



## The Paycheck Protection Program Has Provided Billions in Federal Funds to Private and Religious Schools

The Trump administration is exploiting the pandemic to siphon billions of dollars to private and religious schools. A new analysis from Americans United for Separation of Church and State reveals that the CARES Act's Paycheck Protection Program (PPP) has provided huge sums of federal funds to private and religious schools. This recovery funding for private schools is disproportionately large in comparison to recovery funding Congress allocated under the CARES Act's Elementary and Secondary School Emergency Relief (ESSER) Fund for public school districts. Billions of PPP dollars have gone to private schools, including the wealthiest private schools, private schools eligible for or receiving state funds from private school voucher programs, and private schools that discriminate against students.

Americans United for Separation of Church and State has long considered public funding for religious schools, [which comprise 67%](#) of all American private schools, to be both bad policy and contrary to Constitutional intent. Americans United's analysis of the data released by the Small Business Administration on PPP loans of \$150,000 or greater reveals that **Congress has already given private religious and secular schools funding totaling between \$2.67 billion and \$6.47 billion**. PPP funding comes in the form of forgivable loans, which were intended to provide financial assistance to small businesses and nonprofits to recover from the pandemic. As long as the private schools meet certain criteria, like using the loan for payroll and operational expenses, the loans will be forgiven by the government in their entirety, essentially turning the loans into grants.

Even though private schools have already received billions of dollars in federal emergency funds, Senate Majority Leader Mitch McConnell, at the behest of President Trump and Education Secretary Betsy DeVos, just released a relief package that would funnel billions more in taxpayer dollars to private schools and state private school voucher programs. In the face of a pandemic, when our public schools are facing unprecedented challenges, Congress should not divert more taxpayer money away from our public schools which serve 90% of our nation's students, in order to fund private and religious schools.

### **Americans United**

With a national network of more than 300,000 supporters, Americans United for Separation of Church and State has been safeguarding our American value of religious freedom for all people since 1947. As part of this mission, Americans United, since its founding, has been dedicated to ensuring that public money funds public schools and has opposed policies that divert taxpayer funds to private, particularly religious, schools.

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Americans United's school funding work traditionally focuses on opposing taxpayer funding of religious schools because forcing taxpayers to fund religious education violates fundamental principles of religious freedom. Each of us should get to decide how — and whether — to support religion. But Americans United also fights more generally to ensure that public dollars fund public schools rather than private schools. Public schools are open to all students regardless of race, religion or ability. They are a unifying force in our society. Funding private schools, particularly through private school vouchers, however, funnels desperately needed public resources away from our public schools to fund the education of a few students at private and religious schools.

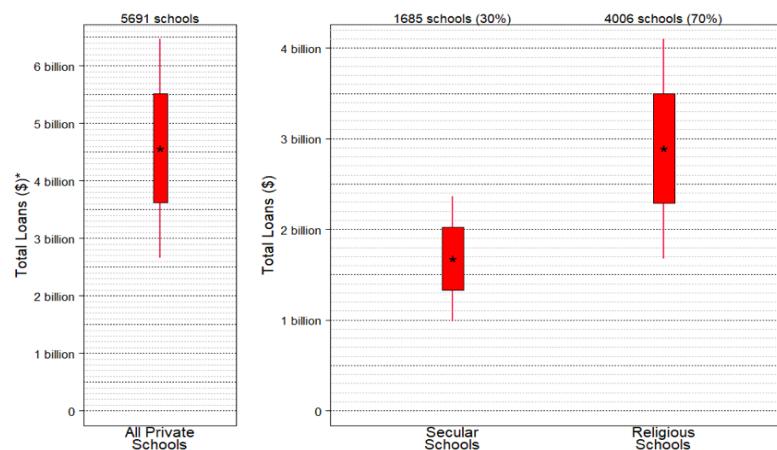
## Our Analysis

Americans United analyzed the [data](#) released by the Small Business Administration of the more than 600,000 PPP loans of \$150,000 to \$10 million given to small businesses and nonprofit organizations. According to the Treasury Department, these large loans comprise 75% of the loan dollars approved. Our objectives were to identify the PPP loans given to private schools, classify each school as a “private religious school” or a “private secular school” based on any religious affiliation identified on their websites, and determine the total amount of PPP funds sent to these schools. We did not include public charter schools. We also sought to compare the amount of funding received by private schools under the PPP to that provided to public school districts under the ESSER fund. The data we examined identified PPP loan amounts across five ranges: between \$150k to \$350k, \$350k to \$1 million, \$1 million to \$2 million, \$2 million to \$5 million, and \$5 million to \$10 million. Because each grant can only be assigned to a range category, exact amounts cannot be calculated. In some cases the full possible range is provided; in others the midpoint of the range is used for calculating total loan amounts across schools.

## Private Schools Received Billions of Dollars in PPP Funds

Our analysis found that the total amount of large PPP loans given to private religious and secular schools was between \$2.67 billion and \$6.47 billion. At least 5,691 private schools, including at least 4,006 private religious schools (or approximately 70% of private school recipients), received forgivable loans from the PPP program.

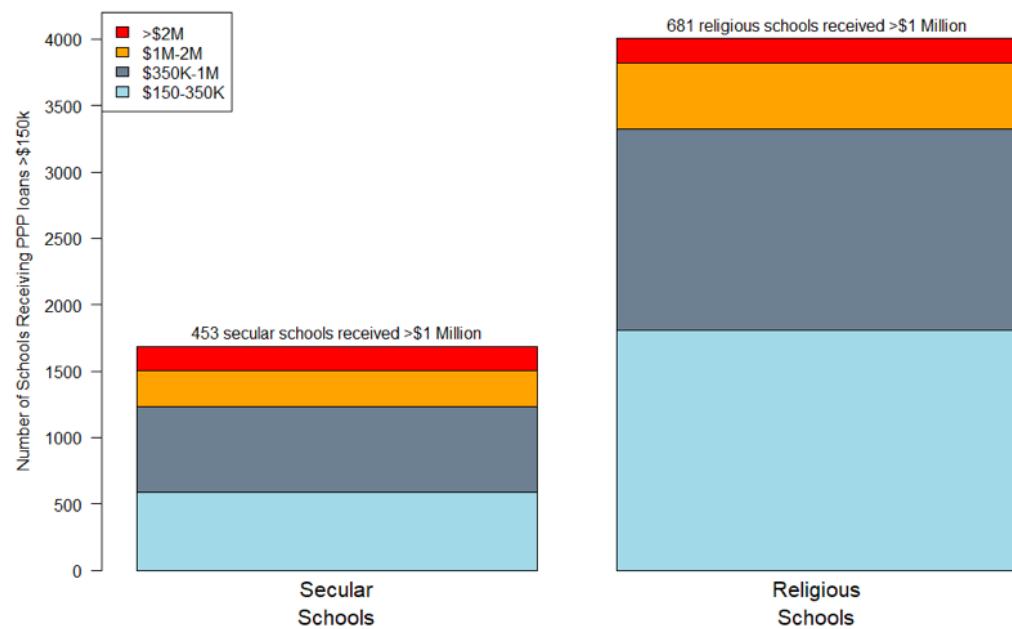
### Estimated PPP Large Loans to Private Schools of \$150k or more\*



\*The red lines demonstrate the possible range of total PPP loan amounts to private schools while the red boxes represent the most reasonable estimates of the total PPP loan amounts of more than \$150,000 based on a weighted average of the lower and upper limits of the range. Asterisks indicate the midpoint of the range. Because the government did not provide information to the public about the exact amount for each loan, we are only able to provide ranges.

It is clear from the large loan data that religious schools benefited more from the program than secular schools. Religious schools received \$1.68 billion to \$4.08 billion in large loans as compared to the \$988 million to \$2.37 billion provided to secular private schools. And while at least 1,685 secular private schools received large loans, 4,006 or more religious private schools did.

### Comparing PPP Loans to Private Religious Schools vs. Loans to Private Secular Schools



### Many Private Schools Received More Emergency Funding than Their Local Public School Districts

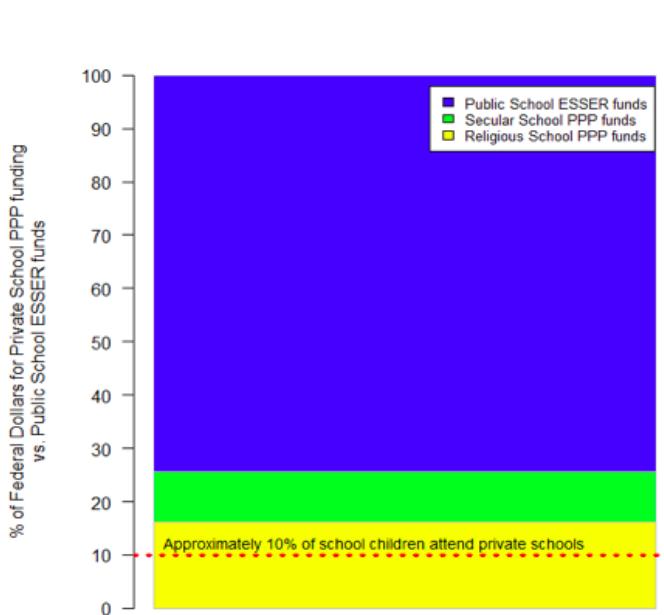
Unlike private schools, public schools are not eligible to apply for PPP funding. Instead, the CARES Act's ESSER Fund allocated \$13.2 billion in pandemic recovery funds for public school districts. Assuming the total amount of PPP funding for private schools is at the highest end of the possible range (\$6.47 billion), then private schools have already received funding equivalent to nearly half of the funds allocated for public school districts, despite serving only one-tenth the number of students.

An examination of local school districts across the country also demonstrates that many private schools have already received a disproportionate amount of recovery funds in comparison to the ESSER funds that their local public school districts received. For example:

- In Ohio, the private [Laurel School](#), with an enrollment of 620 students, received between \$2 and \$5 million. In contrast, the two [public school districts](#) in which the Laurel School's two campuses are located received a combined \$703,838 in total ESSER funds for a total of 7,600 students. In other words, the private school received at least 34 times the amount of funding per student than the nearby public school districts received.
- [Sioux Falls Christian Schools Association](#) in South Dakota, with an enrollment of approximately [1,350 students](#), received \$1 to \$2 million dollars in PPP funds. Yet the entire [Sioux Falls School District](#) received approximately \$4.6 million in ESSER funds for its school system of more than 23,000 students.
- The total ESSER fund allocation for the state of [New Jersey](#), which serves [1.37 million public school students](#), was \$310 million. But private schools in New Jersey received between at least \$142 million and \$345 million in PPP loans, despite serving only around [200,000](#) students.
- In New Orleans, the total ESSER [allocation](#) for the [public school district](#) that serves over 44,000 students was just under \$8 million, yet two private schools within that district (Isidore Newman School and Jesuit High School of New Orleans, which combined serve a total of only approximately 2,400 students) received between \$2 and \$5 million each. The current [endowment](#) for Isidore Newman School is \$35.7 million.

When comparing the federal funds given to private schools through large PPP loans and the federal funds given to public school districts through ESSER, the data shows that private schools likely received an outsized amount of funds for the students they serve in comparison to their public school counterparts. Nationwide only about 10% of students attend private schools, yet the data shows that 25.7% of the total pandemic education funding went to private schools. In several states, nearly 50% of pandemic education funding went to private schools.

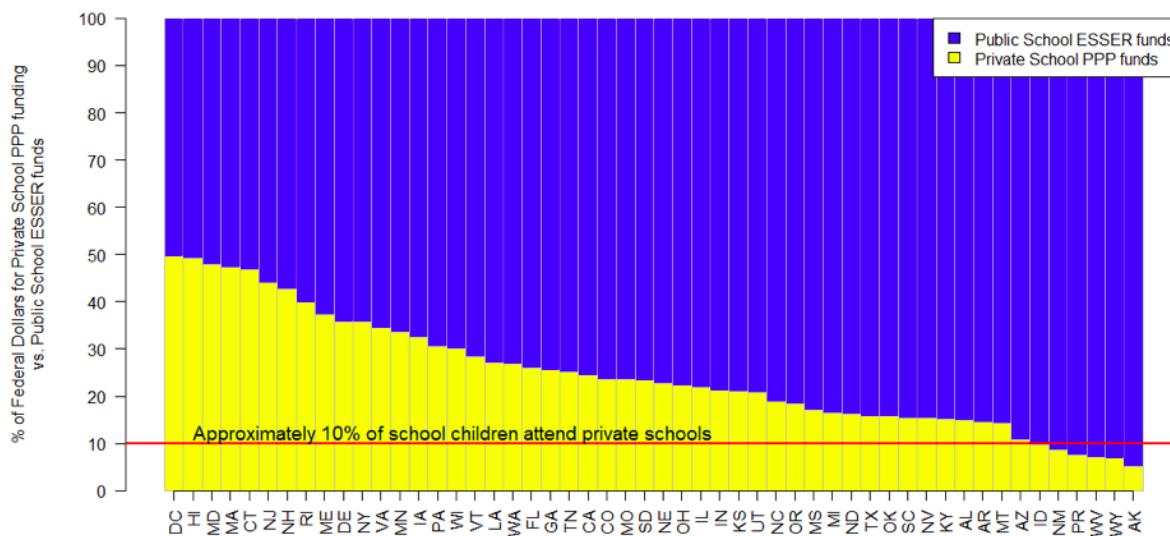
### Total ESSER and PPP Federal Funds



Of the total:  
9.5% is PPP funds to secular schools (green);  
16.2% is PPP funds to religious schools religious (yellow);  
74% is ESSER funds to public districts (blue).

*\*Note that PPP % are underestimates given that <\$150k PPP loans were not able to be included.  
Estimates are based on assuming private schools received funds at the midpoint of the range to which they were assigned.*

## Comparing Federal Dollars for Private School Pandemic Recovery Funding vs. Federal Dollars for Public School Funding in Each State



\*Loans <\$150k are not included. These are estimates based on the midpoint of the possible PPP loan ranges.

### Wealthy Private Schools Received Large PPP Funds

Among the schools that received PPP funds were some private schools with the highest tuitions and endowments in America. Of the ten [most expensive private high schools in America](#), five received large PPP loans—despite each charging students more than \$60,000 in tuition per year.

Some elite private schools took massive PPP loans, including over 520 private schools that got more than \$2 million each. Among them are:

- [Choate-Rosemary Hall](#) in Connecticut, which has an endowment of \$318 million and yearly tuition of \$60,000, received from \$5 to \$10 million in PPP loans.
- The Episcopalian [St. Andrew's School](#) in Florida, which received \$2 to \$5 million in PPP loans yet [lists](#) over 70 endowment funds totaling more than \$19 million on its website.
- Three Catholic high schools in Kentucky got \$2 to \$5 million each. One of those schools, [St. Xavier High School](#) in Louisville, recently [raised](#) \$42.7 million from private donors for renovations and scholarships.
- [The Holderness School](#) in Plymouth, New Hampshire, where tuition can cost up to \$66,100 per year, and received PPP funding between \$2 to \$5 million. On the other hand, the local public school district received just \$121,202 in recovery funds.

### Private Schools that Receive School Vouchers Also Received PPP Funds

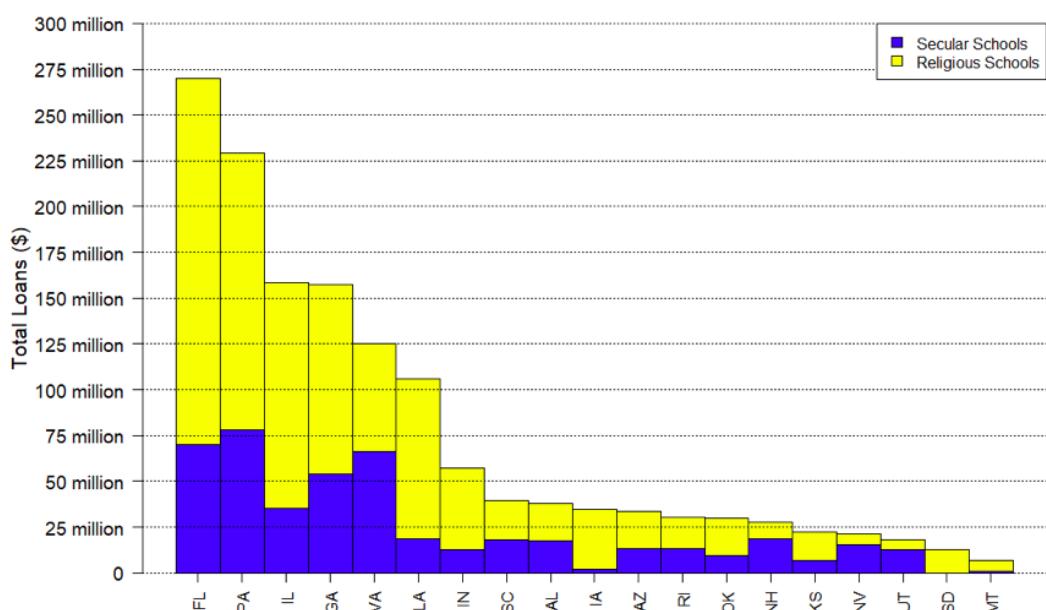
Many of the private schools that received millions of dollars in PPP funds are eligible for or already receive state taxpayer funds from state tuition tax credit programs, a type of private school voucher. Our analysis found that:

- Private schools in Florida—a state with [five](#) existing private school voucher programs that funnel [hundreds of millions](#) of state taxpayer dollars a year to private schools—received at least \$250 million in large PPP loans.

- Private schools in Arizona—a state with a private school voucher program that cost taxpayers at least [\\$80 million](#) this year—received a minimum of \$25 million in large PPP loans.
  - For example, Arizona’s [Gilbert Christian Schools](#) received \$1 to \$2 million in PPP funds. The school was already getting school voucher funds from the state for [62% of its students](#).
- Private schools in Pennsylvania—a state with two private school voucher programs that cost the state up to [\\$210 million](#) each year—received at least \$225 million in large PPP loans.
  - Pennsylvania’s Shipley School received \$2 to \$5 million in PPP funds. The school pitches the state’s private school voucher program on its [website](#).

The below figure shows the amount of large PPP loans received by private schools in states with existing tuition tax credit programs. Despite the fact that state voucher programs already provide millions of dollars to these schools in tuition, these schools have also been given millions of dollars—or even hundreds of millions of dollars, in some states—from the federal government in PPP loans.

**PPP Loan Funds to Private Schools in States with Tuition Tax Credit Programs**



\*Loans <\$150k are not included. These are estimates based on the midpoint of the possible PPP loan ranges.

#### Private Schools that Discriminate Received PPP Funds

Private schools often don’t provide the same civil rights protections as public schools, including protections against discrimination on the basis of religion, sex, sexual orientation, and gender identity. They also do not provide the same protections for students with disabilities as public schools. Taxpayer funds should not continue to support private schools that discriminate. Yet, the PPP gave many large forgivable loans to schools that actively reject students.

Among the private schools that received PPP loans were some that discriminate against students, families, and staff:

- In Indiana, [Cathedral High School](#) received from \$2 to \$5 million in PPP loans. Yet the school [has expelled](#) a student for identifying as transgender, and [refuses to hire](#) teachers who are married to same-sex spouses.
- Virginia's [Timberlake Christian Schools](#) received at least \$150,000, yet the school has [expelled students](#) who are LGBTQ. Its website [states](#) that "if conduct within a particular home is counter to or in opposition to the biblical lifestyle that the school teaches, the school reserves the right...to refuse admission of an applicant or to discontinue enrollment of a student."
- Indiana's [Liberty Christian School](#), which received \$350,000 to \$1 million, notes in its admissions policies that the school may not admit students with a "physical handicap, which would impair the learning process under normal education conditions," or a "learning disability." Students must submit a religious testimony describing their commitment to Christ in order to attend.

### **PPP Is Not the Only Emergency Funding Private Schools Have Received**

Our analysis of the large PPP loans provided to private schools demonstrates that private schools have already received a disproportionately large amount of funding as compared to the funding received by public school districts under the ESSER fund. The amount of emergency funds already provided to private schools through the CARES Act, however, is even greater than this analysis can demonstrate.

As already acknowledged, this analysis applies to loans of more than \$150,000. Private schools surely received small loans too, adding to the totals identified here. In addition, Secretary DeVos is misallocating other funding mechanisms in the CARES Act to fund private schools.

First, Secretary DeVos has decided to use a percentage of the total education funding in the CARES Act meant to support states "with the highest coronavirus burden" to create a \$180 million [grant program](#) for states to fund private school vouchers.

Second, Secretary DeVos is allowing money from the \$3 billion Governor's Emergency Education Relief (GEER) Fund to flow to state private school voucher programs. Nothing in the CARES Act suggested the GEER funds were meant to be used to fund private schools. However, governors in some states are inappropriately using the GEER fund to prop up their existing private school voucher programs. The governor of Florida has [already announced](#) he will use \$45 million of his state's GEER funds for its voucher program. The governor of South Carolina intends to allocate \$32 million in GEER funds for private schools and the governor of Oklahoma will use \$10 million of his state's GEER funds for vouchers. Other states with private school voucher programs are likely to do the same.

Finally, the CARES Act allocates some emergency funds for "equitable services" to benefit certain students attending private schools, consistent with Title I education funding. The Department of Education, however, has [misinterpreted](#) this provision of the CARES Act to provide a disproportionate amount of funding to private schools. If the states follow the Department's interpretation, it is [estimated](#) that \$1.35 billion in funding for equitable services could go to private schools.

In light of the PPP loans analyzed in this report, and the additional funds private schools have received, President Trump, Secretary DeVos, and Leader McConnell should not be funneling billions more of federal taxpayer dollars to private schools through vouchers. Rather, with all the challenges public schools face right now, the federal government should be focusing on funding education for the majority of our country's students rather than adding to the slush funds of wealthy private schools. Traditional public schools were not eligible for PPP funds—and they don't have million-dollar endowments, support from religious bodies, or sky-high tuition fees. Public schools need our help to educate all children through the challenges of this pandemic, and they need it now.

*The analysis regarding PPP loans to private schools cited in this article is part of a forthcoming report by Americans United for Separation of Church and State. The PPP program gave billions of dollars of forgivable loans to—in addition to private and religious schools—religious seminaries, faith-based organizations, and houses of worship to pay the salaries of clergy. Never before have American taxpayers paid the salaries of religious clergy, in contravention to the First Amendment of the Constitution which bars government sponsorship of religion. Americans United's report will reveal the extent of this break with longstanding tradition.*

*Special thanks is due to Elizabeth Garrett-Mayer, PhD, who used our data to develop the figures in this report. We also thank Americans United's Summer 2020 interns, Lily Cantor, Sienna Henderson, Alex Marketos, Katherine O'Connor, and Rebecca Rifkind-Brown, and staff Alicia Johnson and Nik Nartowicz, for their work with the PPP data.*

