these additional students should be accounted for in calculations and predictions of per-pupil expenditures.<sup>44</sup>

### Effects on Students

Vermont's tuition voucher program serves to assist rural students despite recent district consolidation, whereas other states such as Ohio, Indiana, and Wisconsin implement tuition vouchers with the intent of helping economically disadvantaged students access to public schools with more funding. Cheng and Peterson found that severely disadvantaged students did not academically benefit from voucher programs whereas moderately disadvantaged students experienced significant increases in degree attainment and college enrollment after participating in a voucher program.<sup>45</sup> Varying effects of tuition voucher systems on academic performance have been published, although Shand and Levin summarized more negative outcomes in recent years.<sup>46</sup> The authors referenced early increases in academic performance published in 1998 for Milwaukee whose program began in the 1990, and 2013 for Washington D.C. whose program began in 2004.<sup>47</sup> In contrast, Shand and Levin presented decreases in math and/or reading scores associated with voucher programs published more recently in 2017 for Washington D.C. evaluating the years 2012-2014, in 2016 for Ohio whose program began in 2005, in 2018 for Indiana whose program began in 2011, and in 2017 for Louisiana whose program began in

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<sup>41</sup> New Hampshire Department of Education, *Education Freedom Account Fact Sheet*, November 9, 2021, <https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/factsheet.pdf>.

<sup>42</sup> New Hampshire Department of Education, "Education Freedom Accounts."

<sup>43</sup> New Hampshire Department of Education, *Education Freedom Account Financial Fact Sheet*, September 1, 2024, <https://www.education.nh.gov/sites/g/files/ehbemt326/files/inline-documents/sonh/2024-2025-efa-fact-sheet.pdf>.

<sup>44</sup> Shand and Levin, "Estimating a Price Tag for School Vouchers."

<sup>45</sup> Albert Cheng and Paul E. Peterson, "Experimentally Estimated Impacts of School Vouchers on Educational Attainments of Moderately and Severely Disadvantaged Students," *Sociology of Education*, 94 (2), (2021): 159-74, <https://doi.org/10.1177/0038040721990365>.

<sup>46</sup> Shand and Levin, "Estimating a Price Tag for School Vouchers."

<sup>47</sup> Shand and Levin, "Estimating a Price Tag for School Vouchers"; Cecelia Rouse, "Private school vouchers and student achievement: An evaluation of the Milwaukee parental choice program," *The Quarterly Journal of Economics*, 113(2), (1998): 553-602, <https://doi.org/10.1162/003355398555685>; Patrick Wolf et al., "School vouchers and student outcomes: Experimental evidence from Washington, D.C.," *Journal of Policy Analysis and Management*, 32(2), (2013) 246-270, <https://doi.org/10.1002/pam.21691>.

2008.<sup>48</sup> In addition, in 2014 Washington D.C. demonstrated increases in math and reading scores associated with voucher programs.<sup>49</sup> However, Witte et al. noted that legislative change during the time of this study mandating assessments across schools may have led to increased effort towards assessment preparation confounding the influence of tuition vouchers.<sup>50</sup>

## Conclusion

Characteristics such as rurality, local control, and education vouchers make educating the children of Vermont complex and unique compared to other US states. Our investigation of education vouchers has revealed significantly more scholarly work published on voucher systems of states other than Vermont and Maine. Further research and data analysis on education vouchers in Vermont would improve comprehension, and possibly lead to the improvement of the voucher system regarding areas such as education costs and financial efficiency, student achievement, and equity.

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This report was completed on December 9, 2024 by Carter Wallace, Leilani Krusoe, and Brooke Schimelman under the supervision of VLRS Director, Professor Anthony “Jack” Gierzynski in response to a request from Representative Rebecca Holcombe.

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<sup>48</sup> Shand and Levin, “Estimating a Price Tag for School Vouchers”; U.S. Department of Education, Institute of Education Sciences, National Center for Education Evaluation and Regional Assistance, *Evaluation of the D.C. Opportunity Scholarship Program: Impacts after one year*, 2017, <https://ies.ed.gov/ncee/pubs/20174022/pdf/20174022.pdf>; David Figlio and Krzysztof Karbownik, *Evaluation of Ohio’s EdChoice Scholarship Program: Selection, competition, and performance effects*, Thomas B. Fordham Institute, 2013, <https://files.eric.ed.gov/fulltext/ED575666.pdf>; R. Joseph Waddington and Mark Berends, “Impact of the Indiana Scholarship Program: Achievement effects for students in upper elementary and middle school,” *Journal of Policy Analysis and Management*, 37(4), (2018): 783-808, <https://doi.org/10.1002/pam.22086>; Jonathan Mills and Patrick Wolf, “Vouchers in the Bayou: The effects of the Louisiana Scholarship Program on student achievement after two years,” *Educational Evaluation and Policy Analysis*, 39(3), (2017): 464-484, <https://doi.org/10.3102/0162373717693108>.

<sup>49</sup> Shand and Levin, “Estimating a Price Tag for School Vouchers;” John Witte et al., “High-stakes choice: Achievement and accountability in the nation’s oldest urban voucher program,” *Educational Evaluation and Policy Analysis*, 36(4), (2014):437-456, <https://www.jstor.org/stable/43773477>.

<sup>50</sup> Witte et al., “High-stakes choice.”