



VOUCHER AND SCHOLARSHIP TAX CREDIT PROGRAMS: AN OVERVIEW

The Facts About School Choice



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Voucher Programs

Education vouchers are a method of public funding that empower parents by allowing public money to follow their children to the private schools of their choice.

Types of K-12 voucher programs:

- **Means-tested voucher programs** are targeted to low-income families who meet specific income criteria, typically around 185 percent of the federal poverty guideline.

Existing programs:

- Cleveland Scholarship and Tutoring Program (means-preferenced)
- Milwaukee Parental Choice Program
- Louisiana's Student Scholarships for Educational Excellence Program (also a failing schools program)
- D.C. Opportunity Scholarship Program

- **Failing schools voucher programs** are targeted to children in low-performing public schools.

Existing programs:

- Ohio's Educational Choice (EdChoice) Scholarship Program
- Louisiana's Student Scholarships for Educational Excellence Program (also means-tested)

- **Special education voucher programs** are targeted to children with special educational needs. Typically, they require the student to have an Individualized Education Program (IEP) to qualify.

Existing programs:

- Arizona Scholarship for Pupils with Disabilities
- Florida's McKay Scholarship Program for Students with Disabilities Program
- Georgia Special Needs Scholarship Program
- Ohio's Autism Scholarship Program
- Utah's Carson Smith Special Needs Scholarship

- **Foster child voucher programs** are targeted to children in foster care, who, because of their situation, are often forced to change schools many times over the course of their K-12 education.

Existing program:

- Arizona's Displaced Pupils Choice Grant Program

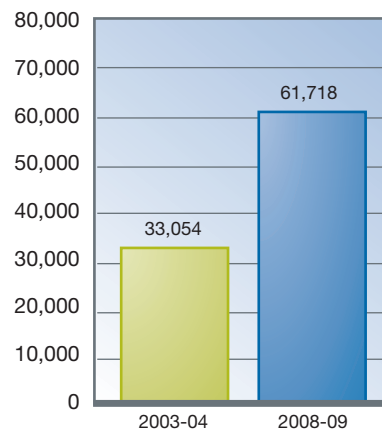
- **G.I. Junior voucher programs** are targeted to children in military families, who often live on bases or in areas with high concentrations of failing schools.

- **Universal voucher programs** allow all children, regardless of their family income, where they live, or any other criteria, to participate. In effect, this type of program serves to separate the government financing of education from the government operation of schools. It can be means-preferenced so that poorer families receive larger vouchers.

States with voucher programs:

- Arizona
- Florida
- Georgia
- Louisiana
- Ohio
- Utah
- Wisconsin
- Washington, D.C.

Recent Enrollment Growth in Voucher Programs



Scholarship Tax Credit Programs

Scholarship tax credit programs provide individuals and/or corporations with tax credits for charitable contributions to nonprofit organizations that grant children scholarships to attend the private schools of their parents' choice.

Overview

- Rather than being operated by the government, these scholarship programs are run by nonprofit, tax-exempt, scholarship granting organizations, which use the contributions to provide scholarships that enable children to attend private schools.
- Typically, laws require that eligible families meet certain income criteria.
- Scholarship granting organizations use their own criteria for distributing scholarship monies to eligible students.
- States monitor these organizations to ensure financial accountability.
- Depending on the state, these organizations are referred to as Scholarship Organizations (SOs), School Tuition Organizations (STOs), Scholarship Granting Organizations (SGOs), Student Scholarship Organizations (SSOs), or Scholarship Funding Organizations (SFOs).

Why create a scholarship tax credit program?

- The scholarships do not originate from state appropriations but from private charitable donations made under the provisions of the tax code. Accordingly, they are *not* funded by public agencies.
- In each state that has adopted these scholarship programs, both existing charitable groups and newly formed charitable groups are registered as scholarship granting organizations to provide scholarships to help students. It is likely that some infrastructure is already present in your state, so these programs have a short start-up period and can quickly benefit disadvantaged students.
- These programs provide smart incentives for individuals and businesses to get involved in education, ensuring that children are able to attend the schools that are right for them.

States with scholarship tax credit programs:

- Arizona
- Florida
- Georgia
- Iowa
- Pennsylvania
- Rhode Island

Recent Enrollment Growth in Scholarship Tax Credit Programs

