

Education:

Understanding Texas School Vouchers

September 2026



Top Line

- 1. Texas has created a statewide voucher program (also called ESA, or Education Savings Accounts) that uses state funds to help families pay for private school and other education outside the public school system.**
- 2. Early Texas data shows that the voucher program is largely subsidizing students who were already educated outside public schools, creating a new and potentially much larger state expense.**
- 3. Experience in other states shows that large voucher programs can grow rapidly in cost, subsidize families already using private education, create oversight problems, and fail to produce consistent academic improvements.**
- 4. Texas should stop further voucher expansion, strengthen accountability for the program already in place, and prioritize additional education funding for public schools.**

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Backup

1. Texas has created a statewide voucher program that uses state funds to help families pay for private school and other education outside the public school system.

a. Texas's voucher program gives families state money to pay for private school, homeschooling, and other approved education costs.

- The Texas Legislature created the Texas Education Freedom Accounts, or TEFA, program through Senate Bill 2 in 2025 and provided **\$1 billion for the 2026–27 biennium**. The Texas Comptroller administers the program. [1][2]
- Families can use TEFA funds for more than private-school tuition. Approved expenses include tutoring, educational materials, transportation, therapy, career and technical education, and other education services. [1]
- Students cannot remain enrolled in a Texas public school while receiving TEFA funding. Families must choose a participating private school, homeschool, or another eligible nonpublic option. [1]

b. The amount a student receives depends on how the student is educated and whether the student has a qualifying disability.

- A student attending a participating private school receives **\$10,474 for the 2026–27 school year**. State law sets the amount at **85 percent** of average state and local public-school funding per student. [1]
- A private-school student with a disability and a current individualized education program, or IEP, may receive additional special-education funding of **up to \$30,000**. The amount is based on what the student's public school district would have received to provide services under the student's IEP. [1]
- Students who are homeschooled or otherwise educated outside a participating private school generally receive **\$2,000 per year**. [1]

c. Demand for the program substantially exceeded the funding available during its first year.

- More than **274,000 students applied** during the first TEFA application period. [4]
- Because there was not enough funding for every eligible applicant, state law gives priority based on household income and disability status. For a family of

four, 200 percent of the federal poverty level is roughly **\$66,000 a year**, while 500 percent is roughly **\$165,000**. [7]

- As of August 28, 2026, more than **118,000 students had active TEFA awards**. [6]
- The priority rules have directed most first-year awards toward lower-income families. As of August 10, **64 percent of awarded students were from households at or below 200 percent of the federal poverty level**. [7]

d. Receiving a voucher does not guarantee that a family can afford or gain admission to the private school it wants.

- The standard private-school voucher is **\$10,474**, but tuition can be substantially higher. A 2025 statewide estimate put average Texas private-school tuition at **roughly \$11,340**, while a 2026 Houston Chronicle analysis found tuition at some Houston-area private schools **reaching \$63,000 per year**, excluding fees. [1][22][31]
- Evidence from Iowa also suggests that voucher programs can contribute to higher private-school tuition. After Iowa introduced its ESA program, private-school tuition **increased by 21 to 25 percent** in kindergarten and **10 to 16 percent** in grades with partial eligibility. [32]
- Participating private schools retain their own admissions policies. A student can receive a state voucher but still be denied admission to the school the family wants to attend. [9][21]
- Students with disabilities who are placed in private schools by their parents do not have the same individual right under the federal Individuals with Disabilities Education Act, or IDEA, to special education and related services that they would have in a public school. [10]
- Texas Tribune reporting also found that tight deadlines and confusing documentation requirements made it harder for some families of students with disabilities to obtain the additional voucher funding available for special education. [25]

e. Voucher access is more limited in rural communities where families have fewer private-school options.

- During the 2025 Senate debate on the voucher legislation, lawmakers cited an estimate that **158 of Texas's 254 counties did not have a private school**. [23]

- Texas lawmakers also noted that many rural school districts do not have private schools nearby. A voucher is less useful if a family cannot find an accessible participating school that will admit its child. [9][26]

2. Early Texas data shows that the voucher program is largely subsidizing students who were already educated outside public schools, creating a new and potentially much larger state expense.

a. Among students with reported prior-school information, most voucher recipients were already attending private school or being homeschooled.

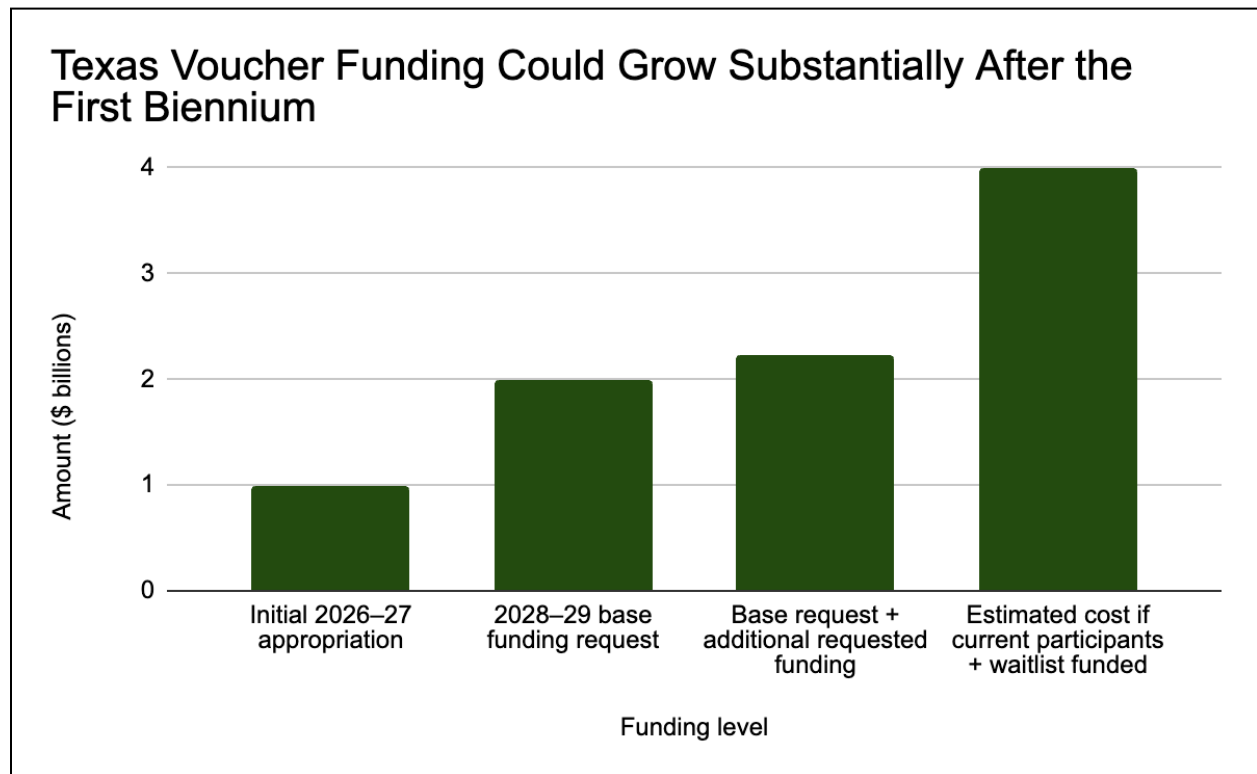
- As of August 10, 2026, **70 percent of awarded students with reported prior-school information had previously attended private school or been homeschooled**, while 30 percent had attended public school. The information is parent reported, reflects the 2024–25 school year, and excludes pre-K and kindergarten applicants. [7]
- For the 2026–27 school year, **67 percent** of awarded students planned to attend private school and **33 percent planned** to homeschool or use another eligible nonpublic option. [7]
- The first-year data therefore shows that the program is primarily subsidizing education for students who were already outside the public-school system rather than primarily helping students move from public to private schools. [7]

b. Because most recipients were already outside public schools, much of the voucher program represents new state spending.

- The Legislative Budget Board projects that the state will save some public-school funding when students leave public schools for the voucher program. Those savings come through the Foundation School Program, Texas’s main public-school funding formula. [2]
- The state does not receive those same projected savings when it begins paying a voucher for a student who was already attending private school or being homeschooled. [2]
- Because 70 percent of first-year awardees with reported prior-school information were already outside public schools, much of the program creates a **new state cost rather than replacing state spending that otherwise would have supported those students in public schools**. [2][7]

c. Texas is already considering substantially higher voucher spending before the program has completed its first school year.

- The Legislature initially limited TEFA spending to **\$1 billion for the 2026–27 biennium**. [2]
- In September 2026, the Comptroller asked lawmakers to **double the program's base funding from \$1 billion to \$2 billion for 2028–29** and requested another **\$226 million** for increased costs among current participants. [20]
- **Nearly 110,000 students** were receiving funding, while **more than 106,000 families** remained on the waitlist when the request was submitted. Funding current participants and families on the waitlist could bring the program's cost to **roughly \$4 billion over the 2028–29 biennium**. [20]
- The Legislative Budget Board had already projected that an expanded program could create a **net General Revenue cost of approximately \$3.98 billion in fiscal year 2030**, depending on future appropriations and participation. [2]



Source: Texas Legislative Budget Board, 2025; The Texas Tribune, 2026. [2][20]

d. Texas will have less information for comparing voucher-funded private schools with public schools because they do not use the same statewide accountability system.

- Texas public schools participate in the state's STAAR-based accountability system. Voucher-funded private schools instead must administer a nationally norm-referenced assessment to participating students in grades 3–12. [8]
- During rulemaking, advocates asked the Comptroller to require additional public reporting on measures such as academic growth, graduation, and readiness for college or a career. The Comptroller declined to add requirements beyond those included in state law. [9]
- Without common statewide assessments and comparable reporting, lawmakers will have less information for determining whether students receiving public voucher funds perform better or worse than comparable students remaining in public schools. [8][9]

3. Experience in other states shows that large voucher programs can grow rapidly in cost, subsidize families already using private education, create oversight problems, and fail to produce consistent academic improvements.

a. Arizona's universal voucher program has grown faster and cost more than state budget projections anticipated.

- Arizona expanded its Empowerment Scholarship Account program to virtually all students in 2022. By fiscal year 2025, the program had **87,602 participants and \$872.2 million in awards**. [11]
- Arizona's fiscal year 2025 budget had assumed 82,452 participants. Actual enrollment exceeded that estimate by **5,150 students**, requiring approximately **\$50.1 million more** for voucher awards than the state had budgeted. [11]
- Arizona's fiscal year 2026 budget assumed the program would reach 97,905 students at a cost of approximately **\$1.002 billion**. [11]
- By the third quarter of fiscal year 2026, enrollment had already reached **102,891 students**, above the full-year budget assumption, with approximately **\$1.115 billion in annualized scholarship awards**. [12]

b. Iowa's program also grew rapidly while largely subsidizing students who were not coming from public schools.

- During the 2024–25 school year, Iowa had **27,866 students using Education Savings Accounts at private schools**. Only **6.8 percent** had attended an Iowa public K–12 school the previous year. [13]
- Iowa expanded the program to universal eligibility for 2025–26, and participation increased to **41,044 students**, about 47 percent more than the year before. [14]
- Iowa's Legislative Services Agency reported approximately **\$129.1 million in ESA spending in fiscal year 2024**, estimated \$218 million for fiscal year 2025, and projected approximately **\$314.6 million for fiscal year 2026**. If that projection holds, **Iowa's ESA spending will have more than doubled in just two years**. [15]

c. Voucher programs in Arizona and Florida have experienced serious financial-control and oversight problems.

- A 2026 Arizona Auditor General report found significant weaknesses in oversight of ESA spending. **Nearly 2.3 million purchases totaling \$654.4 million** were automatically processed and subject only to potential later audit, while another **581,487 transactions totaling \$99.7 million** were flagged as higher risk but lacked documentation showing that the state reviewed or acted on them. Auditors also identified prohibited purchases including amusement-park tickets, airfare, hotels, meals, and other travel. [28]
- Separately, three former Arizona Department of Education employees and two relatives were indicted in connection with an alleged scheme involving false applications and **more than \$600,000 in ESA payments**. [16]
- A 2025 Florida audit found delays in identifying and resolving cases where **scholarship recipients may also have been enrolled in public schools**. Broader problems with enrollment data, funding calculations, and recouping potentially ineligible funds contributed to a statewide funding shortfall, and **the final state payment to school districts was reduced by \$47 million**. [29]
- These examples show why strong financial controls, timely expenditure reviews, and regular audits are important for voucher programs.

d. Research does not show that vouchers consistently improve academic achievement, and several statewide programs have produced negative results.

- A randomized study of Louisiana's statewide voucher program found that participating students experienced declines in both English language arts and mathematics during the first two years. Follow-up research continued to find large negative effects, particularly in math, after four years. [17][27]
- Research on Indiana's statewide voucher program found that students moving from public to private schools with vouchers experienced a **measurable decline in math achievement during their first year**, with no significant improvement in English language arts. [18]
- Newer universal voucher programs remain too recent for strong long-term conclusions, while research on earlier statewide programs shows that vouchers do not automatically produce better academic outcomes. [17][18][19]

4. Texas should stop further voucher expansion, strengthen accountability for the program already in place, and prioritize additional education funding for public schools.

a. Texas should maintain the program's current funding level until lawmakers have enough evidence to evaluate its costs and results.

- Texas began funding TEFA accounts in July 2026 and has not yet completed a full school year of implementation. [3]
- The Comptroller has already asked lawmakers to double the program's base funding for the next biennium and provide additional money beyond that. [20]
- Before increasing funding, Texas should evaluate the program's total cost, where participating students previously attended school, academic outcomes, students who leave the program or return to public schools, geographic access, private-school capacity, improper spending, and effects on public-school enrollment.

b. Texas should require stronger academic and financial accountability for schools and providers receiving voucher funds.

- Participating private schools must administer nationally norm-referenced assessments to participating students in grades 3–12, but they are not required to participate in the same STAAR-based statewide accountability system as Texas public schools. [8]
- Texas should require annual public reporting of aggregate **academic performance, academic growth, graduation or completion where applicable, student withdrawals, and returns to public schools.**
- Texas should also require regular financial audits, public reporting of improper expenditures and recovered funds, and strong internal controls over applications and payments.
- Documented financial-control and oversight failures in Arizona and Florida show why these safeguards should be in place before Texas commits substantially more money to the program. [28][29]

c. Texas should not expand toward an open-ended universal subsidy for families already using private education.

- **70 percent** of first-year Texas awardees with reported prior-school information were already attending private school or being homeschooled before the voucher program began. [7]
- Iowa experienced a similar pattern, with only **6.8 percent** of its 2024–25 ESA participants coming directly from public K–12 schools. [13]
- If Texas continues the program, lawmakers should keep strict funding limits and **give greater priority to students transferring from public schools, especially lower-income students and students with disabilities**, rather than subsidizing private or home education that families were already using. [5][7]

d. Before committing additional billions to vouchers, Texas should prioritize funding for the public schools that serve most Texas children.

- Texas public schools enrolled approximately **5.5 million students in 2024–25**, including about **857,000 students receiving special education services**; about **60 percent of students** were economically disadvantaged. [24]
- The Texas Education Agency reports that Texas also serves **more rural public-school students than any other state**, making public schools particularly important in communities where educational alternatives are limited. [24]

- Texas spent **\$12,895 per public-school student** on current operations in fiscal year 2024, compared with a national **average of \$17,619**, according to the U.S. Census Bureau. [30]
- Additional education funding should therefore prioritize a strong public-school system capable of serving students regardless of disability, family income, geography, or whether a private provider is available and willing to admit them.

Texas's voucher program is still in its first year, but early evidence already raises serious questions about its long-term cost and public benefit. Most recipients with reported prior-school information were already attending private school or being homeschooled, meaning the state is now paying for private or home education many families were already using.

Before Texas completed its first school year of implementation, the Comptroller asked lawmakers to double the program's base funding for the next biennium. Experience in Arizona and Iowa shows that voucher participation and costs can grow rapidly, while audits in Arizona and Florida have documented serious financial-control and funding-accountability problems. Research on academic outcomes remains mixed, with several statewide voucher programs producing negative results and newer universal programs still lacking enough long-term evidence.

Texas should stop further voucher expansion, strengthen academic and financial accountability, and prioritize additional education funding for the public-school system that serves most Texas students. If the program does not demonstrate clear educational benefits that justify the cost, lawmakers should reduce or end it rather than allow the initial \$1 billion appropriation to become a permanent multibillion-dollar state obligation.

More Information

1. **Texas Comptroller of Public Accounts: “TEFA Awarded Applications Fact Sheet” (2026)**
— Provides an August 2026 official snapshot of who received Education Freedom Accounts, including household income, disability status, intended education setting, and whether recipients previously attended public school, private school, or homeschool.

This is especially useful for understanding who the program is serving during its first year.

<https://educationfreedom.texas.gov/newsupdates/updated-demographic-information-on-tefa-participation/>

2. **Texas Legislative Budget Board: “Fiscal Note for Senate Bill 2” (2025)** — Provides the Legislature’s official estimate of the cost of Texas’s voucher program, including the \$1 billion initial limit and projected costs and public-school savings if lawmakers fund broader participation in future years.
<https://capitol.texas.gov/tlodocs/89R/fiscalnotes/pdf/SB00002F.pdf>
3. **Learning Policy Institute: “Understanding the Cost of Universal School Vouchers: An Analysis of Arizona’s Empowerment Scholarship Account Program” (2024)** — Examines Arizona’s universal ESA program using state budget, enrollment, and Department of Education data. The report found that the program grew from about 12,000 to nearly 62,000 students in one year, that **71.2 percent of students entering the universal program had not previously attended public school**, and that total ESA costs increased from about \$189 million to \$588 million. It explains in detail why vouchers for students already in private school or homeschool create new state costs rather than simply shifting existing public-school funding.
https://learningpolicyinstitute.org/media/4193/download?inline&file=Universal_School_Vouchers_REPORT.pdf
4. **Grand Canyon Institute: “The Real Cost of the Universal ESA Voucher Program: FY2025” (2026)** — This is a nonpartisan Arizona public-policy research organization, and this report updates the Arizona story through FY 2025. It estimates that Arizona’s overall ESA program cost **\$872 million in FY 2025**, with the universal portion creating about **\$361 million in net new state costs** after accounting for where participating students otherwise would have attended school. It estimates that roughly three-quarters of universal ESA students never attended, or otherwise would not have attended, a district or charter school.
<https://grandcanyoninstitute.org/research/education/private-school-subsidies/cost-of-the-universal-esa-voucher-program-fy2025/>
5. **Economic Policy Institute: “How Vouchers Harm Public Schools: Calculating the Cost of Voucher Programs to Public School Districts” (2024)** — Examines the fiscal effects when students leave public schools with vouchers, particularly the problem that school districts lose enrollment-based revenue while many costs—facilities, transportation, staffing, utilities—do not fall proportionately when a small number of students leave. It also provides a tool for estimating those district-level effects.
<https://www.epi.org/publication/vouchers-harm-public-schools/>

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