

The Next Frontier in School Choice: Tuition Tax Credits?

December 15, 2008

American Enterprise Institute

www.aei.org/event1848



Education and the Public Interest Center
University of Colorado at Boulder

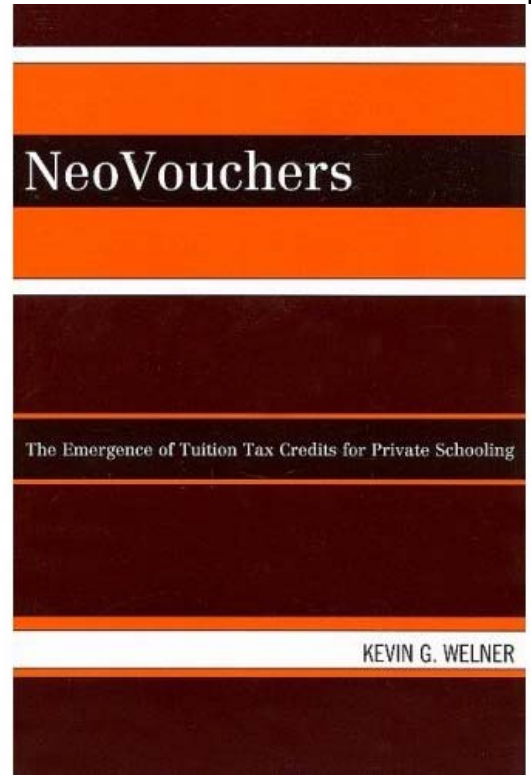
Neovouchers

Kevin G. Welner

Director, EPIC Policy Center
University of Colorado at Boulder

December 15, 2008

American Enterprise Institute
Washington, DC



“Something So Close”

- *“This has turned into something so close to vouchers you almost can’t tell the difference.”*
 - John Huppenthal, then-chair of the Arizona Senate’s Education Committee, who had been a longtime voucher supporter
- *“Why do we need vouchers at this point?”*
 - Trent Franks, the former Arizona legislator and activist credited with originating the tax credit idea



Main Points

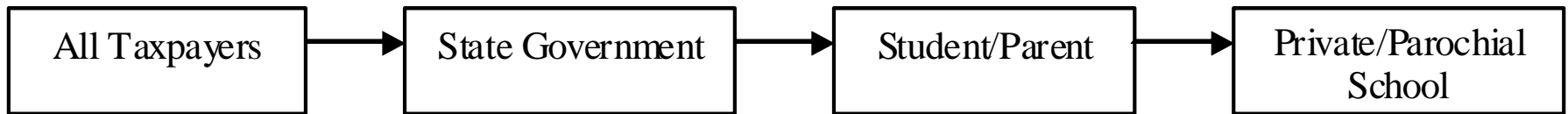
- ❑ Neovouchers are more common than vouchers.
- ❑ They're unproven, unstudied, and largely beyond the reach of solid evaluation.
- ❑ They transfer authority to wealthier taxpayers and tend to benefit wealthier parents.
- ❑ They're more likely to withstand court challenge and more likely to garner political support.

Numbers of Voucher and Neovoucher Recipients (2007-08)

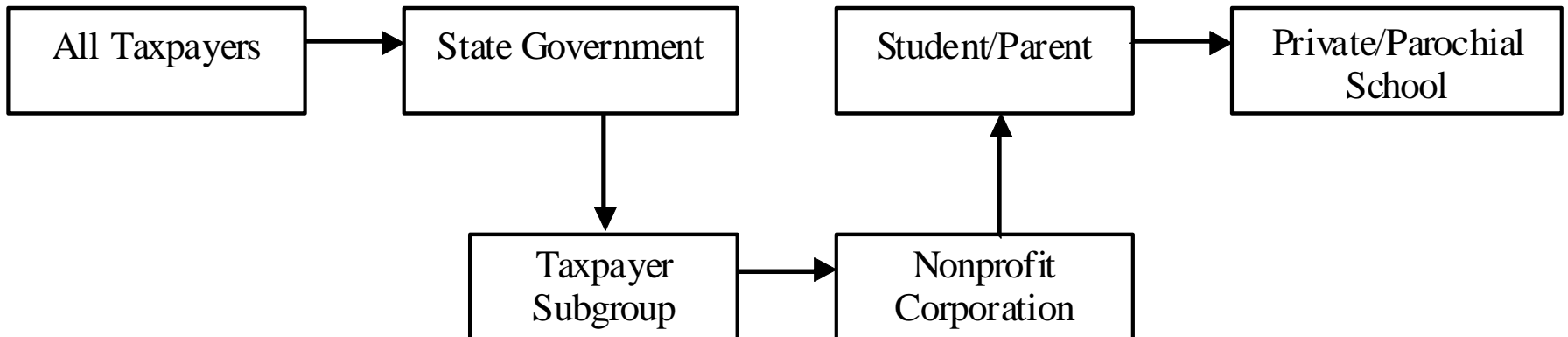
VOUCHERS		NEOVOUCHERS	
<u>State/District</u>	<u>Number of Recipients</u>	<u>State</u>	<u>Number of Recipients</u>
Milwaukee	18,550	Arizona (indiv.)	27,153
Cleveland	6,195	Florida	19,416
Florida (McKay)	18,919	Pennsylvania	44,000
Washington DC	1,800		
Ohio	6,836		
Total	52,300	Total	90,569

Comparison of Voucher and Tuition Tax Credit Systems

Voucher Systems



Tuition Tax Credit Systems



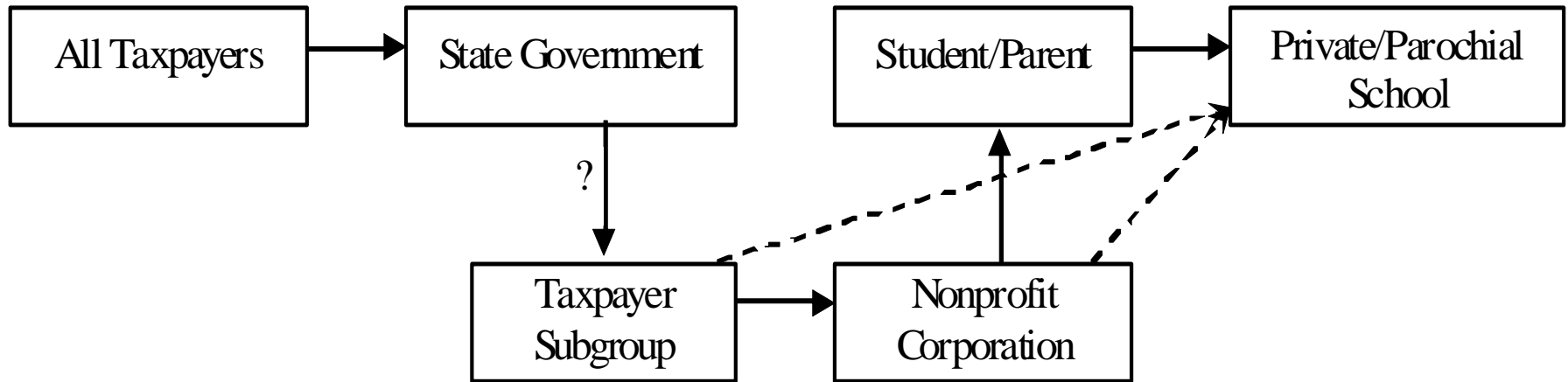


Why the Added Steps?

These added steps come with potential advantages:

- Political advantages associated with legislative committees and “voucher” baggage, and
- Legal advantages associated with state constitutional provisions.

Further Look at Tuition Tax Credit Systems





Rationale for Neovouchers: Legal

- Advantage over vouchers, even in the wake of *Zelman*
- Provisions in most state constitutions that prohibit appropriating public tax funds for religious schools, often attacked as “Blaine Amendments,” existing in 36 states.

State Constitutional Provisions: California

- Cal. Const. art. IX, § 8: "No **public money** shall ever be **appropriated** for the support of any sectarian or denominational school, or any school not under the exclusive control of the officers of the public schools; ..."



Kotterman

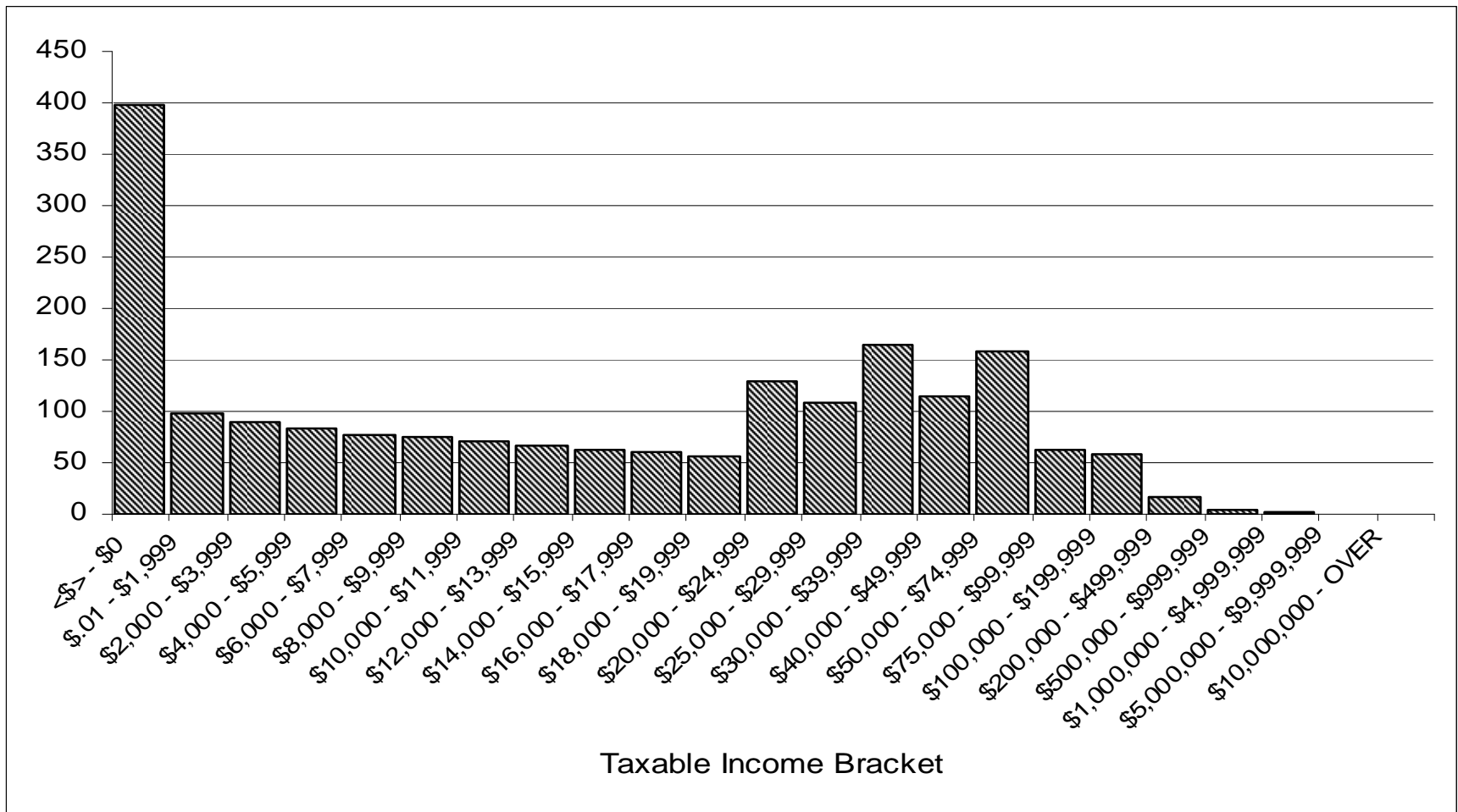
“[N]o money ever enters the state’s control as a result of this tax credit. Nothing is deposited in the state treasury or other accounts under the management or possession of governmental agencies or public officials. Thus, under any common understanding of the words, we are not here dealing with ‘public money.’” (*Kotterman v. Killian*, 1999, p. 618)



Efficiency Issues: Switchers

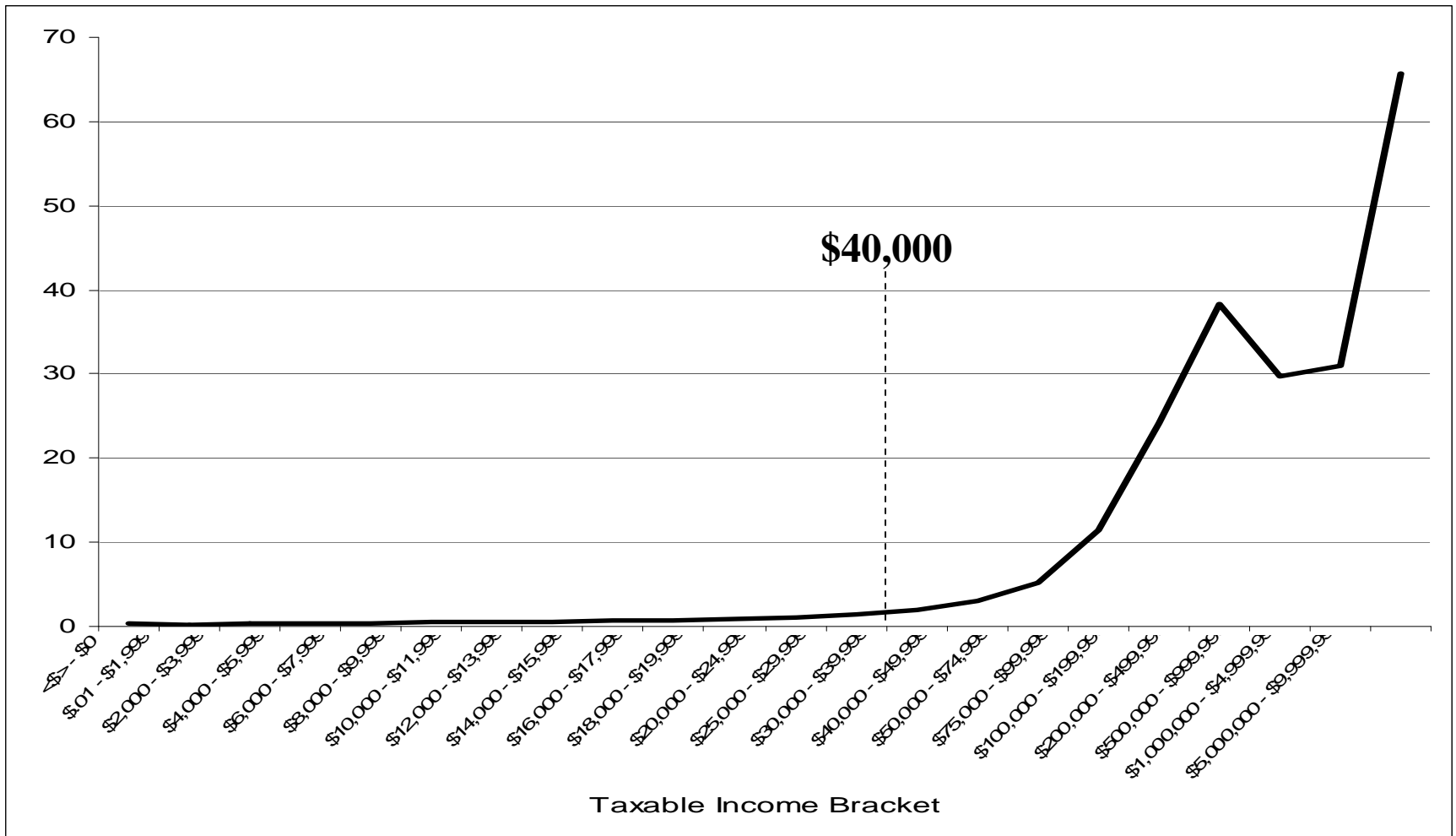
For every donated dollar in Arizona, 19 cents (at best) goes to assist families whose children switch from public schools to private schools. The vast majority goes to families whose children already attend private schools.

Average Number of Arizona Returns, 2000-2004 (in thousands)



Source: Data from the Arizona Department of Revenue

Odds of Itemizing, Arizona 2000-2004





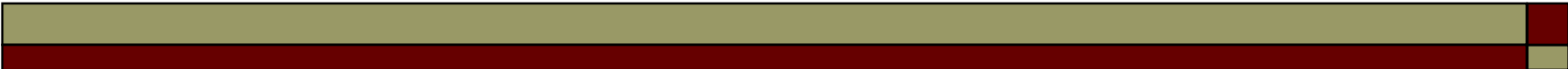
Data Collection and Evaluation

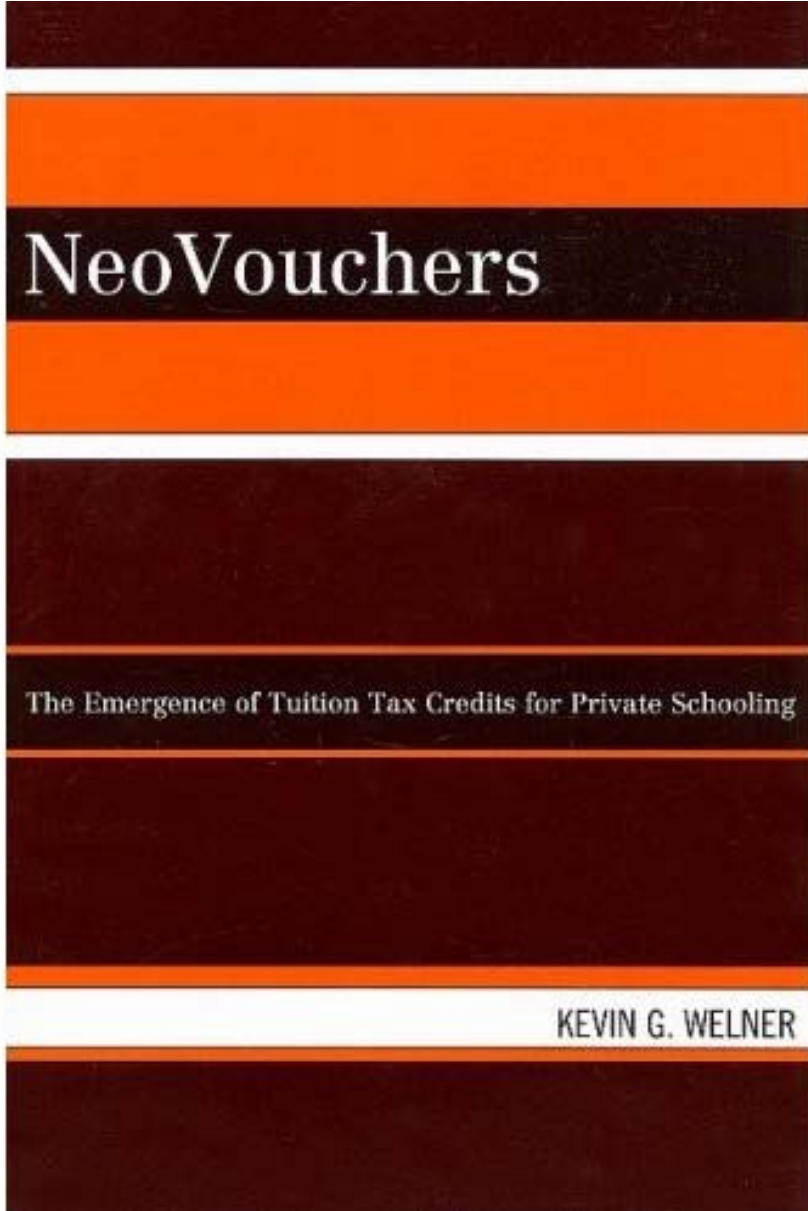
Current neovoucher plans do not include the data collection and evaluation provisions that would be necessary to determine if they have achievement (or other) benefits.



Conclusions

- ❑ Neovouchers are more common than vouchers.
- ❑ They're unproven, unstudied, and largely beyond the reach of solid evaluation.
- ❑ They transfer authority to wealthier taxpayers and tend to benefit wealthier parents.
- ❑ They're more likely to withstand court challenge and more likely to garner political support.





NeoVouchers

The Emergence of Tuition Tax Credits for Private Schooling

KEVIN G. WELNER