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Stateline

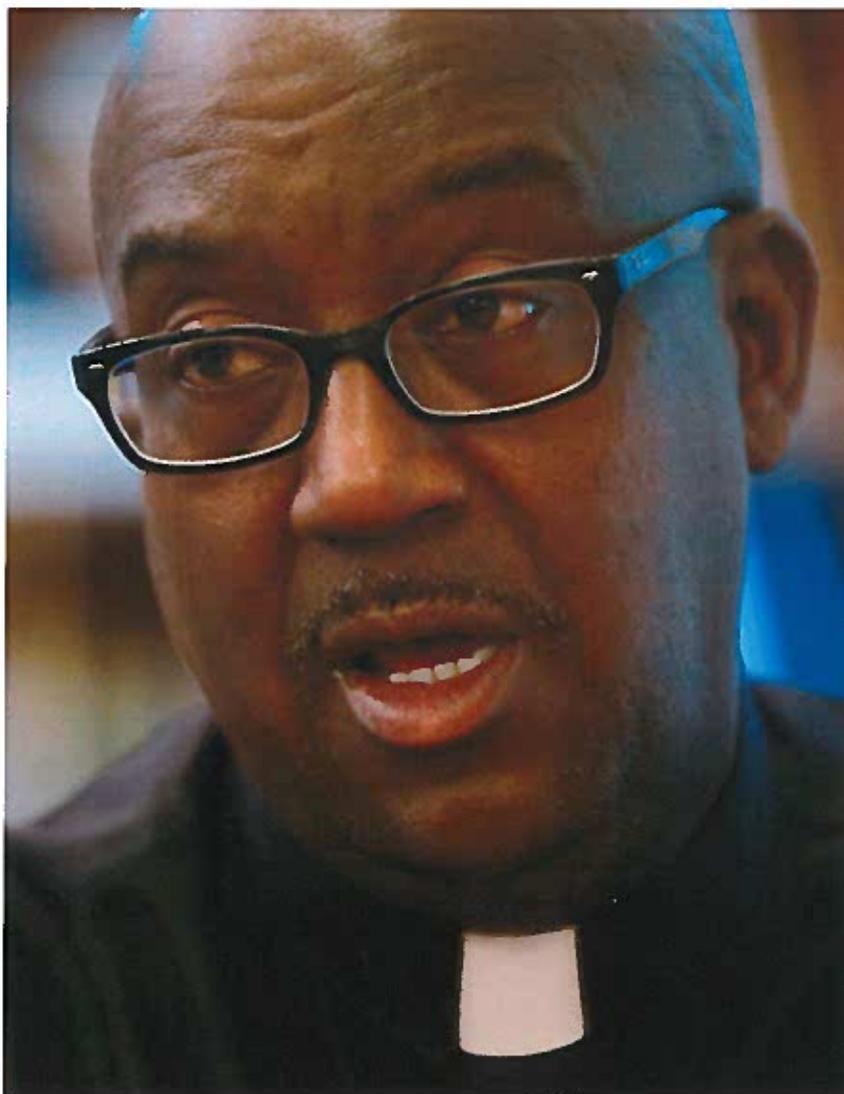
Tax Dollars for Private School Tuition Gain in States

August 06, 2013

By Elaine S. Povich

Opponents called it a “bombshell” and “sleaziness.” Backers said it was “historic” and would free low-income students from failing public schools. Hyperbole aside, the Alabama Legislature’s last-minute move to create a \$3,500 state tax credit for private school tuition is emblematic of a growing movement in the states.

Thirteen states created or expanded tuition tax credits, private school scholarships or traditional vouchers in 2013,



according to the National Conference of State Legislatures. Eight states did so in 2012 and seven states in 2011, according to the group.

The Rev. Manuel Williams, director of Resurrection Catholic Ministries in Montgomery, Ala., says he has been flooded with calls from interested parents since Alabama launched its new tax credit program for private school tuition. (AP)

Private school vouchers have been around for quite a while. But some state supreme courts have questioned the constitutionality of giving parents public education dollars to send their children to parochial schools.

To get around that issue, states have turned to strategies that are less direct. Some have created tax credits for parents who pay private school tuition. Others are giving tax credits to those who donate to private scholarship funds that dole out money to families who need help paying for private school.

- Two states — Alabama and South Carolina — created new scholarship tax credit programs in 2013. Six states — Georgia, Indiana, Iowa, Pennsylvania, Rhode Island and Virginia — expanded their existing programs. With the exception of Rhode Island and Iowa, Republicans control both the legislature and governor's office in those states.
- North Carolina instituted a new statewide voucher program for low-income students. Additionally, five states— Indiana, Mississippi, Ohio, Utah and Wisconsin — expanded existing voucher programs. All of those states are controlled by the GOP.
- Wisconsin also created a tax deduction for private school tuition and fees.

Purchasing power under private school choice programs ranges from a maximum of \$250 in Iowa (personal tax credits), to 115 percent of per-pupil public school funding in Maine (for private school vouchers), according to Jeff Reed, communications director for the Friedman Foundation for Educational Choice, a pro-vouchers and tax credits group.

No matter the approach, the effect is the same, according to Josh Cunningham, an education policy analyst at NCSL. "The state is saying we're going to forgo tax revenue for the purpose of encouraging students to transfer from the public school system into the private schools," he said.

Fight in Alabama

In Alabama's legislature this spring, a conference committee considering a much narrower piece of education legislation suddenly expanded it—with little debate—to include the scholarship tax credit and a personal tax credit for private school tuition, drawing howls of protest from Democrats and teacher groups.

It took until the middle of June for the state education department to come up with the list of 78 “failing” schools. It defines a “failing” school as one that lands in the bottom 6 percent of state standardized tests three or more times in six years, or one listed as “low performing” in the state's most recent school improvement grant application.

The Alabama Education Association, which represents the state's public school employees, filed a lawsuit to block the plan, but courts have allowed it to proceed. More legal action is pending, but for now the race is on for interested parents to pull their kids out of public schools, sign up for admission to private schools, and take advantage of the \$3,500 tax credit program before school starts in a few weeks. Lawmakers expect a bigger impact next year.

The effect on states' treasuries is up for debate. In a widely-cited 2008 study, Florida estimated it saved \$1.49 in per-pupil costs for every \$1 it lost in revenue due to the private school tax credits, for a total of \$39 million. But other estimates say states lose money on the tax incentives.

Alabama, for example, put aside \$40 million in its budget to absorb the anticipated loss from the tax credits, according to Norris Green, director of the Alabama Legislative Fiscal Office. “Our sense is that \$40 million is going to be enough but we don't know. It's a question of how many are going to opt for private schools,” he said. Some \$25 million of that total represents lost revenue from the tax-exempt donations to the scholarship funds, and the tax credits to parents who send their kids to private schools account for the rest.

Alabama state Sen. Del Marsh, author of the tuition tax credit program, said his state is being “very responsible” in putting money aside to fund the credits, noting that with Republicans in charge of the legislature the time was ripe to pass the credits. The Anniston Republican also predicted that the program will generate some long-term savings.

"We have an extremely high dropout rate from high school. Many of those incarcerated in prison do not have a high school diploma. The more we can keep in school to get more education, the less likely they will be to end up in the prison system," he said. One in four Alabama high school students does not graduate.

But the Alabama Education Association, like the American Federation of Teachers and other teachers' groups across the country, opposes the private school tuition tax credit program, on both fiscal and ideological grounds.

"It's very disheartening, at a time when we are seeing revenue actually go up," said Amy Marlowe of the association. "That's money we do have available to spend on (public) education and it's going to be funneled to private schools."

Rosier Revenues

Recovering state revenues are fueling the growth of such programs. For a decade, South Carolina failed to approve a tax credit scholarship program, but it succeeded this year. Wisconsin, which had a voucher program limited to the Racine area, expanded it this year statewide, with up to 500 more students eligible this year and 1,000 next year at a cost of \$14 million.

North Carolina replaced its tax credit program with a voucher plan. The vouchers are worth up to \$6,000 a year so that low-income families with no taxable income are eligible to participate. Iowa increased its cap on the total value of the tax credits it will grant to \$12 million from \$8.75 million, and Georgia increased its cap to \$58 million from \$50 million, according to the Friedman Foundation.

Reed, the Friedman spokesman, emphasized that many of the programs are income-limited or limited to families with special-needs kids. Some 23 states and the District of Columbia now have some kind of program to support private education with state dollars, according to the foundation.

The movement did suffer some defeats this year: In six states, tax credit or voucher programs were proposed but failed to become law. In Montana, a tax credit program was approved by the Republican-led legislature but was vetoed by Gov. Steve Bullock, a Democrat. Texas, too, was unable to get a required super-majority in the legislature to approve the programs.

School Choice Programs

State	Title	Type
AL	Alabama Accountability Act of 2013 School Choice Tax Credit/Rebate	Individual Tax Credit
AL	Alabama Accountability Act of 2013 School Choice Scholarships	Tax Credit Scholarship
AZ	Personal Tax Credits for School Tuition Organizations	Tax Credit Scholarship
AZ	Corporate Tax Credits for School Tuition Organizations	Tax Credit Scholarship
AZ	Lexie's Law Corporate Tax Credits	Tax Credit Scholarship
AZ	Empowerment Scholarship Accounts	Educational Savings Account
CO	Choice Scholarship Pilot Program	Voucher
DC	Opportunity Scholarship Program	Voucher
FL	John M. McKay Scholarships for Students with Disabilities Program	Voucher

FL	Florida Tax Credit Scholarship Program	Tax Credit Scholarship
GA	Georgia Special Needs Scholarship Program	Voucher
GA	Private School Tax Credit for Donations to Student Scholarship Organizations	Tax Credit Scholarship
IA	Education Expense Credit	Individual Tax Credit
IA	School Tuition Organization Tax Credit	Tax Credit Scholarship
IL	Tax Credits for Educational Expenses	Individual Tax Credit
IN	School Scholarship Tax Credit	Tax Credit Scholarship
IN	Choice Scholarship Program	Voucher
IN	Tuition Tax Deduction	Individual Tax Deduction
LA	Elementary and Secondary School Tuition Deduction	Individual Tax Deduction
LA	Student Scholarships for Educational Excellence Program	Voucher

LA	School Choice Pilot Program for Certain Students with Exceptionalities	Voucher
LA	Tax Credit for Donations to School Tuition Organizations	Tax Credit Scholarship
ME	Town Tuitioning Program	Voucher
MN	K-12 Education Subtraction and K-12 Education Credit	Individual Tax Credit/Deduction
MS	Mississippi Dyslexia Therapy Scholarship for Students with Dyslexia Program	Voucher
MS	Nate Rogers Scholarship for Students with Disabilities Program	Voucher
NC	Tax Credits for Children with Disabilities	Individual Tax Credit
NH	School Choice Scholarship Program	Tax Credit Scholarship
OH	Cleveland Scholarship and Tutoring Program	Voucher
OH	Autism Scholarship Program	Voucher
OH	Educational Choice Scholarship Program	Voucher

OH	Jon Peterson Special Needs Scholarship Program	Voucher
OK	Lindsey Nicole Henry Scholarships for Students with Disabilities	Voucher
OK	Oklahoma Equal Opportunity Education Scholarships	Tax Credit Scholarship
PA	Educational Improvement Tax Credit	Tax Credit Scholarship
PA	Educational Opportunity Scholarship Tax Credit	Tax Credit Scholarship
RI	Tax Credits for Contributions to Scholarship Organizations	Tax Credit Scholarship
UT	Carson Smith Special Needs Scholarship Program	Voucher
VA	Educational Opportunity Scholarship Tax Credits	Tax Credit Scholarship
VT	Town Tuitioning Program	Voucher
WI	Milwaukee Parental Choice Program	Voucher
WI	Parental Private School Choice Program (Racine)	Voucher

Pennsylvania Lawmaker Merges Voucher, Tax Credit Legislation

June 20, 2012

Sally Nelson



Pennsylvania lawmakers are merging previous school vouchers and tax credit scholarship legislation to provide more options, especially to students in the worst 15 percent of public schools.

Legislators have attempted to pass similar bills this past year and for at least a decade, said state Rep. Jim Christiana (R-Beaver). Voucher bills passed in the Senate have not passed the House. Tax-credit expansion bills pass the House but fail in the Senate.

Hence Christiana's bill. House Bill 2468 would increase the cap on the state's Educational Improvement Tax Credit, a popular tax credit available to businesses that contribute to nonprofits, which distribute the money to students for private school tuition. The Educational Improvement Scholarship Credit, the bill's second half, would allow tax-credit scholarships for children zoned to attend the lowest-achieving 15 percent of public schools.

"I was trying to accomplish the same goal of the vouchers program: To provide a way for kids to get out of these underperforming schools and go into a safe learning environment," Christiana said.

Recipients could attend better public schools outside their current district or private schools. Christiana's bill substituted business tax credits for vouchers that attach tax dollars to children.

Expensive, Violent Pennsylvania Schools

In the last 15 years, Pennsylvania's K-12 spending has doubled to \$26 billion a year—a 44 percent inflation-adjusted increase—while student test scores have "flatlined," said Priya Abraham, a senior policy analyst at the Commonwealth Foundation.

For students in the worst 15 percent of schools, the situation is dire. Dropout rates are staggeringly high and test scores trail far behind the state and nation, Christiana said.

The 82,000 students attending the worst 5 percent of schools face daily violence, Abraham said. The Commonwealth Foundation found there were nearly 10,000 violent incidents such as assault, robberies, and rapes in these 140 schools in the last two years. That's a violent incident every 17 minutes.

"The simplest way to describe Pennsylvania public schools is the 'haves' and the 'have-nots,'" Christiana said. "There are two educational systems in Pennsylvania."

Leadership Necessary for Success

Christiana is confident his bill will weather the House and Senate, citing the vote that vastly expanded the EITC program in 2011.

"Ninety percent of the Democrat caucus and 100 percent of the Republican caucus voted for that major expansion," he said. "That's because [the tax credit] has been very successful for over a decade."

To pass the bill before the budget cycle closes, legislative leadership must move quickly, he said.

"The votes are there to pass this overwhelmingly in both chambers. It's just a matter of leadership," Christiana said. "To give these kids an option before school reconvenes in the fall, this bill needs to be finalized by the end of June."

Hunger for Choice

The state's education tax credits have so far provided 40,000 students with school choice, but government caps leave many families clamoring for more.

"They always have more kids that want them than they have scholarships," said Allegheny Institute President Jake Haulk. "It's never been a rich enough program."

The Children's Scholarship Fund Philadelphia alone turns away 7,000 applicants every year, Abraham said.

Image © [Charlotte Kesl / World Bank](#) .

Related Podcast:

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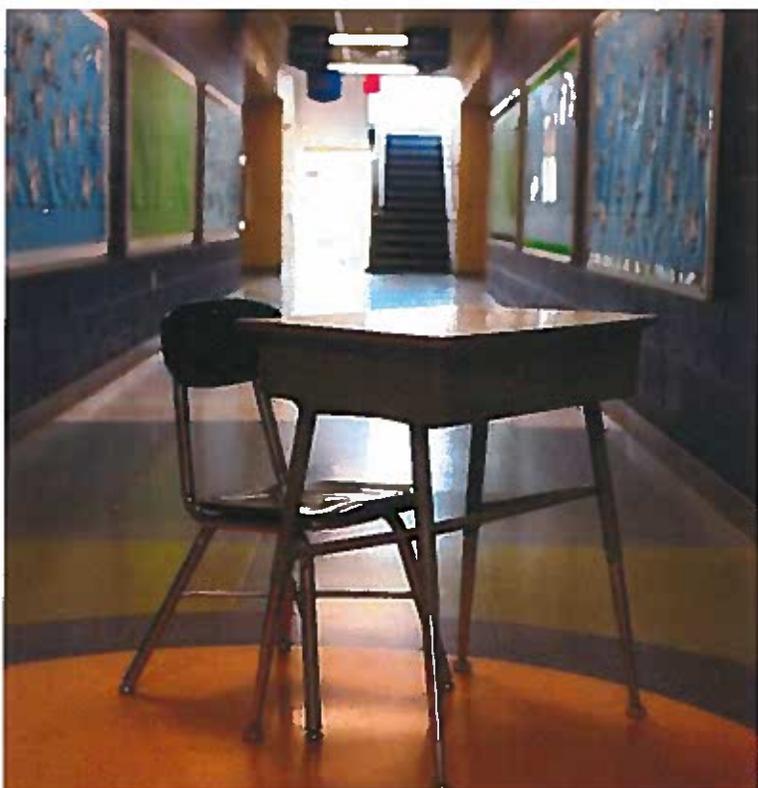
Pennsylvania's school voucher legislation isn't about low-income students

PennLive Op-Ed By PennLive Op-Ed

on June 14, 2011 at 5:00 AM

By Sharon Kletzien and Larry Feinberg

Proponents of tuition vouchers, including legislative leaders and Gov. Tom Corbett, often promote the idea as one needed to help children from low-income families "escape" from struggling schools to attend private or religious schools.



CHRIS KNIGHT, The Patriot-News

School voucher proponents say it's all about helping low-income students succeed, but in Pennsylvania, that's not what the proposed bill does.

News media outlets, including The Patriot-News, have unwittingly or passively played right along with that story line. But facts are stubborn things. And the facts show a completely different picture.

Senate Bill 1, the voucher legislation that Gov. Corbett professes to support, was initially introduced by Sen. Jeffrey Piccola (R-Dauphin County) as a program targeted to provide tax-funded vouchers to low-income families in 144 public schools identified as struggling, based on standardized test scores.

But facing criticism from those who favor a more wide-open tuition voucher plan, S.B. 1 has been amended in a way that dramatically changes the focus, along with the intended beneficiaries, of the proposed program.

In its current form, S.B. 1 would send more taxpayer money to middle-income families whose children are already enrolled in private schools.

The current version of S.B. 1 increases eligibility by increasing income limits (\$78,225 for a family of four).

This "reverse Robin Hood" scheme would cap voucher spending for low-income students and provide more to middle-income families.

The move marks a complete reversal of course from the original stated purpose of the bill: to provide low-income students in failing schools with options to attend private schools.

Amendments added to S.B. 1 would siphon tax dollars from the families that voucher proponents claim need vouchers the most.

The Senate's own fiscal note projects that only 8 percent of students from the original 144 public schools that S.B. 1 targets will use a voucher.

That's 6,500 of 72,000 eligible students.

However, 65 percent of the students who would receive a voucher under the amended version of S.B. 1 are already attending a private and parochial school.

This means most of the money from this will go to students who aren't in public schools, further diminishing available resources.

Low-income families might still have to pay the difference between the voucher and the private school tuition. That's money that many families do not have. The majority of low-income children will be left in under-resourced schools that will have even less support, which means fewer programs for students.

S.B. 1 is definitely not a solution for poor students. The mythology behind tuition vouchers goes further. Proponents like to claim vouchers will give parents a "choice."

Once again, the facts make clear that claim just isn't so. No student is assured access to private schools. Their application can be rejected for any reason. Voucher programs enable private schools to maintain their "choice," not parents.

Private and religious schools have the ability to reject any student they want to reject for admission and later can expel any student.

Another myth that the proponents like to trot out is that tuition vouchers will save taxpayers money. Sorry, but that's also untrue.

S.B. 1, according to official estimates, will cost more than \$1 billion in tax dollars to implement through the initial four years. Public schools cannot "save" money when a few students across different grade levels transfer to a private school.

The cost of a voucher program would inevitably be drained away from the public schools, which by law must educate all students who enroll. S.B. 1 also would add an additional level of bureaucracy to administer the

vouchers, another expense for taxpayers. Pennsylvania cannot afford to invest \$1 billion in a program plagued with no proven track record of success.

That's why the League of Women Voters of Pennsylvania and the Keystone State Education Coalition — and all 30 of the organizations who make up the Pennsylvanians Opposed to Vouchers coalition — oppose this legislation.

Sharon Kletzien is education specialist for the League of Women Voters of Pennsylvania. Larry Feinberg is co-chair of the Keystone State Education Coalition. They are involved in Pennsylvanians Opposed to Vouchers (www.paopposedtovouchers.org).

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Is Pennsylvania ready for vouchers?

New Gov. Corbett, Republicans bet they can succeed on school choice after years of failure.

January 23, 2011 | By John L. Meeck. CALL HARRISBURG BUREAU

HARRISBURG — Policy junkies hoping for meaty specifics in Gov. Tom Corbett's inaugural speech may have come away disappointed.

But buried in [the middle](#) was a clear signal of the kind of education policy the Allegheny County Republican might pursue. And it's a clean break from the philosophy of Democratic predecessor Ed Rendell, a full-throated ally of public education, who pumped millions of dollars into Pennsylvania's school systems.

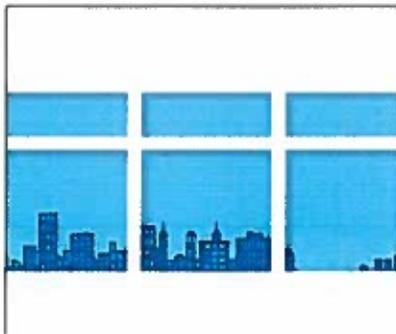
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"Our educational system must contend with other nations and so we must embrace [innovation](#), competition and choice in our education system," Corbett said last week.

In other words: publicly funded vouchers that would allow some parents to take their [children](#) — and their tax money with them — out of struggling public schools to enroll them instead in better-performing public schools or in private or parochial schools.

"Today's Pennsylvania's tradition of character and courage carries on in the single [mother](#) who works an extra job so she can send her children to a better school," Corbett, a former high school history teacher, also said, in case anyone in the crowd outside the Capitol didn't get the message.

The goal is one long-sought by Republicans. Former Gov. Tom Ridge tried and failed during the 1990s to pass "school choice."

But with Corbett in the governor's office, substantial Republican majorities in the [House](#) and Senate, growing support for charter schools and a vocal Democratic ally in their corner, school choice backers believe they have their best shot in years of passing vouchers. Already a bill is pending in the state Senate.

"The topography is different because people are questioning the massive [investments](#) in taxpayer dollars they are making [in public education] and the lack of quality returns," said Matthew Brouillette, president of the Commonwealth Foundation, which favors vouchers. "Despite Ed Rendell's best efforts, we still have the demonstrable failure of schools to produce a quality product at an ever increasing price."

The state's powerful teachers unions and their mostly Democratic supporters in the Legislature are certain to oppose any push to legalize vouchers.

Wythe Keever, a spokesman for the Pennsylvania State Education Association, which represents tens of thousands of teachers statewide, said it's impossible to track whether student performance [improves](#) with vouchers. And it could gut taxpayer support for some public school districts.

"It was a bad idea in the 1990s, and it's still a bad idea in 2011," Keever said. "At when the state is looking at a multibillion dollar deficit, vouchers would become a major new spending program that would only increase over time."

Corbett has allies in Sen. Jeffrey Piccola, R-Dauphin, chair of the Senate Education Committee, and in Sen. Anthony H. Williams, D-Philadelphia. Williams, who unsuccessfully sought the Democratic nomination for governor last year, made school choice the cornerstone of his campaign, netting his campaign millions from wealthy voucher backers.

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Williams and Piccola have unveiled legislation to provide "scholarships" to low-income families so their child could attend the school of his or her choice. A family of four would have to earn \$28,665 to qualify for the grant, which would total about \$9,000 if they lived in the distressed Harrisburg school district.

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In its current form, the proposal would phase in over three years, at first only applying to students who attend "persistently failing" schools. In the second year, students who live in failing districts but attend private schools would be eligible. All low-income students, regardless of where they live, would be eligible in the third year.

The proposal also includes a \$25 million increase to the state's Educational Improvement Tax Credit, which provides tax breaks to [businesses](#) that donate to schools. If approved, it would make a total of \$100 million in credits available.

The Piccola/Williams proposal has been christened Senate Bill 1, a bill number traditionally reserved for the majority party's top legislative priority of each session. The chamber's two top Republicans, Senate President Pro Tempore Joe Scarnati, R-Jefferson, and Majority Leader Dominic Pileggi, R-Delaware, are co-sponsors.

Like Brouillette, Piccola said he believes public attitudes toward vouchers have changed since their first appearance on the political landscape. [Parents](#) in big cities, who have been historically friendly to unions and Democrats, want better schools for their children and are tired of waiting for the public system to provide them, he said.

"The grassroots constituency has mushroomed in the last 15 years," said Piccola, who will hold a public hearing on his proposal on Feb. 16 in Hantsburg.

In a statement accompanying the bill's introduction, Williams, who has long served on the board of a charter school named for his father, the late Sen. Hardy Williams, framed the coming debate over school choice as a civil rights issue.

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