

2011 Edition

The ABCs of School Choice

The Foundation for Educational Choice



A Season of Growth

About the Foundation

The Foundation for Educational Choice, Inc., is the legacy foundation of Milton and Rose Friedman and the Milton and Rose D. Friedman Foundation, which was established in 1996 to promote universal school choice as the most effective and equitable way to improve the quality of K-12 education in America.

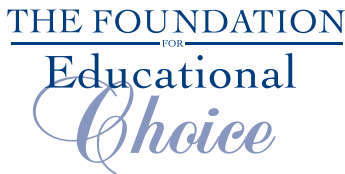
Nobel Laureate Milton Friedman and economist Rose D. Friedman founded our organization. As early as 1955, far before the need was perceived by most Americans, they envisioned the necessity of school choice. They knew that when schools are forced to compete to keep the children they educate, all parties win.

The Foundation for Educational Choice builds upon the Friedmans' vision, clarifies its meaning to the public, and amplifies the national call for true education reform through universal school choice. As the only national organization dedicated solely to advancing Milton and Rose Friedman's vision, we bring an unsurpassed clarity of purpose to the education reform debate.

Our success is well-recognized. We are known as "the nation's original advocate of school choice," according to *Philanthropy Magazine*, and we have been called "the nation's leading voucher advocates" by *The Wall Street Journal*.

We Welcome Your Support

As a nonprofit 501(c)(3) organization, we rely solely on the generous support of our donors to continue promoting the Friedmans' vision for school choice throughout the country. Please send your tax-deductible gift today and help interject liberty and choice into our education system. Giving parents the freedom to choose the schools that work best for their children is our goal, and with your help we can make it happen.



THE FOUNDATION FOR EDUCATIONAL CHOICE

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INTRODUCTION

Much has been made of the changes 2011 will bring in government in the United States—from local communities to state capitols to the halls of Congress. It is undeniable that Americans have had enough of the waste, inefficiency, and lack of accountability on display in Washington and in all 50 states.

But the fundamental ideas that many in our nation have embraced with renewed zeal are not really new at all. The principles of human freedom, limited government, responsible spending, and the power for individuals and families to make their own choices were articulated passionately half a century ago by Milton Friedman.

Those same principles have been championed by advocates of school choice for decades. Their hard work is paying off across the country, as legislators respond to calls for choice and the enactment of new voucher, tax-credit scholarship, and educational tax credit programs.

No single, one-size-fits-all approach to education can meet the unique needs of the country's diverse students, families, and communities. People deserve options and the right to choose what's best for them and their children. That diversity of options can be overwhelming. And the rate at which government leaders from coast to coast are finally taking action to provide more choices can make it difficult to keep up.

That's where our annual publication, *The ABCs of School Choice*, comes in. It provides all the basic information you need to grasp the state of school choice in the U.S., as well as specific details to update you on every school choice program across the country.

The gains of recent years are heartening. Because families' options are increasing, more kids are receiving the motivating, challenging, effective education they deserve. We have come a long way—but there is still much to be done. The opponents of choice will only increase their efforts to maintain the status quo. That's why we are committed to continuing to provide you with up-to-date, accurate information about successful school choice programs throughout the country.

We at the Foundation for Educational Choice hope you find this guide to be an essential aid as you continue working to give parents the choices they desire—and the education their children deserve.



Robert C. Enlow
President and CEO

A large, stylized handwritten signature in black ink that reads "Robert C. Enlow". The signature is written in a cursive, flowing style.

WHAT IS SCHOOL CHOICE?

SCHOOL CHOICE IS...

...a common sense idea that gives every parent the power and freedom to choose their children's education.

Common Sense

It is immoral that the quality of schooling is based on the value and location of your home. School choice gives parents the freedom to choose a school based on its quality and their child's needs, not their home address.

Parent Power

Most people can't afford to pay twice for education, once in taxes and again in private school tuition. School choice gives parents financial power by letting them use public funds set aside for education to send their children to a public or private school of their choice.

Parent Freedom

Currently, children are assigned to a school based on where their parents live. School choice gives parents the freedom to choose a school—public or private, near or far, religious or secular—that works best for their children regardless of where they live.

Great Education

Public education in America just isn't working anymore no matter what we try or how much we spend. School choice forces all schools—public and private—to offer the best education possible to attract and retain students.

TYPES OF SCHOOL CHOICE

SCHOOL VOUCHERS

School vouchers allow parents to use all or part of the tax funding set aside for their children's education to send them to the public or private school of their choice. In effect, vouchers achieve Milton and Rose Friedman's vision of a practice where the government financing of education is separated from the government operation of schools.

Universal Voucher Programs

All children are eligible.

Example: *Sweden*

Means-Tested Voucher Programs

Children from families below a defined income level are eligible.

Examples: *Milwaukee, Cleveland, Washington, D.C., Louisiana*

Failing Schools, Failing Students Voucher Programs

Children who are performing poorly in public school or who are attending failing public schools are eligible.

Example: *Ohio*

Special Needs Voucher Programs

Children identified as having special educational needs or who have Individualized Education Plans (IEPs) are eligible.

Examples: *Ohio, Florida, Utah, Georgia, Oklahoma, and Louisiana*

Pre-Kindergarten Voucher Programs

Children in pre-kindergarten programs are eligible.

Example: *Florida*

Town Tuitioning Programs

Children who live in towns that do not operate public schools at their grade levels are eligible. In a few cases the town picks the schools to which its students will be tuitioned, but usually the choice of the school is left to parents.

Examples: *Maine and Vermont*

TAX-CREDIT SCHOLARSHIPS

Individuals and/or corporations receive a tax credit from state taxes for making donations to non-profit organizations, which use the donated money to fund private school scholarships for students. In some programs, students must meet certain income criteria to be eligible for scholarships. Scholarship Granting Organizations (SGOs) are non-profits that can be started by anyone. Participating private schools are required to meet standards for safety, fiscal soundness, and non-discrimination.

TYPES OF SCHOOL CHOICE

PERSONAL TAX CREDITS AND DEDUCTIONS

Parents are given a tax credit or tax deduction from state income taxes for approved educational expenses. This usually includes private school tuition as well as books, supplies, computers, tutors, and transportation. Even when tuition is not eligible for the credit or deduction, these programs still make school choice easier for parents because they relieve the burden of non-tuition expenses at private schools. Some programs restrict the income level of eligible recipients or the amount they can claim.

ALTERNATIVE EDUCATION OPTIONS

Charter Schools

Charter schools are tuition-free independent public schools that are free from many state and local rules and regulations in exchange for increased financial and academic accountability. Though these schools are autonomous public schools, they are still accountable for student achievement. Regulation and funding of charter schools varies from state to state. As of 2010, 39 states and Washington, D.C., have charter school laws. There are currently more than 4,000 charter schools in the United States.

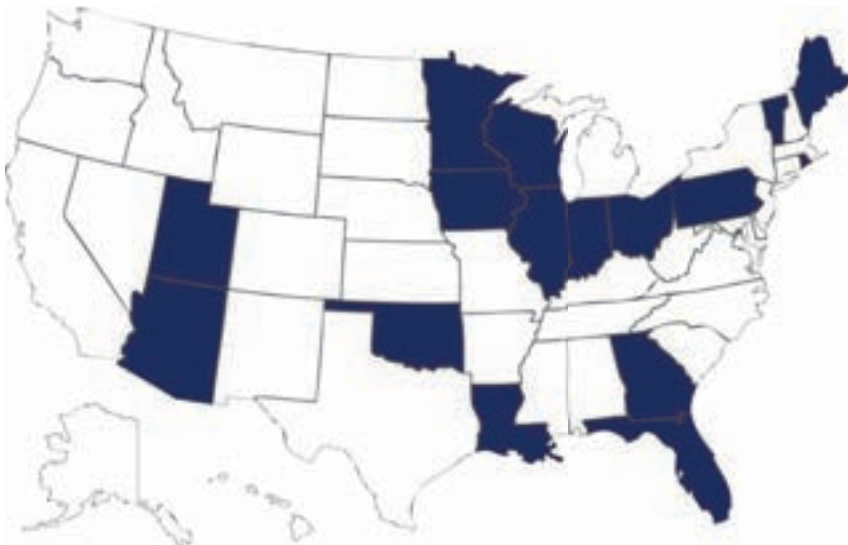
Virtual Schools and Online Schooling

Virtual schools are institutions that teach students entirely or primarily through online curriculum. In some states, virtual schools must have a brick-and-mortar location where children go to receive online instruction. In other states, online instruction can be done from home.

Homeschooling

Homeschooling is an alternative form of education for children outside of public or private schools, typically within their own homes. This practice is becoming more common in the United States, growing from about 15,000 students in 1970, to approximately 1.5 million as of 2007, according to the U.S. Department of Education. Homeschooling is regulated differently from state to state. In some states, parents are able to create their own curricula to best suit the learning needs of their children, whereas other states require standardized test scores, curriculum approval, and regular professional evaluation of students.

SCHOOL CHOICE PROGRAMS ACROSS THE NATION



ARIZONA

Personal Tax Credits for School Tuition Organizations
Corporate Tax Credits for School Tuition Organizations
“Lexie’s Law” Corporate Tax Credits for Disabled/
Displaced Students

DISTRICT OF COLUMBIA

Opportunity Scholarship Program

FLORIDA

McKay Scholarship Program for Students with Disabilities
Florida Tax Credit Scholarship Program

GEORGIA

Special Needs Scholarships
Tax Credits for Student Scholarship Organizations

ILLINOIS

Tax Credits for Educational Expenses

INDIANA

School Scholarship Tax Credit Program

IOWA

Tax Credits for School Tuition Organizations
Tax Credits for Educational Expenses

LOUISIANA

Elementary and Secondary School Tuition Deduction
Student Scholarships for Educational Excellence Program
School Choice Pilot Program for Certain Students with
Exceptionalities Act

MAINE

Town Tuitioning Program

MINNESOTA

Tax Credits & Deductions for Educational Expenses

OHIO

Autism Scholarship Program
Cleveland Scholarship and Tutoring Program
Educational Choice Scholarship Program

OKLAHOMA

Lindsey Nicole Henry Scholarship for Students with
Disabilities Program

PENNSYLVANIA

Educational Improvement Tax Credit Program

RHODE ISLAND

Corporate Tax Credits for Scholarship Organizations

UTAH

Carson Smith Special Needs Scholarship Program

VERMONT

Town Tuitioning Program

WISCONSIN

Milwaukee Parental Choice Program

FREQUENTLY ASKED QUESTIONS

Does school choice have a positive academic impact on participating students?

Yes. Studies conducted since the late 1990s convincingly show that school choice is an effective intervention and public policy for boosting student achievement and graduation rates.

Nine studies using a method called “random assignment,” the gold standard in the social sciences, have found statistically significant gains in academic achievement from school vouchers; one study found improved graduation rates. No such study has ever found negative effects. One study’s findings were inconclusive.

Random assignment methods allow researchers to isolate the effects of vouchers from other student characteristics. Students who applied for vouchers were entered into random lotteries to determine who would receive vouchers and who would remain in public schools; this allowed researchers to track very similar “treatment” and “control” groups, just like in medical trials.

Highly respected random assignment research has been conducted in five large cities: Milwaukee, Charlotte, Washington, D.C., New York City, and Dayton. (Charlotte, New York, and Dayton have privately run school choice programs.)

How does a school choice program affect public schools?

Sound research has consistently demonstrated school choice policies improve public school performance. More than 20 credible studies indicate school choice programs introduce more competition among all public and private schools, compelling them to go out of their way to attract and retain students. Not a single empirical study has ever found that outcomes at American public schools declined when exposed to school choice programs, and numerous studies have found that they improve over time.

Two recent research projects give evidence supporting this positive conclusion.

A 2010 study by David Figlio and Cassandra Hart of Northwestern University examined the competitive effects of the Florida Tax Credit Scholarship Program on public schools. They learned that more access and variety of private schools increased the competitive pressure on public schools in the wake of the policy announcement. They state in their conclusion, “Our results suggest that policies that introduce competition to public schools spur improvements in public school students’ test scores. This work therefore helps inform a major policy debate regarding whether harnessing market forces is an effective way to help not only the students who enter the private education market, but also the students who remain behind in the public sector.”

A 2009 study by Jay Greene and Ryan Marsh of the University of Arkansas considered the systemic effects of expanding school choice in Milwaukee. Greene and Marsh found that public school students in Milwaukee fare better

academically when they have more private options through the voucher program. In the conclusion of that paper they write, “It appears that Milwaukee public schools are more attentive to the academic needs of students when those students have more opportunities to leave those schools. This finding is robust across several different specifications of the model.”

Do Americans favor school choice policies?

Yes. Numerous polls and surveys find that most Americans support policies for school vouchers and tax-credit scholarships.

In 2010, the Foundation for Educational Choice conducted statistically representative surveys of registered voters in 6 states. In all of the statewide surveys, majorities favored school voucher and tax-credit scholarship policies.

Many national polls have documented support for school vouchers, or the functional equivalent termed “scholarships”:

- 61 percent supported, and 27 percent opposed, school vouchers allowing parents to move their children from under-performing schools to more successful schools. (Sacred Heart University, 2005)
- 62 percent agreed, two years in a row, that “parents should have the option of sending their children to non-public schools, including those with a religious affiliation, using vouchers or credits provided by the federal government that would pay for some or all of the costs.” (First Amendment Center, 2003 & 2004)
- 63 percent supported “allowing poor parents to be given the tax dollars allotted for their child’s education and permitting them to use those dollars in the form of a scholarship to attend a private, public or parochial school of their choosing.” (Zogby, 2002)
- 53 percent agreed, and 42 percent disagreed, that “the federal government should set aside public funds for students enrolled in public schools that are considered to be failing; the money will then be used to pay for the students to attend their choice of public, private, or parochial school.” (Zogby, 2002)
- 51 percent favored, and 40 percent opposed, the idea of school vouchers to help send children to private or parochial schools. (Associated Press, 2002)
- 69 percent supported vouchers even if public schools got less money: “What if that meant the public schools in your community would receive less money, then would you agree or disagree that parents should get tax-funded vouchers they can use to help pay for tuition for their children to attend private or religious schools instead of public schools?” (CBS/*New York Times*, 2001)
- 54 percent said yes, and 38 percent said no, when asked: “Would vouchers improve the public school system?” (CNN/*USA Today*/Gallup, 2001)

Does school choice drain funding and resources away from public schools?

No. Real world experience and evidence show that states and cities with school choice programs have not seen decreases in their public school budgets.

When students leave public schools using voucher programs, they free up more

money for the students who remain. Taking a student out of public school removes the cost of educating that student. Most of these savings remain in local school budgets where they benefit other students; the rest of the savings go into state budgets. States and cities with school choice programs have all increased their per-student instructional spending in the years since the programs began.

Two examples may help for consideration. By 1992, Milwaukee's school choice program had been in place for two years, and according to the U.S. Census, the city's public schools spent \$9,038 per student; by 2007 that figure had swelled to \$11,725—a 30 percent increase in real dollars. Cleveland's school choice program launched in 1997, when the city was spending \$9,293 per student. Cleveland was spending \$11,383 per student in 2007—a 22 percent increase in real dollars over 11 school years.

The cost of a voucher or scholarship for a participant in a school choice program is less than what would have been spent on that student if he or she had remained in public schools. Whereas the average public school spends about \$10,000 per student, the average private school charges about \$6,000 in tuition. That difference is the fundamental reason school choice policies will save money.

Is school choice constitutional?

Yes, and policy design is critical. School choice is constitutional at the federal level and in most states as long as policies and programs are designed properly.

In 2002, the U.S. Supreme Court answered this constitutional question thoroughly at the federal level. In the landmark *Zelman v. Simmons-Harris* case, the Supreme Court upheld the constitutionality of Cleveland's school voucher program by a 5-4 vote. The justices made it very clear that when an individual uses public funds to make a private choice—in this case when a parent uses a voucher to send his or her child to a private school (including religious schools)—it does not violate the First Amendment.

Chief Justice William Rehnquist explained in the majority opinion that voucher programs, such as Cleveland's, are “neutral in respect to religion (because they) provide assistance directly to a broad class of citizens, who, in turn, direct government aid to religious schools wholly as a result of their own genuine and independent private choice.” Hence, if a school choice program allows “true private choice” and it is “religiously neutral,” then it is constitutional.

What is the impact of school choice on encouraging civic values?

Research shows that private schools and school choice programs promote and advance good citizenship and democratic values. Students at private schools tend to be more tolerant of the rights of others, more likely to vote, and more likely to be volunteers than students at public schools.

Private schools benefit from being legally permitted to have a point of view, which allows private schools to handle controversial topics and issues in a straightforward manner. This pedagogical flexibility may help convey a tangible sense of what tolerance and civic duty require in practice.

Patrick Wolf of the University of Arkansas conducted a systematic review of all empirical studies comparing civic values in public and private schools. Among 23 findings based on random assignment (using lotteries to admit applicants to voucher programs) or other highly rigorous methods, Wolf reports that 12 found better civic values in private schools, whereas 10 found no visible difference, and only one found better civic values in public schools. Among 36 other, more basic findings, Wolf reports that 21 found private schools had better civic values, whereas 13 were neutral, and two found better values in public schools.

Are participating private schools held accountable?

Yes. Private schools are accountable to parents (they have power and leverage by way of choosing a school) and various government entities under currently existing law (through codes, rules, and regulations).

Private schools are primarily accountable to parents and caregivers, who can pull their children out of a school that fails to serve them. If a public school fails to perform, parents are essentially powerless. They have very little practical means to hold it accountable; they are stuck.

Private schools are not just accountable to families; they are already accountable to the public and government authorities. Private schools in every state comply with a vast array of health and safety regulations, anti-discrimination and civil rights laws, and even rules covering the minimum number of school days. In addition, most private schools already are required to undertake financial audits and evaluate student performance using standardized tests.

Private schools that participate in school choice programs are required to be safe, non-discriminatory, and fiscally sound, and to file regular reports and disclosures.

More regulations do not always mean more accountability. What gives the concept of accountability real teeth is a parent's ability to choose a school freely. With that power and leverage, a parent can take a child out of a school that isn't doing the job and find another school that will. Without that parental leverage, non-negotiable public school assignments greatly increase the chances that students' needs will be taken for granted and parents' concerns ignored.

Furthermore, private schools are not highly selective, and offer better educational opportunities for students who are difficult to teach, including students with disabilities. Through individualized instruction, they are often better equipped to handle students with disabilities or other challenging students than public schools.

Can a school choice program lead to more integrated schools?

Yes. The research shows that students in school choice programs attend more integrated schools than their public school counterparts. All the available empirical research finds that vouchers are moving students into private schools that are substantially less segregated than public schools.

Vouchers break down neighborhood barriers and draw students together,

providing a more integrated school experience. The empirical research shows that vouchers put students into less segregated schools.

On average, private school classrooms are more integrated than nearby public school classrooms. Public schools are heavily segregated primarily because of residential segregation. Attendance at public schools is largely determined by where people live, which guarantees that segregation in housing patterns will always be reproduced in public schools. Desegregation efforts have largely failed because they are geographically limited; white families who move to the suburbs cannot legally be forced to bus their children across municipal lines. Private schools, by contrast, can draw students with no limitation to geography. In fact, private schools typically draw from a much larger geographic area than public schools. That means private schools can mitigate the effects of residential segregation in ways public schools cannot match.

Can school choice help students with special needs?

Yes. Providing school choice to special education students allows families unhappy with their assigned public school to find a program that meets their child's individual needs.

As of 2010, after 10 years of operation, Florida's McKay program for students with disabilities has more than 20,000 participating students, which is the largest program of its kind in the country.

Will school choice increase the rules and regulations placed on private schools?

No. Based on the history of existing school choice programs, vigilance and responsible stewardship of programs are working.

For nearly 20 years, attempts to transform private schools into over-regulated public schools have failed. Opponents of vouchers and scholarships have tried to increase regulations on private schools participating in school choice programs, and in nearly all of these cases parents and supporters defeated them. Under a few special circumstances, some school choice programs have adopted reasonable accountability rules in cooperation with school choice advocates.

Private schools already are publicly accountable. They are accountable to parents, who can pull their children out of a school that fails to serve them—a freedom not available to parents stuck in a public school monopoly system. Private schools are also accountable to the public, through health and safety regulations, anti-discrimination laws, and other state rules, as well as widespread voluntary fiscal audits, accreditation and testing.

For research and more details pertaining to these questions, visit our website at: [**www.EdChoice.org/FAQs**](http://www.EdChoice.org/FAQs)

FOUNDATION RESEARCH 2010

NATIONAL RESEARCH

School Passports: Making the Stimulus Pay Off for Students and State Budgets

Interstate Survey: What Do Voters Say About K-12 Education in Six States?

Underfunded Teacher Pension Plans: It's Worse Than You Think

STATE RESEARCH

Trouble Brewing: The Disaster of California State Pensions

Montana's High School Dropouts: Examining the Fiscal Consequences

California's High School Dropouts: Examining the Fiscal Consequences

Tennessee's High School Dropouts: Examining the Fiscal Consequences

Reforms With Results: What Oklahoma Can Learn from Florida's
K-12 Education Revolution

Tax-Credit Scholarships in Nebraska: Forecasting the Fiscal Impact

Tax-Credit Scholarships in Maryland: Forecasting the Fiscal Impact

Oregon's High School Dropouts: Examining the Economic and Social Costs

For a complete listing of all of the research conducted by the Foundation for Educational Choice, visit our website:

www.EdChoice.org/Research

Note to the Reader:

Throughout this publication, please note that our convention for referring to a school year. For example, the 2010-11 school year will be stated simply as "2011", the 2009-10 school year will be "2010", the 2008-09 school year will be "2009", and so on.

SCHOOL CHOICE STATE RESOURCES

Interested in learning more about school choice potential in your state? Here is a list of local and state-based organizations battling for educational options.

- ALABAMA** Alabama Policy Institute: www.alabamapolicyinstitute.org
ALASKA Alaska Policy Forum: www.alaskapolicyforum.org
ARIZONA The Arizona School Tuition Organization Association: www.astroa.com
CALIFORNIA Pacific Research Institute: www.pacificresearch.org
FLORIDA The Foundation for Florida's Future: www.foundationforfloridasfuture.org
GEORGIA Center for an Educated Georgia: www.educatedgeorgia.org
HAWAII Hawaii Families for Educational Choice: www.hawaiiedchoice.org
IDAHO Idaho Freedom Foundation: www.idahofreedom.net
ILLINOIS Illinois Policy Institute: www.illinoispolicyinstitute.org
INDIANA School Choice Indiana: www.schoolchoiceindiana.org
IOWA Iowa Alliance for Choice in Education: www.iowaace.org
KANSAS Kansas Policy Institute: www.kansaspolicy.org
KENTUCKY Bluegrass Institute: www.bipps.org
LOUISIANA The Pelican Institute: www.pelicaninstitute.org
MAINE Maine Heritage Policy Center: www.mainepolicy.org
MARYLAND BOAST (Building Opportunities for All Students and Teachers): www.boastmaryland.org
MASSACHUSETTS Pioneer Institute: www.pioneerinstitute.org
MICHIGAN Mackinac Center for Public Policy: www.mackinac.org
MINNESOTA Minnesota Independent School Forum: www.misf.org
MISSISSIPPI Mississippi Center for Public Policy: www.msppolicy.org
MISSOURI Show-Me Institute: www.showmeinstitute.org
MONTANA Montana Family Foundation: www.montanafamily.org
NEBRASKA Platte Institute for Economic Research: www.platteinstitute.org
NEVADA Nevada Policy Research Institute: www.npri.org
NEW JERSEY Excellent Education for Everyone: www.nje3.org
NEW MEXICO Educate New Mexico: www.educatenm.org
NORTH CAROLINA Parents for Educational Freedom in North Carolina: www.pefnc.org
OHIO School Choice Ohio: www.schoho.org
OKLAHOMA Oklahoma Council of Public Affairs: www.ocpathink.org
OREGON Cascade Policy Institute: www.cascadepolicy.org
PENNSYLVANIA REACH Foundation: www.paschoolchoice.org
RHODE ISLAND Rhode Island Scholarship Alliance: www.rischolarshipalliance.org
SOUTH CAROLINA South Carolinians for Responsible Government: www.scrfoundation.org
TENNESSEE Tennessee Center for Policy Research: www.tennesseepolicy.org
TEXAS Texas Public Policy Foundation: www.texaspolicy.com
UTAH Parents for Choice in Education: www.choiceineducation.org
VERMONT Vermonters for Better Education: www.schoolreport.com
VIRGINIA The Thomas Jefferson Institute: www.thomasjeffersoninst.org
WASHINGTON Evergreen Freedom Foundation: www.effwa.org
WASHINGTON, D.C. Washington Scholarship Fund: www.washingtonscholarshipfund.org
WEST VIRGINIA West Virginians for Education Reform: www.wvedreform.com
WISCONSIN School Choice Wisconsin: www.schoolchoicewi.org

ARIZONA

Personal Tax Credits for School Tuition Organizations Enacted 1997 / Began Operation 1998 / Expanded 2005

Arizona provides a credit on personal income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that support private school scholarships. Individual taxpayers contributing to STOs may claim a dollar-for-dollar credit of up to \$500, and married couples filing jointly may claim up to \$1,000. Also, individuals may claim up to \$200 (\$400 for married couples) for contributing to a public school for extracurricular activities or character education programs. Any non-profit that wants to operate as an STO may do so; there were 55 STOs in 2010.

LATEST STATS (2009)

- Students Participating: **27,582**
- Number of Donors: **73,391**
- Schools Participating: **370**
- Active School Tuition Organizations: **53**
- Average Scholarship Value: **\$1,889**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value: STOs provide varying amounts of student aid. In 2009, the average scholarship was worth \$1,889.

Student or School Participation: In 2009, 27,582 scholarships worth a total of \$52,102,398 were awarded at 370 private schools.

Student Eligibility: Each STO may set its own eligibility guidelines. Most STOs give to students based solely on financial need, sometimes concentrating on a specific location or school system. An individual taxpayer may not make a contribution to an STO earmarked for his or her own child.

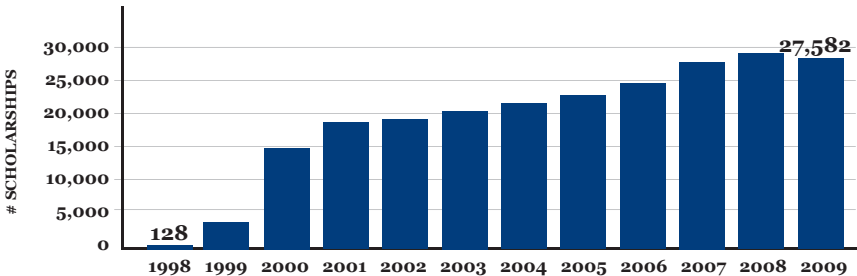
Legal Status of Program: In January 1999, the Arizona Supreme Court upheld the program under both the state and federal constitutions, and in October the U.S. Supreme Court turned down an appeal of that decision. In early 2001, the Arizona Civil Liberties Union (AzCLU) filed another lawsuit challenging the program under the federal Constitution in federal court. The U.S. District Court for Arizona dismissed the case under the federal Tax Injunction Act, which requires that challenges to state taxes must be filed in state court. In June 2004, the U.S. Supreme Court ruled that the tax credit program could be challenged in federal court. The case returned to the U.S. District Court and, in March 2005, the judge granted the Institute for Justice Arizona Chapter's motion to dismiss the case and upheld tax credits as constitutional. The ACLU appealed to the 9th U.S. Circuit Court of Appeals, which struck down the program. The case was appealed to the U.S. Supreme Court, where the case was pending at the time of this publication.

Regulations on the Program: STOs are required to be non-profit organizations that allocate at least 90 percent of their revenue to private school scholarships. STOs must file fiscal reports with the Department of Revenue, may not use a donor's money to support that donor's child and may not restrict their scholarships to a single school. Participating private schools may not discriminate on the basis of race, color, handicap, familial status, or national origin.

Governing Statutes: Title 43-1089 and 43-1089.01 of the Arizona statutes

AZ PERSONAL TAX CREDITS FOR SCHOOL TUITION ORGANIZATIONS

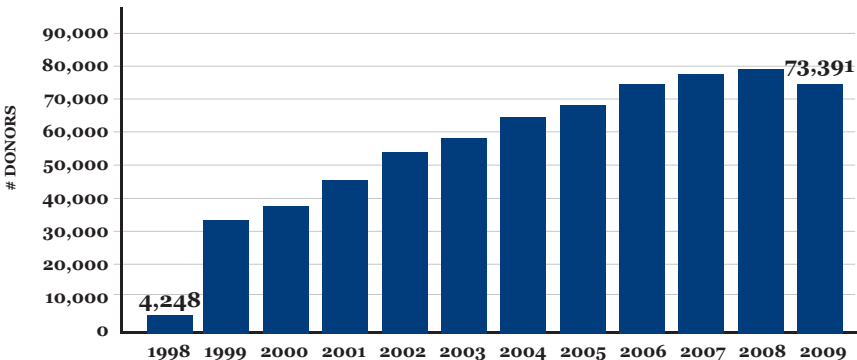
The number of awarded scholarships has nearly doubled over the past decade.



SOURCE: See www.azdor.gov/Portals/o/Reports/private-school-tax-credit-report-2009.pdf

AZ PERSONAL TAX CREDITS FOR SCHOOL TUITION ORGANIZATIONS

The number of donors also has nearly doubled since 2000.



SOURCE: See www.azdor.gov/Portals/o/Reports/private-school-tax-credit-report-2009.pdf

ARIZONA

Corporate Tax Credits for School Tuition Organizations Enacted 2006 / Began Operation 2006

Arizona provides a credit on corporate income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that support private-school scholarships. This program is modeled after Arizona's existing personal tax credit for donations to STOs, and the two programs work in tandem. All organizations registered as STOs may participate in both programs. Corporate taxpayers contributing to STOs may claim a tax credit equal to the full amount of their contribution. In 2009, a total of 19 STOs participated in the program and awarded scholarships.

LATEST STATS (2009)

- Students Participating: **3,652**
- Number of Donors: **93**
- Schools Participating: **169**
- Active School Tuition Organizations: **19**
- Average Scholarship Value: **\$2,158**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value: STOs provide varying amounts of student aid. In 2009, the average scholarship awarded was worth \$2,158. In 2009, scholarships were capped at \$4,500 in grades K-8 and \$5,800 in grades 9-12; the cap will automatically rise by \$100 per year.

Student or School Participation: In 2009, 3,652 scholarships worth a total of \$7,881,787 were awarded. The program is limited to a total of \$10 million worth of tax credits per year per donor; corporations can donate more than that, but will not get more than \$5 million of tax credits in each year.

Student Eligibility: Students receiving scholarships under the corporate tax credit program must have family incomes below 185 percent of the income eligible for free and reduced-price lunch, which in turn is set at 185 percent of the federal poverty level (meaning a final program eligibility cutoff of \$75,467 for a family of four in 2010) and must have previously attended a public school or be entering kindergarten. The income requirement does not apply to Arizona's other tax credit scholarship program, which is funded by individuals rather than by corporate donors. In addition, each STO may set its own eligibility guidelines. Most STOs give to students based solely on financial need, sometimes concentrating on a specific location or school system.

Legal Status of Program: In September 2006, the Arizona Civil Liberties Union, the Arizona School Boards Association, and the Arizona Center for Law in the Public Interest filed suit in Maricopa County Superior Court to block the pro-

gram under the state's Blaine Amendment. The Institute for Justice, representing four Arizona families, moved to dismiss the suit on grounds that the Arizona Supreme Court had already found that school choice doesn't violate the state constitution (see the previous entry for Arizona's other tax credit scholarship program). The Institute was joined by the former chief justice of the state high court, who wrote the opinion in that case. The suit was dismissed by the Maricopa County Superior Court in March 2007. On March 12, 2009, the Arizona Court of Appeals upheld the tax credit program in *Green v. Garriott*, and the Arizona Supreme Court refused to hear an appeal from that decision.

Regulations on the Program: STOs are required to be non-profit organizations that allocate at least 90 percent of their revenue to private school scholarships. STOs must file fiscal reports with the Department of Revenue and may not restrict their scholarships to a single school. Participating private schools may not discriminate on the basis of race, color, handicap, familial status, or national origin.

Governing Statutes: Title 43-1183 of the Arizona statutes

AZ CORPORATE TAX CREDITS FOR SCHOOL TUITION ORGANIZATIONS

Program Participation Growth Since 2006

	2006	2007	2008	2009
STUDENTS	35	1,947	2,967	3,652
SCHOOLS	3	156	176	169
DONORS	87	62	96	93
STOs	17	17	15	19

SOURCE: See www.azdor.gov/Portals/0/Reports/2009-corporate-school-tax-credit-report.pdf

ARIZONA

“Lexie’s Law” Corporate Tax Credits Enacted 2009 | Began Operation 2009

Arizona provides tax credit scholarships to special education students in public schools, allowing them to attend the public or private school of their choice. Included in these scholarships are considerations for foster care students, allowing them to attend the private school of their choice. After students are admitted to private schools, they apply to the state for a scholarship to help cover their costs. This program is a combination of Arizona’s previous Displaced Pupils Choice Grants and Arizona Scholarships for Pupils with Disabilities Program.

LATEST STATS (2010)

- Students Participating: **472**
- Schools Participating: **107**
- Avg. Scholarship Value (2008): **\$8,238** (special needs students); **\$4,140** (foster care students)

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

The maximum dollar value of a special needs student’s scholarship is equal to the lesser of the private school tuition or 90 percent of the state funding that would otherwise go to the pupil if he or she had remained in public school. This amount varies depending on factors like the severity of the student’s disability. In 2008, the average scholarship amount used for special needs students was \$8,238. The maximum scholarship amount for foster care students was \$5,000; the average award in 2008 was \$4,140. In 2008, 140 foster care students participated in the program.

Student or School Participation

In 2010, approximately 472 students and 107 private schools were estimated to be participating, assuming steady growth and the participation of students who had previously been served by the two programs.

Student Eligibility

Students are eligible for special needs scholarships if they have been enrolled in public school for the previous school year and are taught with an Individualized Education Plan (which is mandated by the Individuals with Disabilities Education Act).

Students are eligible for displaced pupil scholarships if they have been placed in foster care at any time prior to graduating from high school. Students do not need to be currently enrolled in a public school to participate.

Legal Status of Program: No legal challenges have been filed against the program.

Regulations on the Program

Participating private schools must be located in Arizona and may not discriminate based on race, color, handicap, familial status, or national origin. School districts must permit voucher students to participate in state tests if parents request it. Further regulations are currently being developed.

Governing Statutes: Arizona Revised Statutes §§20-224.06 and 43-1184

DISTRICT OF COLUMBIA

Opportunity Scholarship Program

Enacted 2003 | Began Operation 2004-05 | Closed to New Students in 2009

To give parents in the District of Columbia the ability to select the educational setting that best serves their child's interests and needs, the U.S. Congress passed the D.C. School Choice Incentive Act of 2003. This five-year pilot program was part of the omnibus spending bill passed in 2004 and became the first voucher program to be overseen by the U.S. Department of Education. The program is funded separately from District of Columbia public schools. In July of 2009, the U.S. Department of Education closed the program to new students. The program will continue until the 1,700 children currently in the program complete their studies, and unless Congress changes the law, the program will not be extended beyond that.

LATEST STATS (2010)

- Students Participating: **1,322**
- Schools Participating: **45**
- Maximum Voucher Value: **\$7,500**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The Washington Scholarship Fund, the designated administrator of the program, distributes scholarships worth up to \$7,500. The voucher may be used for tuition, fees and transportation. Amounts may vary depending on tuition expenses.

Student or School Participation: In 2009-10, 1,322 students received vouchers. 45 private schools participated in the program.

Student Eligibility

Most families in the District of Columbia that qualify for free and reduced-price lunch are eligible. Families may earn as much as 185 percent of the federal poverty level when they enter the program; in 2009, a family of four could earn up to \$40,792. Families will lose their eligibility if their income later rises above 200 percent of the poverty level. Because of 2009 Congressional action, participation is limited to students already enrolled in the program.

Legal Status of Program: No legal challenges have been filed against the program.

Regulations on the Program

Schools must be in the District of Columbia. Each year, the schools must provide a report to Congress on how the scholarship funds were used. Schools must comply with anti-discrimination laws.

Governing Statutes

House Resolution 2673, 2004 Consolidated Appropriations Act; House Resolution 1105, 2009 Omnibus Appropriations Act

FLORIDA

McKay Scholarships Program for Students with Disabilities Enacted as Pilot Program 1999 | Expanded Statewide 2000-01

Any student with a disability whose parents are unhappy with their assigned public school are eligible to receive a McKay voucher to send their child to a private school or another public school. Started in 1999 as a pilot in Sarasota County, the program originally was capped at 5 percent of eligible enrollment. It was expanded statewide in 2000, and the cap was removed.

For further information go to the McKay Scholarship Program website:
www.floridaschoolchoice.org/Information/McKay/

LATEST STATS (2011)

- Students Participating: **21,054**
- Schools Participating: **985**
- Average Voucher Value (2009): **\$6,627**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The voucher is worth the same amount public schools would have spent on each participating child, though it may not exceed the cost of the private school's tuition and fees. Thus, the value of the voucher varies widely depending on the severity of the child's disability; in 2009, the average voucher was worth \$6,627. In addition, parents may supplement the voucher with their own money.

Student or School Participation

In 2010-11, 20,054 students used McKay vouchers; 985 private schools participated in the program.

Student Eligibility

All students with disabilities—those who have Individualized Education Plans covered under the federal disability-rights law—and who have been enrolled in a public school for at least a year are eligible to receive vouchers. About 370,000 children statewide are eligible. Schools are not required to accept participating students, a particularly important factor for this program considering that not all schools are equipped to handle all forms of disabilities.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

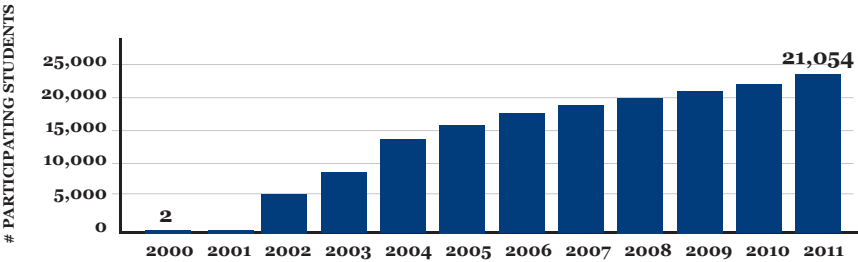
Participating schools must hire teachers who have a bachelor's degree, three years of experience, or special qualifications. They must demonstrate fiscal soundness, comply with anti-discrimination laws, meet health and safety codes, and complete a five-page notarized questionnaire covering issues such as the number of teachers and food safety inspections.

Governing Statutes

2001 Florida Statutes, Title XVI, Chapter 229.05371

FL MCKAY SCHOLARSHIPS PROGRAM FOR STUDENTS WITH DISABILITIES

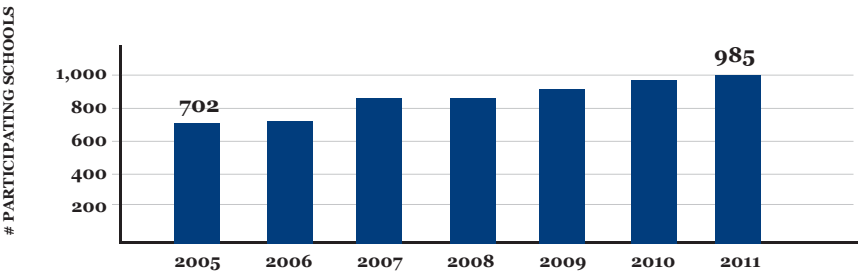
Student participation in the program has increased more than three-fold since 2002.



SOURCE: www.floridaschoolchoice.org/Information/McKay/quarterly_reports/mckay_report_1; 2011 data from November 2010 Quarterly Report, Florida Department of Education.

FL MCKAY SCHOLARSHIPS PROGRAM FOR STUDENTS WITH DISABILITIES

School participation has increased more than 32% since 2005. An additional 228 schools have started accepting McKay students.



SOURCE: www.floridaschoolchoice.org/Information/McKay/quarterly_reports/mckay_report_1; 2011 data from November 2010 Quarterly Report, Florida Department of Education.

FLORIDA

Florida Tax Credit Scholarship Program **Enacted 2001 / Began Operation 2002**

Florida provides a tax credit on corporate income taxes as well as insurance premium taxes for donations to Scholarship Funding Organizations (SFOs), privately run non-profit organizations that distribute private school scholarships. SFOs provide scholarships worth up to \$4,106 for low-income students. They also may provide students with funds for transportation to another public school. Businesses get a dollar-for-dollar tax credit for contributions to scholarship organizations. The overall size of the program is capped at \$140 million for 2010-11.

LATEST STATS (2010)

- Students Participating: **28,927**
- Schools Participating: **1,033**
- Active Scholarship Funding Organizations: **4**
- Maximum Scholarship Value: **\$4,106**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

SFOs provide scholarships worth up to \$4,106 for private school tuition and fees, though they may not exceed the actual private school costs. At least 75 percent of the scholarship must be used for tuition, with the rest available for textbooks and transportation. Transportation grants are worth up to \$500.

Student or School Participation

In 2009-10, four Scholarship Funding Organizations provided scholarships to 28,927 students at 1,033 private schools.

Student Eligibility

Students who qualify for free and reduced-price lunch (185 percent of the federal poverty level) and who are either enrolled in public school or are about to enter kindergarten or first grade are eligible to receive scholarships. A family of four must earn \$40,792 or less to qualify in 2010. If a student's household income rises, the student may stay in the program under full scholarship as long as the family earns no more than 200 percent of the poverty level, a three-quarter scholarship for no more than 215 percent, and a half scholarship for no more than 230 percent. Participating private schools are required to accept scholarship students, but if they have more applicants than open seats they are not required to admit students at random.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

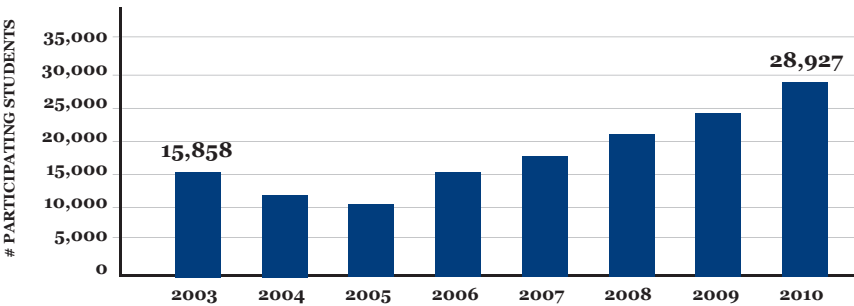
SFOs are required to be non-profit organizations incorporated in Florida. They must disburse 97 percent of their income from tax credit donations as scholarships in the same year in which the donation is received (administrative costs must be paid separately) and be audited annually by an outside accountant. They may not use a donor’s money to support that donor’s child. Participating private schools must complete a five-page notarized questionnaire covering issues such as the number of teachers and food safety inspections. They also must administer a norm-referenced test to participating students, and test scores are reported annually. They must file a financial report by a certified accountant if they receive more than \$250,000 in scholarship money in a given year.

Governing Statutes

2010 Florida Statutes, Chapter 1002.395

FL TAX CREDIT SCHOLARSHIP PROGRAM

Participation in the program has nearly tripled since 2005.



SOURCE: www.floridaschoolchoice.org/Information/CTC/quarterly_reports.asp

GEORGIA

Special Needs Scholarships Enacted 2007 / Began Operation 2007

Any student with a disability whose parents are unhappy with their assigned Georgia public schools are eligible to receive a voucher to send their child to a private school. The program is modeled after Florida's McKay Scholarship Program.

LATEST STATS (2010)

- Students Participating: **2,068**
- Schools Participating: **169**
- Average Voucher Value: **\$6,342**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The voucher is worth up to the cost of the educational program the student would have received in public school, as calculated by existing state funding formulas. This includes most of the funding that would have been spent on the student in public schools; it excludes only things like capital costs and federal subsidy programs. The value of the voucher may not exceed the school's tuition and fees. In 2010, the average voucher was worth \$6,342.

Student or School Participation

In 2009-10, 2,068 students used vouchers to attend 169 private schools.

Student Eligibility

Students who have attended public school for one year and who have disabilities, with Individualized Education Plans under the federal special education law, are eligible. Statewide, about 199,500 students are eligible.

Legal Status of Program:

No legal challenges have been filed against the program.

Regulations on the Program

Participating students may take the state achievement test if their parents choose. Parents must comply with the rules and policies of the private school. Participating schools must be located in Georgia; be accredited or applying for accreditation; demonstrate fiscal soundness by having been in operation for one school year or by submitting a financial information report conducted by a certified public accountant; comply with anti-discrimination laws, health and safety laws, and all laws that apply to private schools; regularly report on the student's academic progress to parents and the state department of education; and employ teachers with bachelor's degrees or at least three years of experience, and make teachers' credentials available to parents. Home schools and residential treatment facilities are not eligible.

Governing Statutes:

Georgia Code, 20-2-2110 through 20-2-2118

GA SPECIAL NEEDS SCHOLARSHIPS

Since the program's first year of operation, student participation has grown 230% and 52 additional schools have started to enroll students.

	2008	2009	2010
STUDENTS	899	1,596	2,068
SCHOOLS	117	145	169
AVERAGE VOUCHER VALUE	\$6,026	\$6,331	\$6,342

SOURCE: www.doe.k12.ga.us/sb10.aspx

Education spending will be most effective if it relies on parental choice and private initiative—the building blocks of success throughout our society.

—Milton Friedman, *The New York Post* (February 20, 2002)

GEORGIA

Tax Credits for Student Scholarship Organizations Enacted 2008 / Began Operation 2008

Georgia provides a credit on both personal and corporate income taxes for donations to Student Scholarship Organizations (SSOs), privately run non-profit organizations that distribute private school scholarships. Individual taxpayers contributing to SSOs may claim a dollar-for-dollar credit of up to \$1,000, and married couples filing jointly may claim up to \$2,500. Corporate taxpayers may claim a dollar-for-dollar credit worth up to 75 percent of the taxpayer's total tax liability. The program is capped at \$50 million in tax credits per year.

LATEST STATS (2010)

- Students Participating: **1,900** (estimated)
- Schools Participating: **400** (estimated)
- Active Student Scholarship Organizations: **11**
- Total Program Expenditures: **\$25,390,000**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

SSOs may determine the amount of each scholarship, as in most other states with tax credit scholarship programs

Student or School Participation

In 2009-10, the program served approximately 1,900 students at about 400 schools. Average scholarship amount was not available.

Student Eligibility

All Georgia students enrolled in public schools are eligible to receive scholarships. SSOs may set their own eligibility guidelines. Taxpayers may not make contributions earmarked for a particular child.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

SSOs are required to be non-profit organizations that allocate at least 90 percent of their revenue to private school scholarships. No more than 25 percent of an SSO's revenue may be carried forward into the next year before it is spent. SSOs must undergo annual audits by certified public accountants, file audits and fiscal reports with the Department of Revenue, may not use a donor's money to support that donor's child, and may not restrict their scholarships to a single school. Participating private schools must obey anti-discrimination laws.

Governing Statutes

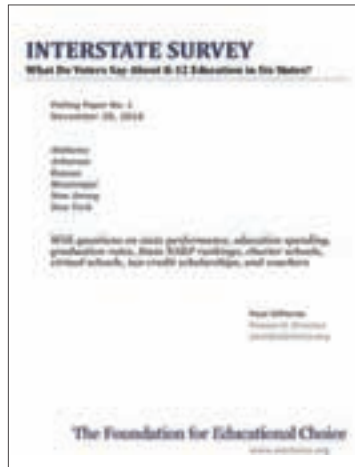
Georgia Code, 20-2A and 48-7-29.13

NEW

Research & Analysis



School Passports: Making the Stimulus Pay Off for Students and State Budgets



Interstate Survey: What Do Voters Say About K-12 Education in Six States?



Trouble Brewing: The Disaster of California State Pensions

ILLINOIS

Tax Credits for Educational Expenses Enacted 1999 / Began Operation 2000

Illinois provides a tax credit covering educational expenses for students in any private or public school, including tuition, books, and lab or activity fees. The credit is worth a maximum of \$500. This makes it easier for families to choose a private school for their children.

LATEST STATS (2008)

- Taxpayers Participating: **249,314**
- Average Tax Credit Value: **\$290**

PROGRAM DETAILS

Program Type: Personal Tax Credit

Scholarship/Voucher Value

Parents receive a tax credit worth 25 percent of their expenditures after the first \$250, up to a maximum credit of \$500 per family. To get the maximum \$500 credit, parents must spend \$2,250 in educational expenses; they also must have a state tax liability of at least \$500 because the credit is nonrefundable and thus cannot reduce an individual's tax burden to less than zero.

Student or School Participation

In 2008, an estimated 249,314 families saved more than \$72 million by claiming the education tax credit.

Student Eligibility

To be eligible, a student need only be a resident of Illinois who is under 21 and enrolled full-time in kindergarten through 12th grade.

Legal Status of Program

In 1999, two separate suits were filed against the program, one by the Illinois Federation of Teachers and one by the Illinois Education Association and the People for the American Way. Both suits argued that the program violated the First Amendment of the U.S. Constitution and the religion clauses of the Illinois constitution, which includes both a Blaine Amendment and a "compelled support" clause. By mid-2000, Illinois appellate courts had upheld the constitutionality of school choice in both cases, under both the state and federal constitutions. Moreover, the Illinois Supreme Court refused to grant an appeal, thus letting the favorable appellate court decision stand.

Regulations on the Program

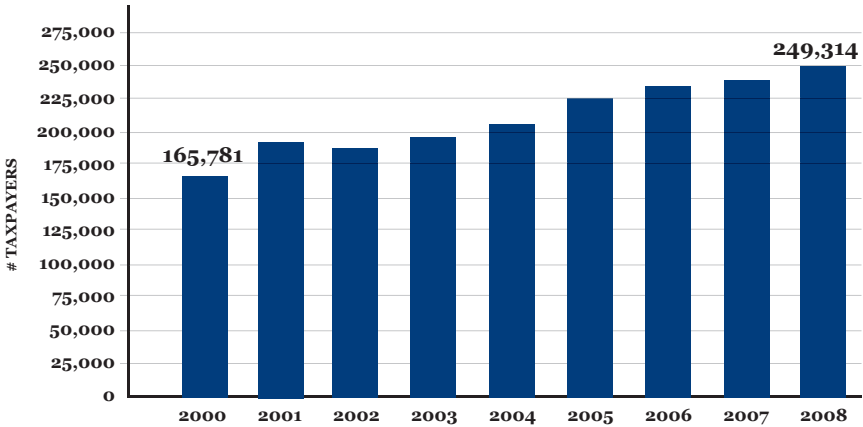
Parents must provide receipts for educational expenses. The school may not discriminate and must satisfy attendance requirements.

Governing Statutes

35 ILCS5/Art.2, Sec.201 (m), Illinois Compiled Statutes

IL TAX CREDITS FOR EDUCATIONAL EXPENSES

The numbers of taxpayers claiming credits increased 50% over the nine-year period, 2000 to 2008.



SOURCE: Illinois Department of Revenue. Response to FOIA request on 11/20/10.

“A stable and democratic society is impossible without a minimum degree of literacy and knowledge on the part of most citizens and without widespread acceptance of some common set of values. Education can contribute to both.”

—Milton Friedman, *Capitalism and Freedom* (1962)

INDIANA

School Scholarship Tax Credit Program Enacted 2009

Indiana provides a tax credit against state tax liability equal to 50 percent of a contribution to Scholarship Granting Organizations (SGOs) for school scholarships granted to low-income students. The tax credit is extended to both individuals and corporations. There is no limit on the dollar amount of the tax credit that can be claimed, although the total amount of tax credits awarded statewide is limited to \$2.5 million.

FAST FACTS

- Total Value of Tax Credits Available: **\$2.5 million**
- Total Value of Scholarships Available: **\$5 million**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value:

Each SGO determines the amount of the scholarship it distributes.

Student or School Participation

No information on participation levels is available yet, as tax credits for 2010 will not be claimed until 2011.

Student Eligibility

Eligibility is limited to students who have legal settlement in Indiana, are between five and 22 years of age, have been or are currently enrolled in a participating school, and live in a household with an annual income of not more than 200 percent of the amount required to qualify for the federal free or reduced-price lunch program; and either 1) were enrolled in a public school in the previous year, 2) are enrolled in kindergarten, 3) received a scholarship in the previous school year from a non-profit organization that qualifies for certification as an SGO, or 4) received a scholarship in the previous school year under this program.

Legal Status of Program: No legal challenges have been filed against this program.

Regulations on the Program

SGOs must be IRS 501(c)(3) charitable organizations that contribute at least 90 percent of their annual receipts toward distributing scholarships. All SGOs must conduct an annual financial audit, demonstrate financial viability to the Department of Revenue, and make financial information available for public review. Participating schools must be accredited by a state, national, or regional accreditation agency. They must also administer a national norm-referenced standardized test and/or the ISTEP+. [Note]: As this is a new program, additional guidelines for SGOs and taxpayers are being developed by the Department of Revenue. The Indiana Department of Education is the primary policy maker within the program.

Governing Statutes: IC 6-3.1-30.5

IOWA

Tax Credits for Educational Expenses Enacted 1987 / Expanded 1996 and 1998

Iowa provides a tax credit covering educational expenses for students in any private or public school, including tuition, books, and lab or activity fees. The credit is worth a maximum of \$250. This makes it easier for families to choose a private school for their children.

LATEST STATS (2008)

- Taxpayers Participating: **191,900** (estimated)
- Average Tax Credit Value: **\$79**

PROGRAM DETAILS

Program Type: Personal Tax Credit

Scholarship/Voucher Value

Parents receive a tax credit worth 25 percent of their expenditures up to a maximum credit of \$250 per dependent in school. To get the maximum \$250 per-dependent credit, parents must spend \$1,000 in educational expenses; they also must have a state tax liability of at least \$250 because the credit is non-refundable and thus cannot reduce an individual's tax burden to less than zero.

Student or School Participation

In 2008, the last year of available data from the Iowa Department of Revenue, 191,900 families saved more than \$15 million by claiming the tax credit. The average claim was worth about \$79.

Student Eligibility

All students enrolled in accredited non-profit public or private elementary or secondary schools in Iowa are eligible.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

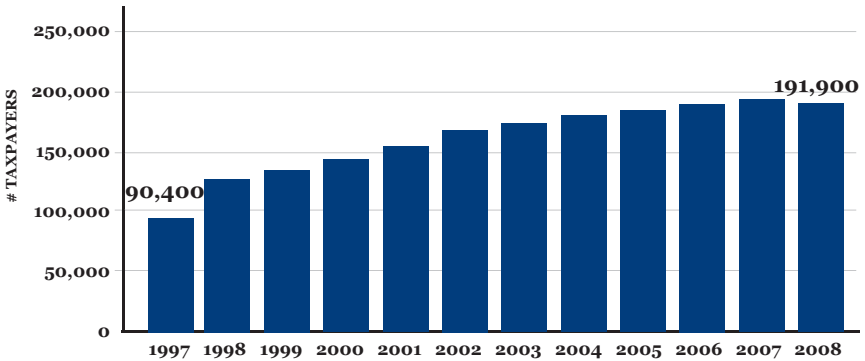
Expenses for religious instruction are ineligible for the tax credit; schools may itemize the portion of tuition and other expenses that apply to religious instruction so that parents can claim the tax credit on the remaining expenses. Schools must be non-profit and comply with civil rights laws.

Governing Statutes

Iowa Code, Section 422.12

IA TAX CREDITS FOR EDUCATIONAL EXPENSES

Over a 12-year period, from 1997 to 2008, the number of taxpayers claiming credits for education expenses increased 112%.



SOURCE: See www.iowa.gov/tax/educate/statreports.html#IndInc

Improved education is offering a hope of narrowing the gap between the less and more skilled workers, of fending off the prior prospect of a society divided between the “haves” and “have nots,” of a class society in which an educated elite provided welfare for a permanent class of unemployables.

— Milton Friedman, *The School Choice Advocate* (July 1998)

IOWA

Tax Credits for School Tuition Organizations Enacted 2006 | Expanded 2009

Iowa provides a credit on personal income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that distribute private school scholarships. The credit is worth 65 percent of the value of the donation. The value of the tax credit is also limited by a statewide cap. A maximum of \$7.5 million in tax credits is available. Each STO is able to grant tax credits to its donors up to its share of this statewide limit, with each STO's share determined by the enrollment at the schools it serves. There are 11 STOs. In 2009, an expansion allowed corporate donations for the first time. These donations are able to constitute up to 25 percent of the \$7.5 million cap.

LATEST STATS (2010)

- Students Participating: 9,624
- Schools Participating: 140
- Active School Tuition Organizations: 11
- Average Scholarship Value: \$1,184

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

Each STO determines the amount of the scholarships it distributes. In 2009-10, the average scholarship was worth \$1,184.

Student or School Participation

In 2009-10, a total of 9,624 scholarships were distributed.

Student Eligibility

Children are eligible to receive scholarships if their family incomes do not exceed 300 percent of federal poverty guidelines.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

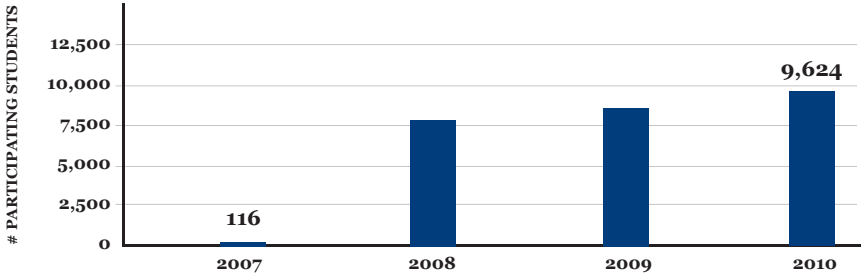
STOs must be governed by a seven member board of directors, allocate 90 percent of their annual tax-credit donations to scholarships, submit annual reports, and undergo an annual financial review by a public accounting firm. They may not restrict their scholarships to one school (although all of an STO's scholarships may end up at one school if all the parents decide to use them at that school). Donors may not earmark their donations for particular students. Participating schools may only receive scholarships from one STO and must be accredited by the state and adhere to federal and state civil rights laws.

Governing Statutes

Section 422.11S of the Iowa Code

IA TAX CREDITS FOR SCHOOL TUITION ORGANIZATIONS

Since the program's first full year of operation in 2008, student participation has increased about 27%.



SOURCE: Email correspondence with Jim McNulty, Taxpayer Services and Policy.

“*The injection of competition would do much to promote a healthy variety of schools.*”

—Milton Friedman, *Capitalism and Freedom* (1962)

LOUISIANA

Elementary and Secondary School Tuition Deduction Enacted 2008

Louisiana provides a personal tax deduction for educational expenses, including private school tuition and fees as well as uniforms, textbooks, curricular materials, and any school supplies required by the school. This deduction helps mitigate the cost of choosing a private school, making it easier for families to exercise choice. The deduction also includes tuition and fees at university-run “lab schools,” as well as educational expenses for public schools and home school students.

LATEST STATS (2009)

- Families Participating: **92,707**
- Average Deduction: **\$2,621**

PROGRAM DETAILS

Program Type: Personal Tax Deduction

Scholarship/Voucher Value

The deduction is worth 50 percent of the total amount spent on tuition, fees, and other eligible expenses. It is capped at \$5,000 per child.

Student or School Participation

More than 90,000 families currently participate in this tax deduction program.

Student Eligibility

All K-12 Louisiana students are eligible.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

Participating schools need only obey the existing laws and regulations governing Louisiana schools.

Governing Statutes

Louisiana Revised Statutes 47:293(9)(a)(xiv), (xv) and (xvi); and 297.10 through 297.12

LOUISIANA

Student Scholarships for Educational Excellence Program Enacted 2008 / Began Operation 2009

Low-income students in grades K-4 located in large, failing school districts (currently only New Orleans and Jefferson Parish qualify) are eligible for vouchers to attend the public or private school of their choice. Additional grade levels will be added to the program in future years (one grade level per year). Only private schools that were already in existence for three years when the voucher program was created can participate.

LATEST STATS (2011)

- Students Participating: **1,823**
- Schools Participating: **32**
- Average Voucher Value: **\$4,593**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The voucher is equal to 90 percent of the total state and local (but not federal) funding per student in the student's home school district, or the "actual cost" of educating the student in the private school, including operating and debt service costs, as determined by the state's department of education, whichever is less. This value was \$7,138 in 2009. The amount may not exceed the maximum tuition charged to non-voucher students. Special education students get an additional amount added to their voucher equal to the federal (but not state and local) special education funding in their home districts.

Student and School Participation

1,823 students attended 32 schools through the program in 2010-11, with an average voucher value of \$4,593.

Student Eligibility

Students are eligible if: (a) their family incomes are no more than 250 percent of poverty; (b) they are eligible for the free and reduced-price lunch program (this is mostly redundant with the income requirement); (c) they either were enrolled in a public school designated as failing the previous year, or are entering kindergarten; (d) they are entering a grade covered by the program (K-4 in 2009-10, with one additional grade level added in each subsequent year); and (e) their public school district has been found to be in "academic crisis," had schools transferred to the state's Recovery School District, and is located in a parish with at least 475,000 people. Currently only New Orleans and Jefferson Parish satisfy this definition. Once a district is eligible, it will remain eligible as long as the program exists. If more students apply than the program will allow, participation is to be determined by random lottery. Participation is also limited by the amount of money the legislature appropriates for the program.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

Participating private schools must: (a) have been in existence three years prior to the implementation of the program; (b) accept the voucher amount as full payment of all tuition and other costs; (c) administer a nationally normed-standardized test to the voucher students, as well as administering all tests the students would be required to take in public schools, including the state graduation exam; (d) be approved, provisionally approved, or probationally approved by the state board of education; (e) not discriminate by race (as specified in the court case *Brumfield et. al. v. Dodd et. al.*); (f) accept all voucher students, and use a random lottery if more students apply than the school has space available (though preference may be given to siblings of current students, and twins or other multiple-birth students may enter the lottery together); and (g) submit a financial audit by a CPA approved by the state legislative auditor.

Governing Statutes

Louisiana Revised Statutes, Title 17, Chapter 43

LA STUDENT SCHOLARSHIPS FOR EDUCATIONAL EXCELLENCE PROGRAM

Student participation grew 80% in the first three years of the program.

	2009	2010	2011
STUDENTS	1,010	1,436	1,823
SCHOOLS	26	31	32
AVERAGE VOUCHER VALUE	\$3,856	\$4,300	\$4,593

SOURCE: See www.louisianaschools.net/lde/comm/2699.html

LOUISIANA

School Choice Pilot Program for Certain Students with Exceptionalities Act Enacted 2010 / To Begin Operation 2011-12

Allows any student in an eligible parish with “exceptionalities” the opportunity to attend schools of their parents’ choosing that provide educational services that specifically address the student’s needs. Eligible students are generally defined as special needs students who have Individualized Education Plans (IEPs) but who are not in an accelerated or gifted and talented program.

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The educational certificate (voucher) is worth 50 percent of the state dollars spent on the child in his or her public school or the cost of private school tuition, whichever is less.

Student or School Participation

No information on participation levels is available yet.

Student Eligibility

Students with exceptionalities—those who have Individualized Education Plans (IEPs) or a services plan in accordance with Title 34 of the code of Federal Regulations—and who reside in an eligible parish, are eligible to attend public school, are entering kindergarten or grades one through eight, and are not deemed gifted or talented are eligible to receive an educational certificate (voucher), which is to be applied to the cost of educational services.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

An eligible parish is defined as any parish having a population in excess of 190,000 people according to the most recent federal census. Currently, New Orleans, Baton Rouge, and Shreveport would be eligible.

Participating schools must be approved by the State Board of Education for one year prior to participation in the program and have been in operation and providing educational services to special needs students for at least two years.

Participating schools must include instruction by teachers certified in special education or other appropriate training as determined by the Department of Education. Eligible non-public schools are not required to accept all applicants; however, schools may not administer an entrance examination.

Students must be enrolled no later than April 30 to be eligible for the following

school year. Participating schools must provide a list of enrolled students to the Department of Education no later than June 1. Eligible schools must comply with anti-discrimination provisions set forth in *Brumfield, et al. v. Dodd, et al.* 425 F. Supp. 528.

The Department of Education must submit a report to the House and Senate Education Committees no later than August 12, 2012, regarding the implementation of the program including recommendations as to whether the program should continue on a pilot basis or be implemented statewide after the initial two-year pilot has ended.

Governing Statutes

Part II of Chapter 43, Title 17

“Our goal is to have a system in which every family in the U.S. will be able to choose for itself the school to which its children go. We are far from that ultimate result. If we had that, a system of free choice, we would also have a system of competition and innovation which would change the character of education.”

— Milton Friedman, CNBC Interview (March 2003)

MAINE

Town Tuitioning Program Began Operation 1873

Many small towns in Maine do not operate local high schools, and some do not operate local elementary schools. Students in these towns are eligible for a voucher to attend public schools in other towns or non-religious private schools, even outside the state. The “sending” towns pay tuition directly to the “receiving” schools. Although most towns allow parents to choose which schools will receive their students, some towns send all their students to one school. In 2009, 176 towns let parents decide where to send their children, while 33 towns contracted with one school.

LATEST STATS (2010)

- Students Participating: **5,171**
- Schools Participating: **21**
- Average Voucher Value: **\$8,718**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

Public schools in Maine have a “tuition rate” that sending towns must pay when their students are tuitioned at public schools. For private schools, sending towns provide a voucher good for up to Maine’s average per-pupil cost for secondary education in the previous year, plus what is known as the Insured Value Factor, an additional payment intended to cover depreciation of private schools’ buildings. Parents may supplement this voucher with their own money. The values of these vouchers vary from county to county based on current per-student funding levels. Sending towns have the option of increasing the voucher to as high as 115 percent of the per-student funding, but may not reduce the voucher below that rate. Under Maine law, the maximum tuition rate for public elementary students attending elementary private school may not exceed \$7,439.89, whereas the maximum tuition for secondary schools is \$9,154.37.

Student or School Participation

In 2010, 5,171 students were tuitioned.

Student Eligibility

Students must live in Maine and reside in an identified sending town that does not have a public school at their grade level. In 2009, a total of 176 sending towns tuitioned either their elementary or secondary students.

Legal Status of Program

In 1981, the Maine legislature banned religious schools from participating in the program under the mistaken belief that allowing religious options violated the First Amendment’s Establishment Clause. In 1997, Maine parents and the In-

stitute for Justice filed a lawsuit seeking to overturn this law as unconstitutional religious discrimination. In 1999, the Maine Supreme Judicial Court upheld the exclusion of religious schools. The U. S. Supreme Court declined to review this decision. However, after the 2002 U.S. Supreme Court decision upholding the constitutionality of vouchers in Cleveland, the Institute for Justice and Maine families again asked a Maine court to overturn the 1981 law, but the exclusion of religious options was once again upheld.

Regulations on the Program

Participating schools must be non-religious and meet state standards for private schools. The eligibility of out-of-state schools is judged on a case-by-case basis. Private schools with large numbers of tuitioned students are required to administer the state test.

Governing Statutes

Free High School Act of 1873, Sinclair Act of 1957

“Parents generally have both greater interest in their children’s schooling and more intimate knowledge of their capacities and needs than anyone else.”

— Milton Friedman, *Free to Choose: A Personal Statement* (1980)

MINNESOTA

Tax Credits and Deductions for Educational Expenses Began Operation 1955 (Deductions) and 1997 (Credits)

Minnesota provides a tax credit and a tax deduction covering educational expenses for students in any private or public school, including home schooling. The tax deduction lowers a family's taxable income; the tax credit reduces the family's total tax liability. They both cover books, tutors, academic after-school programs, and other non-tuition educational expenses. The deduction also includes tuition payments at private schools, although the credit does not. The credit and the deduction make it easier for families to choose a private school for their children.

LATEST STATS (2007)

- Taxpayers Participating (Tax Credit) : **56,642**
- Taxpayers Participating (Deduction): **196,726**
- Average Tax Credit Value: **\$267**
- Average Tax Deduction Value: **\$1,169**

PROGRAM DETAILS

Program Type: Personal Tax Credit and Deduction

Scholarship/Voucher Value

The tax deduction is worth 100 percent of the amount spent on education (including private school tuition), up to \$1,625 per child in grades K-6 and \$2,500 per child in grades 7-12. The tax credit is worth 75 percent of the amount spent on educational expenses other than tuition. The total credit amount that a family may claim is equal to \$1,000 per child in the family. Also, the refundable tax credit is phased out for taxpayers earning more than \$33,500. For families with one child, the family's maximum allowable credit is reduced by one dollar for every four dollars of income above \$33,500, and the family may not claim the credit at all if family income is above \$37,500. For families with two children, the family's maximum allowable credit is reduced by two dollars for every four dollars of income above \$33,500, and again the family may not claim the credit if its income is above \$37,500. For families with more than two children, the phase-out is still two dollars for every four dollars of income above \$33,500, but the \$37,500 income ceiling is raised by \$2,000 for each child after the first two. For example, a family with four children may not claim the credit if its income is above \$41,500.

Student or School Participation

In 2007, 56,642 taxpayers claimed credits worth an average of \$267—a total of more than \$15 million. 196,726 taxpayers claimed deductions worth an average of \$1,169, a total of more than \$230 million. More recent data was not available at the time of publication.

Student Eligibility

Any parent or guardian who spends money on approved education expenses for a child, including tuition, is eligible to receive the deduction. Parents must meet an income restriction to claim the credit; the income cutoff is \$37,500 plus \$2,000 for every child in the family after the first two. Also, parents must be tax filers and have proof of eligible expenses.

Legal Status of Program

In 1983, the U.S. Supreme Court ruled in favor of the tax deduction program in *Mueller v. Allen*. No additional legal challenge is expected.

Regulations on the Program

Expenses for religious instruction are ineligible for both the tax credit and the tax deduction. Schools may itemize expenses in order to separate religious instruction from other expenses, so that parents may claim the tax credit or deduction on the remaining expenses.

Governing Statutes

Minnesota Statutes, section 290.0674

OHIO

Cleveland Scholarship and Tutoring Program Enacted 1995 / Began Operation 1996-97

Families who live within the boundaries of the Cleveland Municipal School District are eligible to use a voucher to send their children to private school. The voucher also may be used at public schools bordering the school district, but currently no public schools have chosen to participate. No more than half of new recipients may be students previously enrolled in private schools. In addition, the state gives tutorial grants to public school students for services beyond those provided by public schools.

LATEST STATS (2011)

- Students Participating: 5,678
- Schools Participating: 40
- Average Voucher Value (2010): \$3,027

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The maximum voucher value is \$3,450. Families with incomes below 200 percent of the federal poverty level receive scholarships worth 90 percent of tuition, whereas families above the 200 percent level receive scholarships worth 75 percent of tuition. Parents agree to either pay the remaining tuition or volunteer equivalent hours of service at their child's school. Children with special needs may receive larger scholarships, based on need. Tutorial grants are worth up to 20 percent of the average basic voucher amount; they are worth up to \$550.

Student or School Participation

5,678 students are currently receiving vouchers in 2010-11. Forty private schools are participating. In 2009-10, the average voucher amount was \$3,027.

Student Eligibility

Children must be in grades K-8 when they first apply for the voucher; if they fail to apply by eighth grade, they may not enter the program later. Once students are in the program, they may continue to receive the voucher through grade 12. They must live within the Cleveland school district. Priority is given to families with incomes below 200 percent of the federal poverty level (\$44,100 for a family of four in 2009). Children from families with incomes above 200 percent of poverty are eligible only if funds are available. Participating private schools must accept voucher students on a random basis, giving preference to low-income students if they have more applicants than open seats.

Legal Status of Program

On June 27, 2002, after years of fighting the case in state and federal courts, the U.S. Supreme Court ruled that the Cleveland voucher program does not violate the First Amendment of the U.S. Constitution. The court ruled that school choice programs are constitutional when they give parents a truly independent choice of schools among a wide array of options without favoring or disfavoring religion.

Regulations on the Program

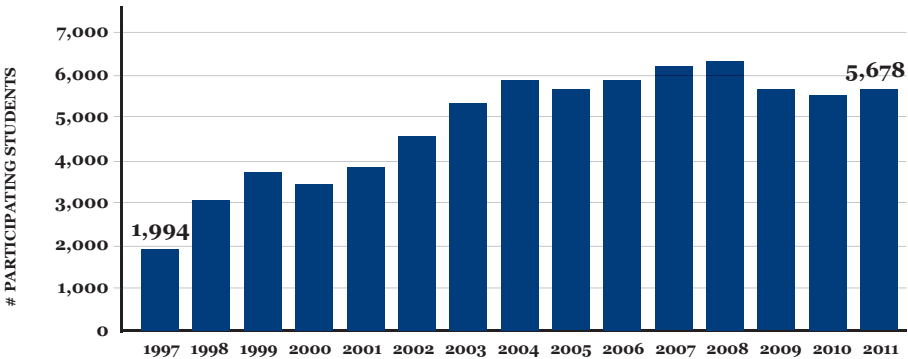
Participating schools must have classes of at least 10 students each or a total of at least 25 students in the school. They may not discriminate on the basis of race, religion, or ethnicity, nor may they advocate hateful or unlawful behavior. The schools must be registered with the state, attain minimal enrollment requirements, and meet Ohio's minimum standards for chartered non-public schools.

Governing Statutes

Ohio Revised Code, Sections 3313.974-3313.979

OH CLEVELAND SCHOLARSHIP AND TUTORING PROGRAM

Participation in the program has grown 185% since it launched in 1997.



SOURCE: Email correspondence with the Ohio Department of Education.

OHIO

Autism Scholarship Program Enacted 2003 / Began Operation 2004

Ohio students on the autism spectrum may use a voucher to receive education services from a private provider, including tuition at a private school. After participating students receive education services, they apply to the state for reimbursement of expenses.

LATEST STATS (2010)

- Students Participating: **1,672**
- Schools Participating: **200 (estimated)**
- Average Voucher Value: **\$16,148**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

Education services of up to \$20,000 per year will be reimbursed by the state.

Student or School Participation

There were 1,672 students receiving vouchers through the program in 2010. There are currently about 200 service providers registered with the state. The average voucher amount in 2010 was \$16,148.

Student Eligibility

Students must be age 3-21, diagnosed with an autism-spectrum disorder and registered in the public school special education system. Students may use the voucher whether or not they were previously enrolled in public schools, though students not previously enrolled in public schools must formally transfer into the public system (they do not need to actually leave their private schools).

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

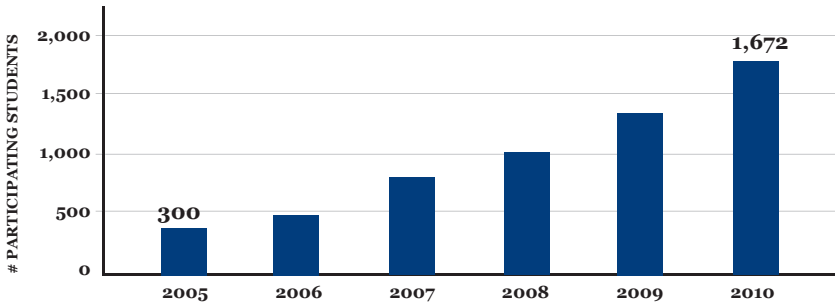
Service providers must meet the minimal standards set by professional organizations in their fields, demonstrate fiscal soundness and have at least one staff member with relevant credentials. Schools must have a formal special education program that has existed for at least one year and that employs teachers with special education credentials. Also, the voucher pays only for services specified in the student's Individualized Education Plan (IEP); it is difficult to determine how restrictive this is in practice without a detailed examination of participants' plans, but it at least means students must pay the portion of tuition covering any religious instruction.

Governing Statutes

Ohio Revised Code, Section 3310.41

OH AUTISM SCHOLARSHIP PROGRAM

Student participation in the program has increased more than five-fold since it started operation in 2005.



SOURCE: Email correspondence with the Ohio Department of Education.

“If you end up with a population that doesn’t know how to read, doesn’t know how to write, knows nothing about history, knows nothing about geography, who’s going to conduct the affairs of the country?”

— Rose D. Friedman, *Fifty Years of an Idea* Interview (2005)

OHIO

Educational Choice Scholarship Program Enacted 2005 / Began Operation 2006-07

Ohio students attending chronically failing public schools are eligible for vouchers to attend private schools.

LATEST STATS (2011)

- Students Participating: **13,213**
- Schools Participating: **273**
- Average Voucher Value (2010): **\$4,104**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

In grades K-8 the voucher is worth up to \$4,250; in grades 9-12 it is worth up to \$5,000. The voucher may not exceed the private school's actual tuition and fees. Participating schools may charge additional tuition (or require equivalent volunteer hours from parents) for students whose household incomes exceed 200 percent of the federal poverty level, but must accept the voucher as payment in full for students at or below the 200 percent level. This regulation has the unintended effect of forbidding low-income families from expanding their available educational options by supplementing the voucher with their own money, while permitting richer families to do so.

Student or School Participation

In 2011, 13,213 students and 273 private schools are participating. In 2005, the state legislature set a cap on the maximum number of participants at 14,000 students. The average voucher amount in 2010 (the most recent year for which figures are available) was \$4,104.

Student Eligibility

Students are eligible if they attend a local public school that has been designated in a state of "academic watch" or "academic emergency" by the state for two of the last three years, or if they would be assigned to such a school based on their residence but are instead currently enrolled in a charter school, or are entering kindergarten. Students in "open enrollment" districts who are enrolled in charter schools or entering kindergarten are eligible if the district has been designated in a state of academic emergency for three consecutive years. Students eligible for the voucher program in Cleveland are not eligible. Statewide, more than 88,000 students are eligible.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

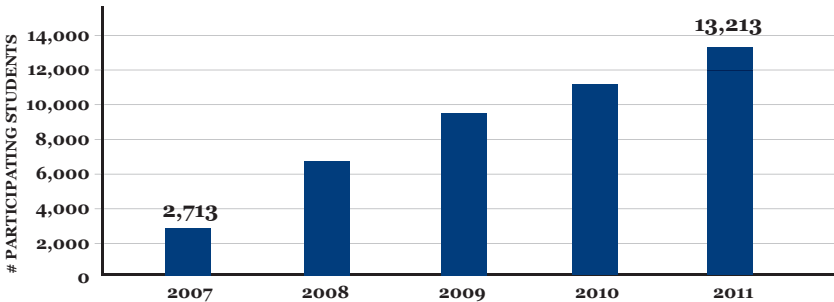
Chapter 3301-11 Educational Choice Scholarship Program

Governing Statutes

Ohio Revised Code, Sections 3310.01-3310.17

OH EDUCATIONAL CHOICE SCHOLARSHIP PILOT PROGRAM

In the first five years of operation, program participation has increased 387%. This year, enrollment is very close to the cap of 14,000 available vouchers.



SOURCE: Email correspondence with the Ohio Department of Education.

OKLAHOMA

Lindsey Nicole Henry Scholarships for Students with Disabilities Program Enacted 2010

Any student with a disability whose parents are unhappy with their assigned public school are eligible to participate in the Lindsey Nicole Henry Scholarships for Students with Disabilities Program.

LATEST STATS (2011)

- Students Participating: **6**
- Schools Participating: **4**
- Average Voucher Value: **\$6,381**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The voucher is worth the state and local dollars spent on the child in his or her public school or private school tuition and fees, whichever is less.

Student or School Participation

20 schools are on the list of participants for 2010-11; four have accepted voucher students. The average voucher value in 2010-11 is \$6,381.

Student Eligibility

All students with disabilities—those who have Individualized Education Plans (IEPs)—and who have spent the prior year attending a public school in the state are eligible to receive the voucher. After receiving a voucher, the child will continue to receive a voucher each year through high school graduation or until such time as the child would return to a public school.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

Participating schools must meet state accreditation requirements, demonstrate fiscal soundness, comply with federal anti-discrimination provisions, meet state and local health and safety laws, and laws relating to general regulation of private schools. Participating schools must employ or contract with teachers who hold baccalaureate or higher degrees, or have at least three years of teaching experience in public or private schools.

Governing Statutes

Section 13-101.1 of Title 70

PENNSYLVANIA

Educational Improvement Tax Credit Program Enacted 2001 / Began Operation 2001-02

The Educational Improvement Tax Credit Program provides a tax credit on the state's corporate income tax for contributions to Scholarship Organizations (SOs), which give private school scholarships to eligible children, or Educational Improvement Organizations (EIOs), which support innovative programs in public schools. A company may claim a tax credit worth 75 percent of its contribution. Alternatively, if it commits to two consecutive annual contributions, it may claim a tax credit worth 90 percent of its contribution. In either case, the maximum tax credit is \$300,000 in each year that a donation is made. The total of all K-12 tax credits is limited to \$40.2 million in 2011. Credits are awarded to companies on a first-come, first-served basis until the cap is reached.

LATEST STATS (2010)

- Students Participating: **38,646**
- Active Scholarship Organizations: **286**
- Average Scholarship Value: **\$1,044**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

Each SO determines the amount of the scholarships it distributes.

Student or School Participation

About 38,000 scholarships were awarded in 2010. There are 286 SOs.

Student Eligibility

Children are eligible for scholarships if their household incomes are under \$50,000 plus \$10,000 for each child in the family. For example, a family with one child must have an income below \$60,000, while a family with three children must have an income below \$80,000. Household income does not include items such as disability payments, workers compensation, retirement pensions, public assistance or unemployment compensation. Some SOs have other eligibility criteria.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

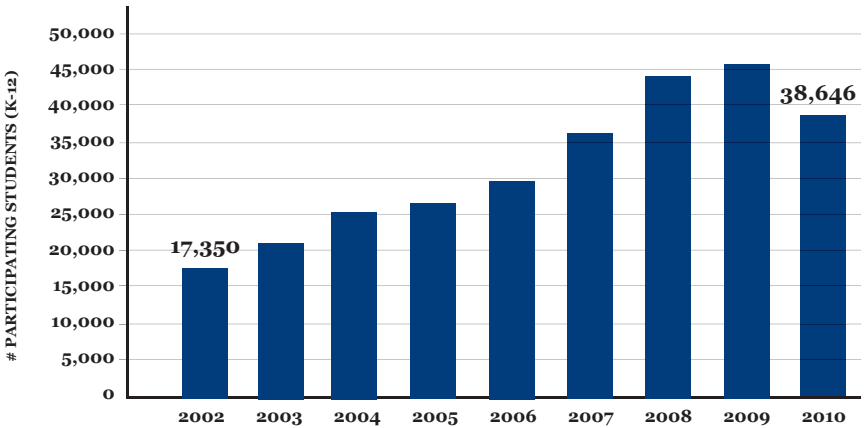
SOs and EIOs must be non-profit organizations incorporated in Pennsylvania. An SO must contribute at least 80 percent of its annual tax credit donations to scholarships and submit annual reports, and it may not restrict its scholarships to a single school. Participating schools must satisfy the requirements of Pennsylvania's compulsory-attendance law and comply with anti-discrimination laws.

Governing Statutes

Act 4 amended the Pennsylvania Public School Code to establish the program. In December 2003, Act 2003-48 expanded the program to include a Pre-K program.

PA EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

The EITC Program exhibited 70% participation growth after five years. Enrollment has more than doubled over an eight-year period from 2002 to 2010.



SOURCE: Andy LeFevre, former Executive Director at REACH Foundation.

RHODE ISLAND

Corporate Tax Credits for Scholarship Organizations Enacted 2006 / Began Operation 2007

Started in 2007, Rhode Island began providing a credit on corporate income taxes for donations to Scholarship Organizations (SOs), privately run non-profit organizations that distribute private school scholarships. Corporate taxpayers contributing to SOs may claim a tax credit equal to 75 percent of their contribution, or 90 percent if they donate for two consecutive years and the second year's donation is worth at least 80 percent of the first year's donation.

LATEST STATS (2010)

- Students Participating: **511**
- Schools Participating: **51**
- Active Scholarship Organizations: **3**
- Average Scholarship Value: **\$2,248**

PROGRAM DETAILS

Program Type: Tax-Credit Scholarship

Scholarship/Voucher Value

Each SO determines the amount of the scholarships it distributes.

Student or School Participation

The total size of the program statewide is capped at \$1 million. Each corporate donor can receive only \$100,000 in tax credits each year, and cannot use surplus donations in one year to generate tax credits in future years (as is permitted in some states). Most recently, in 2009-10, there were 511 students attending 51 schools, with an average scholarship of \$2,248.

Student Eligibility

Students must have family incomes at or below 250 percent of the poverty level (\$55,125 for a family of four in 2009).

Legal Status of Program

No challenges have been made to this program.

Regulations on the Program

A CPA must certify that each donation was made. SOs must use 90 percent of their donations for scholarships each year, and may not restrict scholarships to a single school. Donations may not be designated for particular schools or students. SOs must annually report the number of scholarships distributed at each school, the dollar range of the scholarships, the ZIP Codes of students receiving scholarships, and a description of all criteria used to determine which applicants receive scholarships.

Governing Statutes: Title 44-62 of the Rhode Island General Laws

UTAH

Carson Smith Special Needs Scholarship Program Enacted 2005 | Began Operation 2005-06

Most Utah students who have a disability are eligible to receive a scholarship to attend a private school. However, participation is limited by the amount of money appropriated to the special needs scholarship program fund.

LATEST STATS (2011)

- Students Participating: **624**
- Schools Participating: **43**
- Average Voucher Value: **\$4,893**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The value of the scholarship is based on the state's weighted pupil unit, an element of its school financing formula. Students who receive more than three hours of special education services per day get scholarships worth 2.5 times the weighted pupil unit, whereas students receiving fewer than three hours per day get scholarships worth 1.5 times the weighted pupil unit. In 2011, these values worked out to \$6,442.50 and \$3,865.50. The scholarship may not exceed the private school's actual tuition and fees.

Student or School Participation

In 2011, a total of 624 students received scholarships, and 43 private schools participated.

Student Eligibility

Public school students identified as disabled under federal disability-rights law are eligible to receive scholarships, as well as students with disabilities in private schools that served students with disabilities prior to participating in the program. Participation in the program is limited by the amount of money appropriated to fund it each year. Applications in 2010-11 were subject to random lottery.

Legal Status of Program

No legal challenges have been filed against the program.

Regulations on the Program

Participating schools must hire teachers who have a bachelor's degree and three years of experience or special qualifications. The schools also must demonstrate fiscal soundness and comply with anti-discrimination law.

Governing Statutes

Utah Code Sections 53A.1a.701-53A.1a.710

VERMONT

Town Tuitioning Program Began Operation 1869

Many small towns in Vermont do not operate local high schools, and some do not operate local elementary schools. Students in these towns are eligible for a voucher to attend public schools in other towns or non-religious private schools, even outside the state. The “sending” towns pay tuition directly to the “receiving” schools. Although most towns allow parents to choose which schools will receive their students, some towns send all their students to one school. In 2007, 2,459 students attended schools outside of their local districts.

LATEST STATS (2007)

- Students Participating: **2,459**
- Towns Participating: **87**
- Average Tuition Amount: **\$9,773**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

When students are tuitioned at public schools, the sending town pays the receiving school district an amount equal to the receiving district’s average per-pupil costs, as calculated by the state Department of Education. When students are tuitioned at private schools, the voucher is worth up to the average announced tuition for union schools, calculated each year by the state. This figure is calculated separately for grades K-6, 7-8, and 9-12. In 2007, the figures were \$8,430 for grades K-6, \$9,645 for grades 7-8, and \$9,773 for grades 9-12.

Student or School Participation

In 2007, 87 towns tuitioned at least some students. Private and public school placement for 2007 was not available.

Student Eligibility

Students must live in Vermont and reside in an identified tuition town.

Legal Status of Program

Vermont has a complex legal history with school choice. In 1961, the Vermont Supreme Court ruled that including religious schools in the program violated the First Amendment but not the state constitution. In 1994, the Vermont Supreme Court overturned this decision, but the Vermont Department of Education refused to allow parents to choose religious schools. In 1999, the Vermont Supreme Court again barred religious schools from participating, this time under the state constitution. In light of the 2002 U.S. Supreme Court decision upholding the constitutionality of vouchers in Cleveland, the Institute for Justice mounted another legal challenge, arguing that barring parents from choosing religious schools is unconstitutional religious discrimination and a violation of the right to

free exercise of religion. The Institute for Justice terminated the suit, however, after its clients—in a decision unrelated to the litigation—withdraw their children from religious schools to transfer them to public schools.

Regulations on the Program

Participating schools must be non-religious, obey anti-discrimination laws, and meet state standards for private schools.

Governing Statutes

Vermont Statutes, Title 16, Chapter 21

A greatly improved educational system can do more than anything else to limit the harm to our social stability from a permanent and large underclass.

— Milton Friedman, *The Washington Post* (June 1995)

WISCONSIN

Milwaukee Parental Choice Program Began Operation 1990-91

Eligible low-income families in Milwaukee, Wisconsin may send their children to a participating private school of their choice within the city limits of Milwaukee. This is one of the nation's largest voucher programs, and by far the most prominent.

LATEST STATS (2010)

- Students Participating: **20,328**
- Schools Participating: **111**
- Average Voucher Value: **\$6,442**

PROGRAM DETAILS

Program Type: Voucher

Scholarship/Voucher Value

The 2009-11 Wisconsin budget cut the maximum voucher amount from \$6,607 in 2008-09 to \$6,442 in 2009-10 and 2010-11. After 2010-11, the maximum voucher payment will increase by a percentage equal to the percentage increase in general school aid to Wisconsin public schools. The voucher may not exceed the private school's per-student costs, including operating expenses and debt service.

Student or School Participation

In 2009-10, 20,328 students used vouchers at 111 private schools. In 2005-06, the program hit the prior enrollment cap of 15 percent of Milwaukee Public Schools' student population; in March 2006, the cap was raised to 22,500 students, which the program is trending toward reaching by 2013.

Student Eligibility

Students who live in Milwaukee and whose family income does not exceed 175 percent of the federal poverty level (\$38,587 for a family of four in 2009) are eligible to receive a voucher. Once families join the program, their family income can rise to 220 percent of the federal poverty level (\$48,510 for a family of four in 2009) before they lose eligibility; this higher income eligibility threshold also applies to siblings of current voucher students. Participating private schools must accept voucher students at random if they have more applicants than open seats, although preference is given to siblings of current participants.

Legal Status of Program

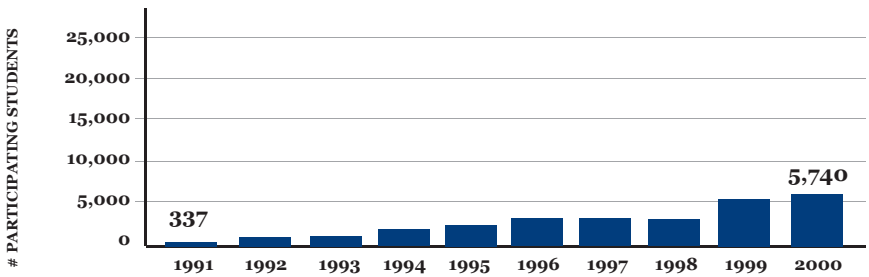
The program did not originally include religious schools; when it was expanded to include those schools in 1995, the expansion was challenged in court and a judge issued an injunction barring religious schools from participating. On June 10, 1998, the Wisconsin Supreme Court found that including religious schools did not violate the First Amendment because the program "has a secular purpose" and "will not have the primary effect of advancing religion." In November 1998, the U.S. Supreme Court refused to hear an appeal.

Regulations on the Program

Participating private schools must accept all eligible students. They also must obey all laws that apply to Wisconsin private schools, follow state accounting standards, file an independent audit, comply with health and safety codes, and comply with civil rights laws. In addition, students enrolled at religious schools must be allowed to opt out of religious instruction if they choose. Starting in 2006-07, participating schools were required to give a nationally normed-standardized test in reading, math and science to all voucher students in grades 4, 8, and 10. Also, schools that are not either accredited by one of a given set of

WI MILWAUKEE PARENTAL CHOICE PROGRAM

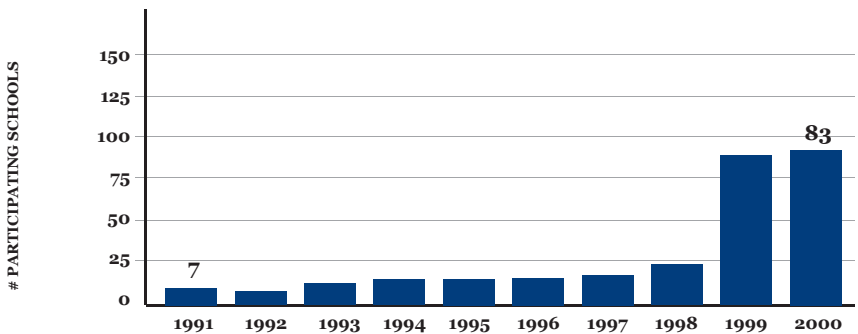
Since 2000, the Milwaukee voucher program has averaged 10.4% year-to-year annual growth in student participation.



SOURCE: Wisconsin Department of Public Instruction

WI MILWAUKEE PARENTAL CHOICE PROGRAM

The vast majority of private schools in the Milwaukee area enroll voucher students.



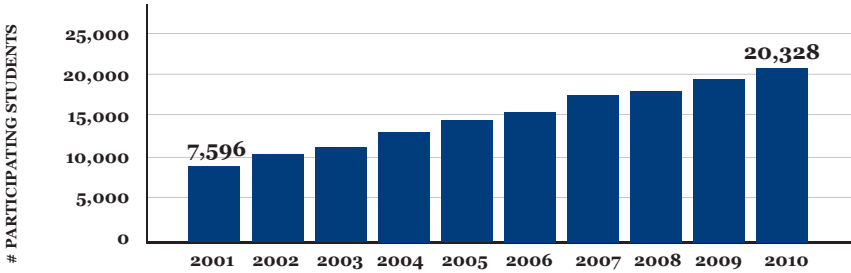
SOURCE: Wisconsin Department of Public Instruction

organizations or approved for the Partners for Advancing Values in Education scholarship program in 2005-06 must obtain accreditation within three years of first participating in the voucher program. Private schools that had not accepted vouchers prior to 2009 must have an education plan approved by the Institute for the Transformation of Learning before receiving vouchers.

Governing Statutes:

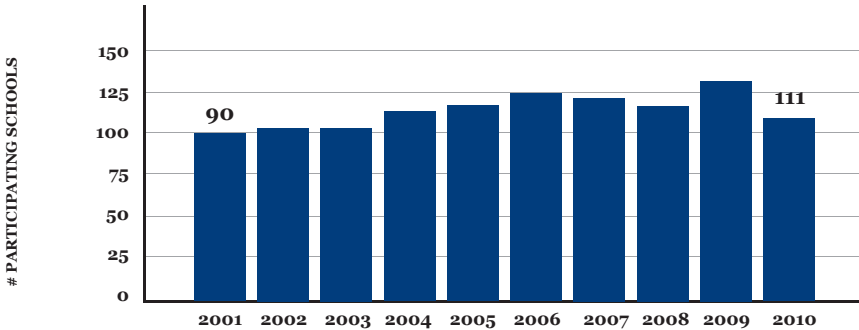
Wisconsin Statutes, Section 119.23

WI MILWAUKEE PARENTAL CHOICE PROGRAM



SOURCE: Wisconsin Department of Public Instruction

WI MILWAUKEE PARENTAL CHOICE PROGRAM



SOURCE: Wisconsin Department of Public Instruction

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