

# Earning Full Credit: A Toolkit for Designing Tax-Credit Scholarship Policies

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# MISSION

**Pioneer Institute develops and communicates dynamic ideas that advance prosperity and a vibrant civic life in Massachusetts and beyond.**

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Success for Pioneer is when the citizens of our state and nation prosper and our society thrives because we enjoy world-class options in education, healthcare, transportation and economic opportunity, and when our government is limited, accountable and transparent.

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## 1. Executive Summary

For more than two decades, tax-credit scholarship (TCS) policies have helped American families provide their children with the learning environment that meets their individual needs. Now available in 19 states, nearly 300,000 students nationwide use tax-credit scholarships to attend the school of their family's choice.

TCS policies create an incentive for taxpayers to contribute to nonprofit scholarship organizations that aid families with tuition and, in some states, other K–12 educational expenses. As with other policies, their ultimate success or failure depends greatly on how they are designed. This paper explores the central design features of TCS policies—such as eligibility, the tax credit value, credit caps, and academic accountability provisions—and outlines the different approaches taken by the TCS policies in each state.

The paper also offers suggestions regarding each feature for policymakers who want to design a TCS policy that most likely to succeed at its central purpose: empowering families to provide their children with the education that works best for them. To that end, the paper recommends designing each policy element in such a way that they maximize the incentive that taxpayers have to contribute to scholarship organizations, maximize the number of families that can benefit from the scholarships, and maximize the freedom and flexibility that scholarship organizations have to serve those families. A summary of these suggestions can be found in the conclusion.

Finally, the appendix offers policymakers with a wide variety of additional resources, including model legislation, parent satisfaction and public opinion surveys, research of fiscal effects, various policy briefs on tax-credit scholarships, information about the constitutional landscape, and public relations resources.

## 2. Introduction

by *Theodor Rebarber*

Kendra Espinoza and two other Montana mothers wished to educate their children at the Stillwater Christian School, at least in part, because it teaches the same Christian values they teach at home. They sought to benefit from a state program of tuition scholarships financed by state tax credits that also benefited non-religious private schools. When challenged by opponents in state court, the Montana Supreme Court struck down the entire program—for religious and non-religious schools alike—on the grounds that the inclusion of religious schools violated a provision in the state constitution prohibiting aid to sectarian schools. In *Espinoza v. Montana Department of Revenue* (2020), the U.S. Supreme Court ruled that Montana's Supreme Court, in upholding this prohibition in the Montanan state constitution, had violated the right of Kendra Espinoza and the other plaintiffs to the free exercise of

their religious beliefs as guaranteed by the First Amendment to the Constitution. Writing for the majority, Chief Justice John Roberts noted that “once a State decides to [subsidize private education], it cannot disqualify some private schools solely because they are religious.” Such “discrimination against religious schools and the families whose children attend them,” he wrote, is inconsistent with our Constitution.

Advocates for school choice often argue that such policies advance equity by enabling parents of limited means to afford private schools that would otherwise only be available to more affluent families. There has been much emphasis in the school choice movement on its potential to empower parents to select safe and academically effective school environments — and appropriately so! In the *Espinoza* decision, however, the Supreme Court focused on a line of constitutional legal precedents that address another, at least equally important, priority for parents: exercising their fundamental right to provide their children with an education that is consistent with their religious or other values and traditions.

Long-established constitutional precedents have recognized that parents cannot be compelled to send their children to a public school that conflicts with the dictates of their faith<sup>1</sup> and that parents have the affirmative right to send their children to religious schools that reflect their beliefs.<sup>2</sup> These precedents are themselves based on an earlier finding by the Court that identified the constitutional foundation for these rights in the text of the 14th Amendment: “...nor shall any State deprive any person of life, *liberty*, or property, without due process of law...” (emphasis added). The Court has explained that the “the liberty guaranteed ...denotes not merely the freedom from bodily restraint but also the right of the individual to... *establish a home and bring up children, to worship God according to the dictates of his own conscience*, and generally to enjoy those privileges long recognized at common law as essential to the orderly pursuit of happiness by free men” (emphasis added).<sup>3</sup>

Individual liberty includes these rights because, for thousands of years, worshipping God according to Western traditions has included not only the right, but also the *obligation* to ensure that the teachings of one's faith are passed down to one's children. The Catholic tradition, spanning more than two thousand years, holds in its catechism that the responsibilities of marriage “cannot be reduced solely to the procreation of children, but *must extend to their moral education and their spiritual formation*...The right and duty of parents to educate their children are primordial and inalienable.”<sup>4</sup> (Emphasis added.) The Jewish tradition, which extends more than three thousand years, includes a similar obligation. Maimonides,

**Chief Justice John Roberts noted that “once a State decides to [subsidize private education], it cannot disqualify some private schools solely because they are religious.”**

the great codifier of Jewish Law, identified this responsibility as one of the 613 obligatory commandments based on the following two verses in the Hebrew Scriptures: “...these words, which I command you this day, shall be on your heart. *And you shall teach them to your children...*”<sup>5</sup> and “...you shall set these words of Mine upon your heart and upon your soul...*you shall teach them to your children to speak of them...*”<sup>6</sup> (Emphasis added.) The Protestant tradition as far back as Martin Luther and the Reformation, though more diverse, has also emphasized the importance of a spiritually infused education that teaches the tenets of the faith. Until the middle of the 20th century, American Protestants could look to the public schools to include some basic elements of their faith. Since then, the U.S. Supreme Court has considered organized religious instruction or prayer in the public schools to violate the constitutional prohibition on government establishing an official faith.

In the *Espinoza* decision, the U.S. Supreme Court reaffirmed its recognition that the Constitution protects the right of American parents to fulfill such long-standing obligations free from government discrimination. However, parents of moderate means, who believe that schooling consistent with their faith is necessary to fulfill their responsibility to their children, face a daunting challenge. They are not only required to pay taxes to support secular public schools, but also must pay to practice their religious obligation. In effect, they are being forced to pay twice. Yet, there is no just reason for social policy to only grant affluent parents the ability to exercise this critical constitutional right. School choice reforms that empower a greater proportion of parents to exercise this essential right, especially through tax credits that avoid much of the risk of government strings attached to public dollars, can help address this societal inequity.

### 3. Foreword

by *Kendra Espinoza*

Not that many years ago, things appeared to be going pretty smoothly for my family and me. I was homeschooling my daughters because it was important to us to instill in them the Christian values we hold so dear. By the end of our first year of homeschooling, the kids were thriving. My older daughter, Naomi, showed strong reading skills, had learned how to read and write in cursive, was well ahead of her peers academically and loved learning.

But things changed dramatically for us when their father abandoned our marriage and moved to another state. Soon our home was in foreclosure and the urgent need for me to go back to work forced me to enroll Naomi and her sister Sarah in public school.

I started working in housekeeping, then office administration, and then moved into accounting and bookkeeping, which is the area of my training. By taking on as much extra

work as I could and saving every penny, I was able to stabilize our finances and even purchase a home for my daughters and myself.

Our economic situation may have improved, but moving brought new challenges. We lived in a larger city, with bigger schools that offered less individual attention. I saw changes in Naomi and Sarah. They weren’t challenged academically, and much of what they were learning didn’t align with our values. They were ostracized and mocked at school because of their faith and they asked me to homeschool them again, but that was no longer an option because I needed to work full time.

I began to research other possibilities and discovered Stillwater Christian School. Academically, it was miles ahead of the girls’ public school and offered the faith-based curriculum we wanted. Stillwater stressed values that were important to us, like teaching students to be responsible citizens, to honor God and to defend their faith. In short, it was a perfect fit.

I decided to enroll my daughters. To pay for tuition that first year, we held a yard sale fundraiser. We accepted donations of items to sell, a dear friend knitted quilts that we raffled off and we sold everything we possibly could from the house. I took on extra jobs doing janitorial work and additional bookkeeping from home. Naomi earned money mowing our neighbors’ lawns.

But despite all the side work and the fundraiser, my savings were gone before we even started our first year there. Thereafter, even with financial aid from the school through the years, and me working two and three jobs to pay the hefty sum for tuition, it has become more and more difficult to afford.

You can imagine how happy I was when, in 2015, Montana passed legislation creating education tax credits. But when we tried to access the program, the state Department of Revenue (DOR) stepped in and claimed that money from it couldn’t be used to attend a religious school. Somehow, they argued that offering tax credits as an incentive to attract private donations to scholarship organizations amounts to an appropriation of public funds, and that it violated the state constitution. Montana is among the nearly 40 states with “Blaine” or “Anti-Aid” constitutional amendments that prohibit public money from being spent on religious education.

I believe the DOR’s action amounted to flagrant anti-religious discrimination. It was a violation of our fundamental constitutional right to religious liberty and a parent’s right to choose the best school for his or her children.

Our nation was founded with a pluralistic view of K-12 education. There was to be no state religion, but neither was there a prohibition on state or local government support for citizens exercising their own religious convictions. John Adams’ 1780 Massachusetts Constitution, the oldest written constitution in continuous use in the world, clearly envisioned public support for a range of religious, private, and secular school options. The same was also true in

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several of America's early state constitutions.

I was raised to believe there is a compelling public interest in having a well-educated citizenry who understand their history and the rights and responsibilities of citizenship. In America's choice-driven higher-education system - which is world renowned — governments at all levels support this goal with public scholarships and loans, whether a student chooses to go to the University of Notre Dame, Brigham Young University, Brandeis University, or any public higher education institution.

The educationally tolerant ideas of our republic's founders were standard practice until the mid-19th century, when the Irish Potato Famine prompted the arrival of an influx of Catholic immigrants to the East Coast of the United States. Historically, public education in America was predominantly Protestant in nature, with prayer taught in schools and values taught based on the Christian faith.

Amid the subsequent nativism and openly anti-Catholic bigotry of the mid-to-late 1800s, many states, led by Massachusetts' Know-Nothing Party and then later Maine Congressman James G. Blaine, adopted constitutional amendments (aptly named Blaine Amendments) like the one here in Montana, that barred public support for the religious schools to which many Irish immigrants sent their kids, which were fundamentally Catholic in nature. These state amendments also blocked money from following students, as it does in higher education.

I was approached by the Institute for Justice about the Montana DOR's ruling, and asked if I would join them in fighting against it. We Americans have been afforded a constitutional right to religious liberty, something that, I feel passionately, must be protected. So, in an effort to serve my children, school and community, I agreed.

We initially won at the district level, being granted a preliminary injunction. The program could continue and we were elated. But the Montana DOR appealed. The Montana Supreme Court sided with the DOR and actually shut down the program altogether, to ensure that not one penny of the scholarship funds would be spent at religious schools.

**The Court's ruling doesn't end this battle; it simply marks the beginning of a new stage in the fight for the right of all parents to choose the most appropriate education for their children.**

We had one more card to play, and that was to take this all the way to the U.S. Supreme Court, which ruled in our favor on June 30, 2020. In his majority opinion, Chief Justice John Roberts wrote what seems to me to be common sense: "A state need not subsidize private education. But once a state decides to do so, it cannot disqualify some private schools solely because they are religious."

However, the Court's ruling doesn't end this battle; it simply marks the beginning of a new stage in the fight for the right of all parents to choose the most appropriate education for their children. Now that the case stands as the law of the land, it's up to state leaders — governors and legislators alike — from across the country to take advantage of this historic legal decision by enacting legislation that makes religious liberty and school choice a reality for millions of families like mine. This education tax credit toolkit represents an important step in that direction by providing the basic information those leaders need to create scholarship tax credit programs in their states.

Prior to the recent Supreme Court decision, my daughters were blessed to be among the nearly 300,000 largely disadvantaged students in 18 states that benefitted from state education tax credit programs — the overwhelming majority of which are needs-based. In five years at Stillwater I've watched them go from distracted, unchallenged students who no longer had a passion for learning, to young women who are talking about their futures with excitement, actually look forward to going to school, are challenged academically and strive to grow in maturity and deepen their relationship with God.

On the heels of the U.S. Supreme Court's decision, the challenge before us is to translate the ruling into opportunity for schoolchildren in Massachusetts, Montana and the 36 other states with Blaine or Anti-Aid amendments to their constitutions. Pioneer Institute has long been at the forefront of this important work, and this toolkit demonstrates that their leadership will continue as the battle advances to the next stage.

## 4. Introduction: Tax-Credit Scholarship Policies in the United States

Although not as well-known as traditional school vouchers, the most common form of private school choice policy is the tax-credit scholarship (TCS). In 1997, Arizona became the first state to enact a TCS policy. As of the 2019–20 academic year, nearly 300,000 students received scholarships via 23 TCS policies in 18 states, including Alabama, Arizona, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Louisiana, Montana, Nevada, New Hampshire, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, and Virginia.<sup>7</sup> Additionally, Utah enacted the nation’s 24<sup>th</sup> tax-credit scholarship policy for students with special needs in 2020.<sup>8</sup>

TCS policies are popular among parents and the general public. In a 2018 survey of more than 14,000 scholarship

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families in Florida—the largest survey of a school choice program ever conducted—92 percent of families expressed satisfaction with the program and about 90 percent were satisfied with the school their child attended using a scholarship.<sup>9</sup> Surveys of the general public also consistently find high levels of support for TCS policies. According to the 2020 *Education Next* survey, 57 percent of Americans support TCS policies.<sup>10</sup> Support is even higher among parents (61 percent) and Americans who are black (68 percent) and Hispanic (70 percent). According to EdChoice’s 2020 “Schooling in America” survey, 69 percent of the general public supported TCS policies.<sup>11</sup>

At their core, TCS policies are very similar. Taxpayers receive tax credits for contributions to scholarship granting organizations that fund students attending schools other than their assigned district school. However, their details vary significantly. For example, in some states, only individual

State	TCS Policy	Enacted	2019–20 Scholarships
Alabama	Education Scholarship Program	2013	4,006
Arizona	Original Individual Income Tax Credit Scholarships	1997	32,585
Arizona	Low-Income Corporate Income Tax Credit Scholarships	2006	20,964
Arizona	Lexie’s Law for Disabled and Displaced Students	2009	22,348
Arizona	“Switcher” Individual Income Tax Credit Scholarships	2012	1,103
Florida	Florida Tax Credit Scholarship Program	2001	108,570
Florida	Florida Hope Scholarship Program	2018	66
Georgia	Qualified Education Expense Tax Credit	2008	13,895
Illinois	Invest in Kids Program	2017	10,791
Indiana	School Scholarship Tax Credit	2009	7,178
Iowa	School Tuition Organization Tax Credit	2006	10,146
Kansas	Tax Credit for Low Income Students Scholarship Program	2014	369
Louisiana	Tuition Donation Credit Program	2012	2,115
Montana	Tax Credits for Contributions to Student Scholarship Organizations	2015	25
Nevada	Educational Choice Scholarship Program	2015	416
New Hampshire	Education Tax Credit Program	2012	2,306
Oklahoma	Oklahoma Equal Opportunity Education Scholarships	2011	2,555
Pennsylvania	Educational Improvement Tax Credit Program	2001	14,419
Pennsylvania	Opportunity Scholarship Tax Credit Program	2012	37,725
Rhode Island	Tax Credits for Contributions to Scholarship Organizations	2006	397
South Carolina	Educational Credit for Exceptional Needs Children	2013	1,951
South Dakota	Partners in Education Tax Credit Program	2016	720
Utah	Special Needs Opportunity Scholarship Program	2020	N/A
Virginia	Educational Opportunity Scholarships Tax Credits Program	2012	4,435

Note: Unless otherwise noted, all facts and figures in the tables are from EdChoice’s 2020 Edition of the ABCs of School Choice report, <https://www.edchoice.org/research/the-abc-of-school-choice/>.

taxpayers are eligible for the tax credits while in others only corporate taxpayers are (this is often because a given state does not have either a personal or a corporate income tax). The value of the tax credits varies from 50 percent to 100 percent of contributions with 13 of the 24 programs offering credits worth 100 percent of contributions and another seven offering credits between 75 and 90 percent. Some scholarships are available for all students in a given state while others are targeted towards students from low-income families or students with special needs.

TCS policies can be designed in a way that they are revenue neutral for the state or even produce savings for state coffers. These savings materialize when the reduction in state tax revenue resulting from the tax credits is less than the associated reduction in state spending, after adjusting for students who would not have attended a public school anyway. According to a 2018 study by Dr. Martin Lueken, 10 TCS policies in seven states generated between \$1.7 billion and \$3.4 billion in cumulative taxpayer savings from 1997 through the 2013–14 school year for a cumulative savings per pupil of between \$1,650 and \$3,000.<sup>12</sup>

Tax-credit scholarship policies can greatly expand educational opportunities, but the devil is in the details. This paper explains the various design elements of TCS policies, details how various TCS policies differ across states, and offers suggestions to policymakers seeking to craft TCS legislation in their own states.

## 5. Designing a Tax-Credit Scholarship Policy

When designing a tax-credit scholarship program, policymakers must balance various competing considerations. The primary goal of such policies is to empower families to choose the schools that work best for their children, but policymakers also have to consider the fiscal impact and ensure accountability. For example, various policy levers—like the value of the tax credits or eligibility restrictions—could ensure that a new tax credit would be revenue-neutral or even generate savings for the state treasury, but some policies might come at the expense of empowering families or raising sufficient funds to meet demand. Likewise, there can be tension between attempts to guarantee academic quality and respecting the freedom of families and education providers to try new and different ways of educating children. In this section, we will describe some of the main elements of TCS policies, explore the tradeoffs of various options, and offer suggestions for navigating those options.

### 5.1 Eligibility

The promise of public education is that every single child should have access to a high-quality education that meets his

or her needs. Accordingly, the ideal educational choice program would be available to all children. Three TCS policies (in Georgia, Montana, and Arizona’s individual-contributor TCS) offer tax-credit scholarships to all K-12 students. However, since resources are limited, most states prioritize students who are most in need.

The most common eligibility restriction is on the basis of family income. Of the remaining 21 TCS policies that impose eligibility restrictions, 16 limit eligibility to students from low- and middle-income families. The most restrictive income threshold is in Kansas, which limits eligibility to families earning up to 130 percent of the federal poverty line (\$34,040 for a family of four in 2020).<sup>13</sup> Eleven policies have income thresholds that are 300 percent of the federal poverty line (\$78,600 for a family of four in 2020) or higher.

Two states (South Carolina and Utah) limit eligibility to students with special needs. Additionally, Arizona’s “Lexie’s Law” scholarships are for students who have special needs or who are in foster care or were adopted through the state’s foster care system.

Two states (Kansas and Pennsylvania’s “Opportunity Scholarship Tax Credit”) have TCS policies that are limited to students who are assigned to a low-performing district school. Although well-intentioned, the “failing schools” model suffers from several flaws. First, it can make the scholarship policy unnecessarily confusing as the geographic areas that qualify change from year to year. Scholarship organizations already face a significant challenge in informing the public about the availability of the scholarships—constantly shifting eligibility zones exacerbate that challenge. Second, the “failing schools” policy puts the focus on the wrong place: the performance of the district schools rather than the needs of the child. Even a school with high test scores may not be the right fit for some children, while a school with low test scores may be great for others. A child’s access to a learning environment that’s the right fit for them shouldn’t depend on the average test score of their assigned district school.<sup>14</sup>

In 2018, Florida became the first (and, so far, only) state to enact a TCS policy specifically for students who had been the victims of bullying or abuse. The purpose of such “student safety scholarships” is both to give students an immediate escape hatch from a dangerous environment as well as to provide schools with a strong incentive to address issues of bullying when (or even before) they arise.

Although policymakers may find it necessary to impose some eligibility restrictions, they should strive to make the scholarships available to as many students as possible. This is not only a matter of fairness, but also a matter of effectiveness. If we want an education system that is continuously innovating and improving, then a wide swath of the population

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must have access to a wide variety of education options. As Professor Paul Hill of the University of Washington explains, market-induced improvements to our education system, “depend on the supply-side, that is, on the success of arrangements that promote the creation of a wide variety of school options, expose all schools to performance pressures through competition, and permit constant replacement of weak schools by promising new ones.”<sup>15</sup> A scholarship policy that is limited only to low-income families will fill empty seats in the existing system, but it will do little to spur widespread innovation and improvement. Policymakers who want to see educational choice policies spur systemic improvement should design them to be as inclusive as possible.

### The public supports universal choice.

Fortunately, the public supports universal choice. Polls consistently find significantly higher levels of public support for universal educational choice programs than targeted programs. For example, in EdChoice’s 2020 Schooling in America Survey, 75 percent of respondents agreed with the statement “ESAs [education savings accounts] should be available to all families, regardless of income or special needs,” while only 22 percent disagreed.<sup>16</sup> By contrast, only 55 percent of respondents agreed with the statement, “ESAs should be available only to families based on financial need,” while 43 percent disagreed. In other words, universal policies tend to attract more supporters and draw fewer detractors than the more controversial means-tested policies.

State	Income Limit	Prior Year Public	Additional Eligibility Requirements
Alabama	185% x Poverty Line	Conditional	None
Arizona (Universal)	None	None	None
Arizona (Low-Income)	342.25% x Poverty Line	Yes	None
Arizona (Special Needs)	None	None	Limited to students with special needs or previously in foster care
Arizona (Switcher)	None	Yes	Limited to students switching out of a public school
Florida (Main)	260% x Poverty Line	None	None
Florida (Hope)	None	Yes	Limited to victims of bullying attending public schools
Georgia	None	Yes	None
Illinois	300% x Poverty Line (400% for renewals)	No	None
Indiana	370% x Poverty Line	None	None
Iowa	400% x Poverty Line	None	None
Kansas	130% x Poverty Line	Yes	Limited to students assigned to low-performing schools
Louisiana	250% x Poverty Line	Yes	None
Montana	None	None	None
Nevada	300% x Poverty Line	None	None
New Hampshire	300% x Poverty Line	Conditional	None
Oklahoma	555% x Poverty Line	None	None
Pennsylvania (EITC)	\$85,000 + \$15,608/child	None	None
Pennsylvania (OSTC)	\$85,000 + \$15,608/child	None	Limited to students assigned to low-performing schools
Rhode Island	250% x Poverty Line	None	None
South Carolina	None	None	Limited to students with special needs
South Dakota	275.5% x Poverty Line	Yes	None
Utah	None	None	Limited to students with special needs
Virginia	300% x Poverty Line (400% for students w/ special needs)	Conditional	None

### “Prior Year Public” Requirements

Tax-credit scholarships reduce state expenditures on its public K-12 school system when a student uses the scholarship to switch from a public school to a private or home school. Most states base their K-12 education spending at least partially on student enrollment. Accordingly, when students leave the district school system, the state experiences corresponding savings. To ensure that their TCS policy is revenue neutral or produces savings, eight states require that all or some percentage of scholarship students attended a traditional district or public charter school in the year prior to receiving a scholarship. Several of these states make exceptions for students who are entering kindergarten or first grade, entering a transition year like grades six or nine, or who are attending school in the state for the first time.

A greater proportion of switchers translates into more savings for the state. However, there are numerous low-income families who would otherwise qualify for the scholarships who do not want to send their children to a school that does not meet their needs in order to qualify for a scholarship. They

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often receive financial aid through private schools or other charitable institutions and it would seem unfair to exclude them entirely from the program. Ideally, policymakers would refrain from imposing “prior year public” requirements. However, it is sometimes necessary to include provisions that guarantee a policy will be revenue neutral or produce savings. To balance these competing interests, states like Alabama and

New Hampshire require that a certain portion of scholarship recipients be switchers, but allow scholarship organizations to grant the remainder to any qualifying low-income family.

### 5.2 Tax Credit Value

The “tax credit value” is the percentage of a taxpayer’s contribution to a scholarship organization that they can claim as a credit on their state taxes. As of 2020, the tax credit values in TCS policies nationwide vary from 50 percent to 100 percent of the taxpayer’s contributions. Thirteen of the 24 programs offer credits worth 100 percent of the contribution and another seven offer credits between 75 and 90 percent.

Lower tax credit values are intended to produce greater savings for the state treasury, but the potential savings come at the cost of reducing the incentive to contribute to an SGO. For example, states with tax credit values worth 100 percent, like Arizona and Florida, regularly hit their total tax credit caps (currently \$89 million and \$873 million, respectively) whereas New Hampshire has never hit its \$5 million credit cap with its 85 percent credit value. Since the purpose of TCS policies is to

expand educational opportunity for as many children as possible, ideally the tax credit value will be as high as possible. As detailed in EdChoice’s 2016 report, “The Tax-Credit Scholarship Audit,” even policies with 100 percent credit values can produce fiscal savings for a state when the per-student cost of tax credit disbursements is less than the per-student reduction in state spending, after adjusting for students who would not have attended a public school anyway.<sup>17</sup>

Some states provide an incentive to corporate taxpayers to make multi-year contribution commitments by offering a higher tax credit value. In Pennsylvania and Rhode Island, taxpayers can claim a tax credit worth 75 percent of single-year contributions or 90 percent for multi-year contributions.

State	Credit Value
Alabama	100%
Arizona (Universal)	100%
Arizona (Low-Income)	100%
Arizona (Special Needs)	100%
Arizona (Switcher)	100%
Florida (Main)	100%
Florida (Hope)	100%
Georgia	100%
Illinois	75%
Indiana	50%
Iowa	65%
Kansas	70%
Louisiana	100%
Montana	100%
Nevada	100%
New Hampshire	85%
Oklahoma	50% (single-year) / 75% (multi-year)
Pennsylvania (EITC)	75% (single-year) / 90% (multi-year)
Pennsylvania (OSTC)	75% (single-year) / 90% (multi-year)
Rhode Island	75% (single-year) / 90% (multi-year)
South Carolina	100%
South Dakota	80%
Utah	100%
Virginia	65%

### 5.3 Tax Credit Caps

Another way TCS policies manage the fiscal impact on the state is to limit availability of the credits. Generally, states impose at least one of two types of caps: caps on the size of the contribution for which individual taxpayers can claim a tax credit and caps on the total amount of tax credits available to all taxpayers.

State	Per-Donor Cap	Total Credit Cap
Alabama	Up to 50% of tax liability (not to exceed \$50,000 for individuals)	\$30 million
Arizona (Universal)	\$593 single, \$1,186 married (adjusted annually for inflation)	None
Arizona (Low-Income)	None	\$89.2 million (escalator)
Arizona (Special Needs)	None	\$5 million
Arizona (Switcher)	\$590 single, \$1,179 married (adjusted annually for inflation)	None
Florida (Main)	None	\$873.6 million (escalator)
Florida (Hope)	\$105 (vehicle tax)	None
Georgia	\$1,250 single, \$2,500 married, up to 75% of corporate tax liability not to exceed \$10,000	\$100 million
Illinois	\$1 million	\$75 million
Indiana	None	\$14 million
Iowa	None	\$13 million
Kansas	\$500,000	\$10 million
Louisiana	None	None
Montana	\$150	\$3 million (escalator)
Nevada	None	\$6.7 million (escalator)
New Hampshire	\$1 million	\$5.1 million
Oklahoma	\$1,000 single, \$2,000 married, \$100,000 corporations	\$3.5 million
Pennsylvania (EITC)	\$750,000	\$160 million
Pennsylvania (OSTC)	\$750,000	\$50 million
Rhode Island	\$100,000	\$1.5 million
South Carolina	60% of tax liability	\$12 million
South Dakota	None	\$2 million
Utah	None	\$5.9 million (escalator)
Virginia	\$125,000 for individuals / None for corporations	\$25 million

#### Per-Donor Caps

In some states, like South Carolina, the amount of tax credits taxpayers can claim is limited to a certain percentage of their tax liability. Other states cap credit-eligible donations at a certain dollar figure. Still others, like Georgia, do both.

Per-donor caps recognize that taxpayers' tax liability cover a wide variety of governmental services beyond education. However, when the per-donor cap is too restrictive, it can negatively affect the ability of scholarship organizations to raise funds, thereby undermining the purpose of the TCS policy. Montana's excessively restrictive cap of \$150 per donor crippled the program. During the 2016-17 academic year, only 25 students received tax-credit scholarships worth an average of about \$500 even though the total tax credit cap was \$3 million. By contrast, in Florida—which does not cap the amount of tax credits donors can claim—more than 100,000 students receive tax-credit scholarships worth about \$6,200, on average.

Policymakers should keep in mind that, due to inflation, fixed caps have the effect of reducing the real total available funds for scholarships over time. If policymakers impose per-donor caps, they should consider following the lead of Arizona by pegging the caps to inflation.

### Total Credit Caps

Most states impose a cap on the total amount of tax credits available so the fiscal effects of the policy are limited and predictable. As noted above, fixed caps will mean that inflation will reduce the real value of the scholarships over time. Moreover, in states that are experiencing population growth, fixed caps will diminish the percentage of students who have access to these scholarships. Policymakers should therefore include “escalator” clauses that allow the total amount of available tax credits to grow over time to meet demand. For example, whenever Florida taxpayers claim at least 90 percent of the total amount of available tax credits in a given year, the total amount of tax credits increases by 25 percent in the following year.

## 5.4 Scholarships

### Scholarship Size

Another factor that affects the fiscal impact of a TCS policy is the size of the scholarships. Such policies produce savings when the reduction in revenue per pupil is less than the reduction in state spending per pupil, after accounting for scholarship students who would have attended a private school anyway. If scholarship organizations give relatively large scholarships to a small number of students, the savings may not offset the reduction in revenue. One way to ensure savings is to set a maximum value for the scholarships. Most states set some sort of maximum scholarship value, sometimes a set dollar figure and other times a percentage of the state's portion of the statewide average per-pupil expenditure for district schools. Since the scholarships are intended to bridge the gap between what families can afford and the cost of tuition, ideally the scholarship values should be as high as possible.

If policymakers set a specific dollar figure, they should consider pegging the scholarship cap to inflation so the real value of the scholarships does not diminish over time due to inflation. Additionally, it is better to set a maximum *average* scholarship value, as in New Hampshire, rather than to set a maximum value for all scholarships. Setting a maximum average gives the scholarship organizations greater flexibility to tailor scholarship awards based on the financial need of families while still ensuring that the tax credit policy is revenue neutral or produces savings.

State	Scholarship Cap	Avg. Scholarship
Alabama	\$6,000 (K-5) / \$8,000 (6-8) / \$10,000 (9-12)	\$5,960
Arizona (Universal)	None	\$1,780
Arizona (Low-Income)	\$5,400 (K-8) / \$6,700 (9-12)	\$2,469
Arizona (Special Needs)	90% State Funding	\$1,476
Arizona (Switcher)	None	\$5,214
Florida (Main)	\$7,111	\$6,195
Florida (Hope)	\$7,111	\$7,111
Georgia	\$9,817 (2018)	\$4,008
Illinois	\$12,973	\$1,614
Indiana	Full Tuition	\$7,380
Iowa	Full Tuition	\$2,145
Kansas	\$8,000	\$4,058
Louisiana	Conditional	\$4,379
Montana	50% of State Expenditure	\$500
Nevada	\$8,132	\$2,247
New Hampshire	\$2,762, on average / \$4,749 (special needs minimum)	\$5,370
Oklahoma	Conditional	\$2,017
Pennsylvania (EITC)	Full Tuition	\$2,490
Pennsylvania (OSTC)	\$8,500 / \$15,000 (special needs)	\$1,816
Rhode Island	None	\$3,416
South Carolina	\$11,000	\$4,973
South Dakota	82.5% of State Funding	\$419
Utah	Weighted Pupil Unit	N/A
Virginia	100% of State Funding	\$3,134

## Scholarship Uses

In most states, the tax-credit scholarships have one use: private school tuition. Increasingly, however, policymakers are coming to realize that society's interest in ensuring that every child has access to a quality education can be met outside of the traditional classroom. Indeed, education need not take place entirely or primarily in a traditional school.

In recent years, some states have enacted educational choice policies that empower families to select a wide variety of different educational products and services. Five states (Arizona, Florida, Mississippi, North Carolina, and Tennessee) have enacted K-12 education savings account (ESA) policies that deposit 90 percent of the state's portion of public school per-pupil expenditures into restricted-use bank accounts. Families can use these accounts to pay for private school tuition, tutoring, textbooks, online courses, educational therapy, and more. They can also roll over unused funds to save for later educational expenses, including college.

Thus far, only one TCS policy enables families to use the scholarships for a wide variety of educational purposes. In New Hampshire, families can use their scholarships for home education expenses in addition to or instead of private school tuition. Policymakers crafting TCS policies should consider following the example of ESA policies by permitting the scholarships to cover a similarly broad menu of educational products and services.

## 5.5 Scholarship Granting Organizations<sup>18</sup>

Scholarship granting organizations (SGOs) are the engines that run tax-credit scholarship policies. SGOs are nonprofit organizations registered under a state's TCS policy that raise funds from individual and corporate taxpayers and collaborate with private schools to aid families in need and expand educational opportunity. Donors to the SGOs receive tax credits against certain state taxes—usually individual and corporate income taxes. SGOs often have to meet certain reporting requirements or undergo regular audits.

### SGO Missions

Although united in their goal of expanding educational opportunity, SGOs, like other nonprofits, have a variety of different missions. Some SGOs have a religious mission and only work with schools that share their religious affiliation. Other SGOs have a mission to help students attending schools with a particular pedagogical approach (e.g., Montessori). Some serve students in a particular geographic area. Many SGOs support students attending any school their parents choose, no matter their religious affiliation or pedagogical approach. The vast majority of SGOs prioritize scholarship awards based on the financial need of the applicants, even beyond what the state laws require. Most states respect the

right of these nonprofit SGOs to define their own missions, so long as they grant scholarships to students eligible under the state law. Donors have the freedom to support SGOs whose missions align with their values.

A few states' TCS policies restrict tax-credit eligible contributions to SGOs that fund scholarships to children attending any school of their family's choice. Although this is a worthwhile model, it is not the only worthy model. Many

mission-based SGOs long predated the enactment of TCS policies, sometimes by more than a century. SGOs have a plurality of missions that reflect the diversity of our plural society. They are an important part of the social fabric, and they should not be excluded from TCS programs merely because they do not operate like a state-run voucher program would. Moreover, restricting their ability to determine their own particular missions may even be counter-productive, as

it would prevent donors from supporting organizations whose values align with their own, having the net effect of shrinking the pie of available donations.

### Administrative Expenses

As with any other organization, SGOs need funds to cover administrative costs such as staff salaries, regulatory compliance, marketing, printing, website maintenance, and so on. These and other expenses are incurred to carry out the central functions of the organization, such as fundraising, advertising availability of the scholarships, verifying eligibility, disbursing the scholarships, and meeting all the reporting requirements. In most states, the TCS policy allows SGOs to use up to 10 percent of the tax-credit eligible contributions they receive for administrative costs, although some states (like Alabama, Illinois, Louisiana, and Nevada) allow only 5 percent.<sup>19</sup>

The level of the administrative allowance may affect the number of SGOs that participate in the program. It is likely no coincidence that the state with the most generous administrative allowance—Pennsylvania, at 20 percent<sup>20</sup>—has the greatest number of participating SGOs (258). On the flip side of the coin, despite issuing more scholarships than any other state, Florida only has only two participating SGOs. This is likely related to its parsimonious 3 percent administrative allowance, which is only granted to SGOs that have operated for at least three years without any administrative allowance.<sup>21</sup>

Although there is no magic number, policymakers should avoid restricting the administrative allowance so much that it is difficult to create or operate SGOs. Ultimately, the purpose of a TCS policy is to help as many students as possible gain access to greater educational opportunity. Policymakers should seek to craft policies that aid SGOs in carrying out that mission.

**Society's interest in ensuring that every child has access to a quality education can be met outside of the traditional classroom.**

State	Admin Allowance
Alabama	5%
Arizona (Universal)	10%
Arizona (Low-Income)	10%
Arizona (Special Needs)	10%
Arizona (Switcher)	10%
Florida (Main)	3% (first three years 0%)
Florida (Hope)	3% (first three years 0%)
Georgia	10%
Illinois	5%
Indiana	10%
Iowa	10%
Kansas	10%
Louisiana	5%
Montana	10%
Nevada	5%
New Hampshire	10%
Oklahoma	10%
Pennsylvania (EITC)	20%
Pennsylvania (OSTC)	20%
Rhode Island	10%
South Carolina	10%
South Dakota	10%
Utah	10%
Virginia	10%

### 5.6 Academic Accountability

To ensure that families have the information necessary to hold education providers accountable, some states mandate that students receiving tax-credit scholarships take standardized tests. Only two states—Illinois and Louisiana—mandate the same test that is administered to all district school students. Most states that require a test give private schools the option of choosing from a menu of nationally norm-referenced tests, like the SAT, Stanford 10 or Iowa Test of Basic Skills.

The impulse to require a test is understandable, but mandating a single test for all schools creates serious unintended consequences that can undermine the value

of educational choice. As detailed in the EdChoice Policy Toolkit, mandating a single test can create perverse incentives that distort how schools operate in unhealthy ways, such as

changing what subjects and concepts are taught and how they are taught based on what is on the state test rather than according to what the educators believe is in the best interests of their students.<sup>22</sup> State test mandates also reduce the participation of private schools in the scholarship programs, unnecessarily limiting the options available to scholarship families.

By contrast, allowing private schools to choose among nationally norm-referenced tests gives parents information about how well a student is doing relative to his or her peers nationwide without unduly affecting how the schools operate. When schools can select the test that best aligns to their chosen curriculum and pedagogical approaches, they do not feel the same pressure to distort how they operate and they are more likely to participate in the scholarship program. The use of nationally norm-referenced tests empowers families with important information while respecting the freedom and autonomy of private schools.

State	Testing Mandates
Alabama	State or National
Arizona (Universal)	None
Arizona (Low-Income)	None
Arizona (Special Needs)	None
Arizona (Switcher)	None
Florida (Main)	State or National
Florida (Hope)	National
Georgia	None
Illinois	State
Indiana	National
Iowa	None
Kansas	None
Louisiana	State
Montana	National
Nevada	National
New Hampshire	None
Oklahoma	None
Pennsylvania (EITC)	None
Pennsylvania (OSTC)	None
Rhode Island	None
South Carolina	State or National
South Dakota	State or National
Utah	None
Virginia	National

## 6. Conclusion

Tax-credit scholarship policies are a popular and cost-effective way to expand educational choice. Of course, not all TCS policies are created equal. To a great extent, the success of such policies depends on how they are designed. The primary purpose of TCS policies is to empower families to choose the learning environments that work best for their children. To that end, policymakers should craft their TCS policies to maximize the incentive that taxpayers have to contribute to scholarship organizations, maximize the number of families that can benefit from the scholarships, and maximize the freedom and flexibility that scholarship organizations have to serve those families. To achieve those goals, we recommend the following:

- **Eligibility:** Make all children eligible to receive the scholarships while prioritizing those most in need. Avoid “prior public” requirements.
- **Tax Credit Value:** Offer a tax credit that is as close to 100 percent of the taxpayer’s contribution as possible.
- **Tax Credit Caps:** Aim to ensure that the total tax credit cap is sufficient to provide scholarships for all families who want one. Include “escalator clauses” that automatically raise the caps over time to keep up with rising demand. Per-donor caps should be pegged to inflation so as not to dilute their value over time.
- **Scholarships:** The maximum value of the scholarships should be as close as possible to the state’s portion of per-pupil spending at the K-12 public schools. Families should be able to use the scholarships for a wide variety of educational good and services, including private school tuition, tutoring, textbooks, online courses, educational therapy, and more.
- **Scholarship Granting Organizations:** Policymakers should respect the freedom of SGOs to set their own missions consistent with the primary purpose of the TCS program. SGOs should be given sufficient allowance to spend the contributions they have received on administrative expenses necessary to fundraise, advertise the availability of the scholarships, verify eligibility, disburse the scholarships, and meet all reporting requirements.

**The primary purpose of TCS policies is to empower families to choose the learning environments that work best for their children.**

- **Academic Accountability:** Policymakers should avoid mandating a single standardized test for all scholarship students. Allowing private schools to choose among many nationally norm-referenced tests gives parents information about how well a student is doing relative to his or her peers nationwide without unduly affecting how the schools operate.

The above list includes the central design elements of a tax-credit scholarship policy, but it does not exhaust all the policy decisions legislators will have to make when crafting TCS legislation. During the drafting and committee hearing process, legislators will likely regularly face the temptation to add new rules and regulations to address various issues that are raised. It is impossible to address all such possibilities here, but we recommend that policymakers always consider the consequences of such regulations, including how families, SGOs, and taxpayers are likely to behave in response. When considering a potential rule, policymakers should ask: Does this empower families or not? Does it aid or hinder the ability of SGOs to carry out their mission? Does it make it more or less likely that private schools would participate in the scholarship program? Is this necessary for the policy to function well?

Policymakers should think carefully about the various design elements to ensure that the tax-credit policy they craft will successfully further its central purpose: empowering families to choose the learning environments that best meet their child’s needs.

## 7. Appendix: Resources

### Model Legislation

#### **American Legislative Exchange Council (ALEC): *Great Schools Tax Credit Program Act***

This model bill is the product of years of collaboration between numerous national and state-level educational choice advocacy groups and think tanks based on the best practices in tax-credit scholarship policies nationwide. <https://www.alec.org/model-policy/the-great-schools-tax-credit-program-act-scholarship-tax-credits/>

#### **American Legislative Exchange Council (ALEC): *Student Safety Scholarship Act***

As above, this model bill is the product of collaboration between numerous national and state-level educational choice advocacy groups and think tanks. The major difference is that it is designed to serve students who have been the victims of bullying or abuse. <https://www.alec.org/model-policy/the-student-safety-scholarships-act/>

### Parent Satisfaction Survey

#### **EdChoice: *Surveying Florida Scholarship Families***

Authors: Jason Bedrick and Lindsey Burke, Date: October 2018. Florida's tax-credit scholarship program serves some of the most disadvantaged students in the state. This survey explores the preferences and experiences of parents and guardians of Florida children using the program. As the largest-ever survey of participants in a private school choice program, it represents some of the strongest evidence to date of the views and educational priorities of parents exercising private school choice. <https://www.edchoice.org/research/surveying-florida-scholarship-families/>

### Public Opinion Surveys

#### **EdChoice: *Schooling in America: K-12 Education and School Choice Reforms***

Authors: Paul DiPerna, Drew Catt, and Michael Shaw, Date: September 2020. EdChoice's annual survey explores the public's views of educational choice and a variety of other education policies. It also includes breakouts to show similarities and differences among racial/ethnic communities. <https://www.edchoice.org/research/schooling-in-america-k-12-education-and-school-choice-reforms/>

#### **EdChoice: "Public Opinion Tracker"**

This monthly survey tracks the public's views of educational choice and a variety of other education policies. It also includes information about the views of citizens in each state. <https://edchoice.morningconsultintelligence.com>

#### **Education Next: *Results from the 2020 Education Next Poll***

Authors: Michael B. Henderson, David Houston, Paul E. Peterson, M. Danish Shakeel, and Martin R. West, Date: August 2020. The annual *Education Next* survey asks the public about their level of support for educational choice and a variety of other education policies.

<https://www.educationnext.org/2020-ednext-poll-interactive/>

### Research on Fiscal Effects

#### **EdChoice: *The Tax-Credit Scholarship Audit***

Author: Martin Lueken, Date: October 2016. This report examines the fiscal effects of private school choice programs on state governments, state and local taxpayers and school districts. This audit looks at 10 tax-credit scholarship programs operating in seven states between 1997 and 2014. These 10 programs cover 93 percent of total scholarships awarded to students participating in tax-credit scholarship programs nationwide. <https://www.edchoice.org/research/tax-credit-scholarship-audit/>

#### **EdChoice: *The Fiscal Impact of K-12 Educational Choice***

Author: Martin Lueken, Date: August 2019. This paper identifies 27 distinct estimates of switcher rates from nine lottery-based studies of six private school choice programs in the United States that report information about which types of schools students enroll in after they apply to a choice program and do not win a lottery. <https://www.edchoice.org/research/the-fiscal-impact-of-k-12-educational-choice/>

#### **EdChoice: *Projected Fiscal Impact of Pennsylvania Senate Bill No. 299***

Author: Martin Lueken, Date: May 2019. This paper reports results from a fiscal analysis of Pennsylvania SB 299, a proposal to expand the state's two tax-credit scholarship programs. Pennsylvania currently has two programs in operation, the Educational Improvement Tax Credit (EITC) Program and the Opportunity Scholarship Tax Credit (OSTC) Program. <https://www.edchoice.org/research/projected-fiscal-impact-of-pennsylvania-senate-bill-no-299/>



## Policy Briefs

### **Pioneer Institute report: *Giving Kids Credit: Using Scholarship Tax Credits to Increase Educational Opportunity***

Authors: Ken Ardon and Jason Bedrick, Date: July 2014.

While higher-income families have a plethora of K-12 educational options, lower-income families' options are often limited to the local district school to which they are assigned. This paper proposes a constitutional and fiscally responsible method of expanding educational options for low-income families by modeling education tax credits.

<https://pioneerinstitute.org/pioneer-research/charter-schools/giving-kids-credit-using-scholarship-tax-credits-to-increase-educational-opportunity-in-massachusetts/>

### **Pioneer Institute report: *School Choice Without Vouchers: Expanding Education Options Through Tax Credits***

Authors: William Howell and Mindy Spencer, Date: October 2007. While efforts to offer Massachusetts families more private school choice remain difficult, many other states have moved ahead, implementing innovative education tax deductions and credit programs. By lowering barriers to private education, these programs open a new door for students trapped in underperforming public schools.

<https://pioneerinstitute.org/education/school-choice-without-vouchers-expanding-education-options-through-tax-benefits/>

## Constitutionality

### **Pioneer Institute: *Amicus Brief in Landmark U.S. Supreme Court Espinoza v. Montana DOE Case***

Pioneer Institute filed an amicus curiae brief in the landmark United States Supreme Court case *Espinoza v. Montana Department of Revenue*. This brief urged the Court to strike down Montana's Blaine amendment, and drew on Massachusetts' 1855 Know-Nothing Amendment to its state constitution to support the challenge to the Montana constitutional Blaine amendment marked by religious bias. Pioneer's brief was cited by Justice Alito in his concurring opinion to United States Supreme Court's majority ruling. <https://pioneerinstitute.org/featured/pioneer-institute-files-updated-amicus-brief-in-potentially-landmark-school-choice-case-currently-before-u-s-supreme-court/>

### **Pioneer Institute: *The Know-Nothing Amendments: Barriers to School Choice in Massachusetts***

Author: Cornelius Chapman, Date: April 2009. This paper considers the sad phenomenon in American history—19th-century nativism and in particular, anti-Catholic prejudice—and its lingering and deleterious effects on American primary and secondary education. The wave of nativist sentiment that swept through American thought, institutions, and state constitutions in the 19th century wiped out an older, pluralistic approach to primary and secondary education in which the interests of parents were balanced with those of the state.

[https://pioneerinstitute.org/wp-content/uploads/dlm\\_uploads/chapman\\_know\\_nothing.pdf](https://pioneerinstitute.org/wp-content/uploads/dlm_uploads/chapman_know_nothing.pdf)

## Public Relations

### **OPINION: *Education tax credit programs extend choice to families who can't afford private schools or to move to a tony community***

Our nation's Founding Fathers had a pluralistic view of K-12 schooling. A recent U.S. Supreme Court ruling brings the country closer to the original vision of the framers who crafted the federal and early state constitutions, and it helps erase the stain of 19th-century amendments to most state constitutions that were rooted in anti-Catholic bigotry.

The Court's June 2020 decision in *Espinoza v. Montana Department of Revenue* overturned a Montana Supreme Court ruling that prohibited using funds from an education tax credit program to attend a religious school. <https://hechingerreport.org/opinion-founders-education-tax-credit-programs-extend-choice-to-families-who-cant-afford-private-schools-or-to-move-to-a-tony-community/>

### **FILM: *Big Sacrifices, Big Dreams: Ending America's Bigoted Education Laws***

Pioneer Institute's 2018 documentary film explores the history of the bigoted Know Nothing/Blaine Amendments, and traces the ordeals of four very different families who share the same struggle to send their children to schools that offer instruction rooted in religious faith, academic rigor, and a culture of respect. It received over 1 million views on Facebook and over 100,000 views on YouTube. <https://www.youtube.com/watch?v=Aeki7AUwB8o>

## Tax-Credit Scholarship Statutes

State	TCS Policy	Enacted	Statute
Alabama	Education Scholarship Program	2013	Ala. Code §§ 16-6D 1 through 9
Arizona	Original Individual Income Tax Credit Scholarships	1997	Ariz. Rev. Stat. §§ 43-1089; 43-1601 through 1605
Arizona	Low-Income Corporate Income Tax Credit Scholarships	2006	Ariz. Rev. Stat. §§ 43-1183; 43-1501 through 1507 and 20-224.06
Arizona	Lexie's Law for Disabled and Displaced Students	2009	Ariz. Rev. Stat. §§ 15-891; 43-1184; 43-1501 through 1507; and 20-224.07
Arizona	"Switcher" Individual Income Tax Credit Scholarships	2012	Ariz. Rev. Stat. §§ 43-1089.03; 43-1601 through 1605
Florida	Florida Tax Credit Scholarship Program	2001	Fla. Stat. §§ 1002.395 and 1002.421
Florida	Florida Hope Scholarship Program	2018	Fla. Stat. § 1002.40
Georgia	Qualified Education Expense Tax Credit	2008	O.C.G.A. §§ 20-2A-1 through 7 and 48-7-29.16
Illinois	Invest in Kids Program	2017	35 ILCS 40 et seq.
Indiana	School Scholarship Tax Credit	2009	Ind. Code §§ 6-3.1-30.5 and 20-51-3
Iowa	School Tuition Organization Tax Credit	2006	Iowa Stat. § 422.11S
Kansas	Tax Credit for Low Income Students Scholarship Program	2014	K.S.A. §§ 72-453 through 457
Louisiana	Tuition Donation Credit Program	2012	La. Rev. Stat. § 47:6301
Montana	Tax Credits for Contributions to Student Scholarship Organizations	2015	Mont. Code Ann. §§ 15-30-3101 through 3114
Nevada	Educational Choice Scholarship Program	2015	NRS 388D.250 through 280
New Hampshire	Education Tax Credit Program	2012	N.H. Rev. Stat. §§ 77-G:1 through 10
Oklahoma	Oklahoma Equal Opportunity Education Scholarships	2011	Okla. Stat. tit. 68 § 2357.206
Pennsylvania	Educational Improvement Tax Credit Program	2001	24 Pa. Const. Stat. §§ 20-2001-B through 2013-B
Pennsylvania	Opportunity Scholarship Tax Credit Program	2012	24 Pa. Const. Stat. §§ 20-2009-B
Rhode Island	Tax Credits for Contributions to Scholarship Organizations	2006	44 R.I. Gen. Laws §§ 62-1 through 62-7
South Carolina	Educational Credit for Exceptional Needs Children	2013	S.C. Code Ann. § 12-6-3790
South Dakota	Partners in Education Tax Credit Program	2016	S.D. Codified Laws §§ 13-65-1 through 12
Utah	Special Needs Opportunity Scholarship Program	2020	Utah Code §§ 53F-4-301 through 307
Virginia	Educational Opportunity Scholarships Tax Credits Program	2012	Va Code. §§ 58.1-439.25-28

## Endnotes

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- 22 [https://www.edchoice.org/wp-content/uploads/2019/12/3\\_footnote.pdf](https://www.edchoice.org/wp-content/uploads/2019/12/3_footnote.pdf)

## About the Authors

**Theodor Rebarber** has worked on education reform and policy for three decades in the public, nonprofit and private sectors. He is currently CEO of nonprofit AAT ([aateducation.org](http://aateducation.org)), which recently received a grant from the National Endowment for the Humanities (NEH) to develop an American History curriculum for high school. The curriculum will be based on historian Wilfred McClay's outstanding new textbook *Land of Hope*. Rebarber's other recent work has included: analysis of the impact of Common Core on student achievement; review of state mandates in school choice programs, and; development of an online testing platform serving 40,000 students, and; management of a consortium of five states that developed a large-scale standardized assessment. He was co-founder and chief education officer of a charter school company that accelerated academic achievement for 10,000, primarily disadvantaged students across 10 states. Rebarber served as senior staff in Congress, where he was the lead staff author of the federal charter schools statute for Washington, D.C., as well as legislation to improve traditional public schools and offer school choice to disadvantaged families. He worked at the U.S. Education Department's office of research as well as serving as a research associate at the Vanderbilt Institute for Public Policy Studies (VIPPS). He has testified before Congress and state legislatures as well as developed a range of education policy analyses and publications, including on state and national curriculum standards and assessments, school choice, education costs, accountability systems, differential and performance-based teacher compensation, program evaluation and teacher certification.

**Kendra Espinoza** is the lead plaintiff in the landmark U.S. Supreme Court case, *Espinoza v. Montana Department of Revenue*. She is a working, single mother of daughters Naomi and Sarah, who attend Stillwater Christian School. They were recipients of Montana's education tax credit program until the Montana Department of Revenue, citing the state's Blaine Amendment, issued a rule excluding Stillwater Christian from the program on religious grounds.

**Jason Bedrick** is director of policy for EdChoice. Previously, Bedrick served as policy analyst with the Cato Institute's Center for Educational Freedom. He also served as a legislator in the New Hampshire House of Representatives and was an education policy research fellow at the Josiah Bartlett Center for Public Policy. Bedrick received his master's degree in public policy from the John F. Kennedy School of Government at Harvard University, where he was a fellow at the Taubman Center for State and Local Government.

## Mission

Pioneer Institute develops and communicates dynamic ideas that advance prosperity and a vibrant civic life in Massachusetts and beyond.

## Vision

Success for Pioneer is when the citizens of our state and nation prosper and our society thrives because we enjoy world-class options in education, healthcare, transportation and economic opportunity, and when our government is limited, accountable and transparent.

## Values

Pioneer believes that America is at its best when our citizenry is well-educated, committed to liberty, personal responsibility, and free enterprise, and both willing and able to test their beliefs based on facts and the free exchange of ideas.

