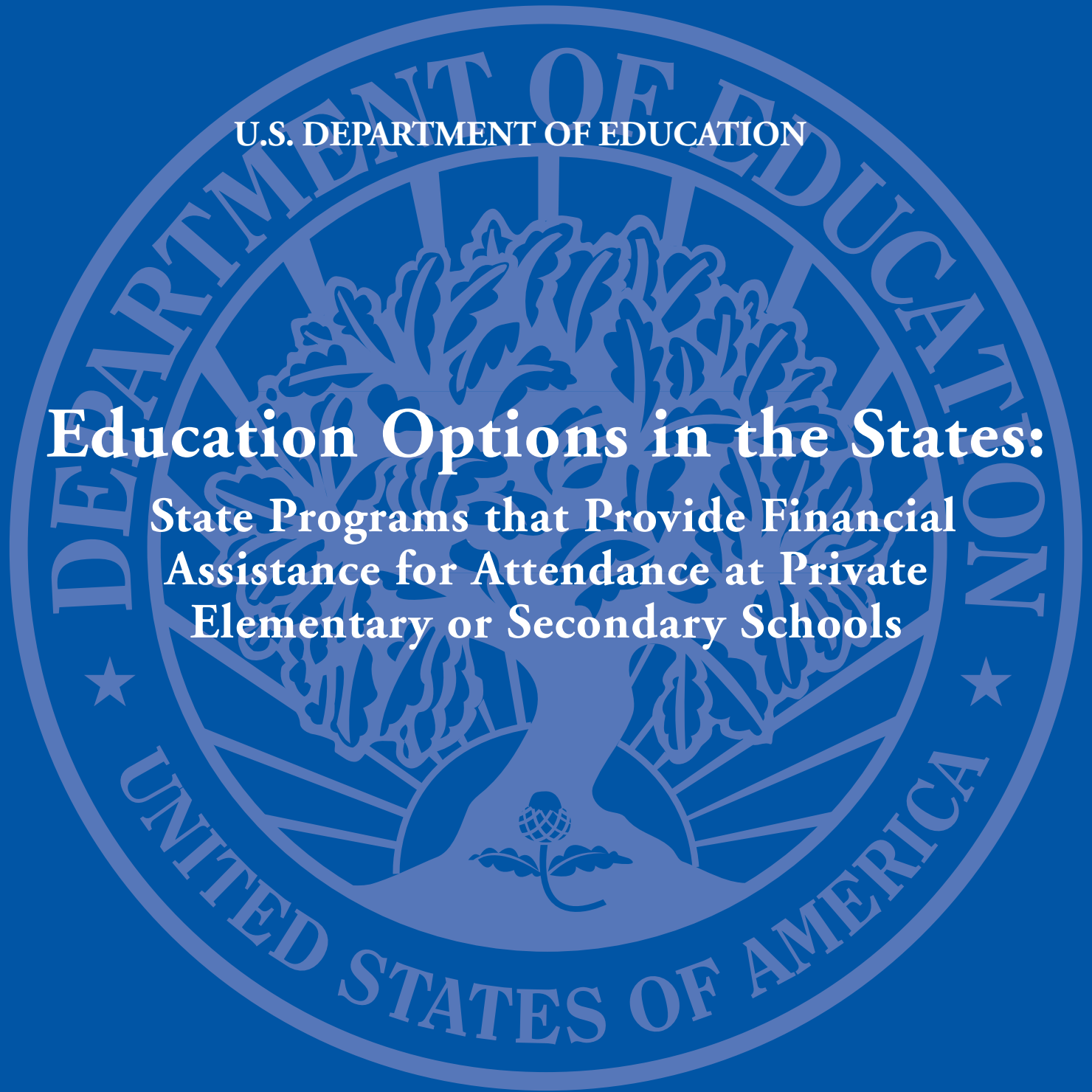


U.S. DEPARTMENT OF EDUCATION

Education Options in the States:

State Programs that Provide Financial Assistance for Attendance at Private Elementary or Secondary Schools



**Education Options in the States:
State Programs That Provide Financial Assistance for
Attendance at Private Elementary or Secondary Schools**

**Office of Non-Public Education
Office of Innovation and Improvement
U.S. Department of Education**

2007

U.S. Department of Education
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This report is available on the Department's Web site at:
<http://www.ed.gov/parents/schools/choice/educationoptions/index.html>.

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Contents

List of Tables	iv
Preface	v
Acknowledgments	vi
Introduction	1
Overview of State Programs	3
Descriptions of State Programs	6
Arizona	6
Florida	9
Georgia	11
Illinois	12
Iowa	13
Maine	14
Minnesota	15
Ohio	17
Pennsylvania	20
Rhode Island	21
Utah	21
Vermont	23
Wisconsin	24
District of Columbia	25
Appendix A: Statutes of State Programs	27
Appendix B: Web Resources	34

Tables

Table 1. State Programs That Were Enacted as of August 2007.....	3
Table 2. Number of Participating Students and Average Amount of Assistance in Voucher or Voucher-like Tuition Assistance	4
Table 3. Scholarship Organizations and Scholarships Awarded in Tax Credits or Tax Deduction Programs for Contributions to Scholarship Organizations, 2006-07.....	5
Table 4. Number of Claiming Taxpayers and Average Amount of claim in Tax Credit or Deduction Programs for Education Expenses, 2005 Taxable Year.....	5

Preface

In recent years, parents have benefited from a significant expansion of educational options for their children. Parents have many more opportunities than just a few years ago to choose from an array of public school options, including charter, virtual, and magnet schools. Expanding educational options for parents is one of the hallmarks of the federal *No Child Left Behind Act of 2001 (NCLB)*, and it remains one of the President Bush's highest priorities.

Parents also have access to an increasing number of state programs that provide financial support for their children to attend private schools. As of August 2007, there were 24 programs in 13 states and the District of Columbia that provide financial assistance in the form of voucher or voucher-like tuition assistance, tax credits, and tax deductions, compared with seven programs in seven states a decade ago.

This new report, *Education Options in the States: State Programs that Provide Financial Assistance for Attendance at Private Elementary or Secondary Schools*, provides information on these programs. We trust it will be a useful reference for parents, educators, researchers, public officials, and others.

Morgan Brown
Assistant Deputy Secretary
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U.S. Department of Education

Acknowledgments

The Office of Non-Public Education in the Office of Innovation and Improvement of the U.S. Department of Education is pleased to provide this report on state programs that provide financial assistance for student attendance at private elementary and secondary schools. The information in this report is obtained primarily from state laws and regulations, official state documents, and Web sites of state education and revenue agencies. To the extent possible, state officials have confirmed information in this report. The Office of Non-Public Education is solely responsible for any errors or omissions.

The Office of Non-Public Education is grateful to Kelly Rhoads and Meghan Lerch for their research, writing and other contributions to this report. We also wish to thank Morgan Brown, assistant deputy secretary for innovation and improvement, and Virginia Gentles, associate assistant deputy secretary for parental rights, for their support for this report and for making it available to the public. We also thank those individuals in the states who have helpfully contributed to or reviewed drafts of this report, including: Lyle Friesen, Tanya Amador-Kaufman, and Adria Lugo Arizona Department of Education; Paulette Mainwood, Florida Department of Education; Donna Luallen, Illinois State Board of Education; Elizabeth Calhoun and Michael Lipsman, Iowa Department of Education; Patrick Dow and Buzz Kastuck, Maine Department of Education; Jay Brennan, Foxcroft Academy, Dover-Foxcroft, Maine; Carole Wald and Eric Johnson, Minnesota Department of Revenue; Sandra Berry and Kimberly Murnieks, Ohio Department of Education; Sheri Rowe, Pennsylvania Department of Education; Janet Durfee-Hidalgo, Rhode Island Department of Education; Larry Shumway, Utah State Office of Education; Pat Pallas Gray and Vaughn Altemus, Vermont Department of Education; and Lisa Geraghty and Tricia Collins, Wisconsin Department of Public Instruction.

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Introduction

This report provides information on state programs that provide financial assistance for student attendance at private elementary and secondary schools.

Types of programs discussed in this report

In this report, state programs are grouped in the following two general types:

1. **Voucher** or **voucher-like tuition assistance** programs
2. **Tax credit** or **tax deduction** programs

The following descriptions of these general types are provided to assist the reader.

1. **Vouchers** are payments made to a parent or to an educational institution for a student's education expenses. The term "scholarship" is also used to describe this form of payment. Vouchers may be funded publicly by tax dollars, or privately by scholarship organizations. This report describes only *publicly funded* voucher programs, sometimes referred to as "tax-supported scholarships." Educational institutions that accept voucher students may also be public or private. This report focuses on voucher programs that allow for attendance at *private elementary and secondary schools*. Education expenses covered by vouchers normally include tuition, and may also include a range of fees and transportation costs. Vouchers may cover such expenses in full or in part.

Voucher programs may be designed so that assistance is available only to students who meet certain eligibility criteria. Student eligibility criteria used in state voucher programs may include but are not limited to: original school of attendance, area of residence, family income, and disability. In classifying state programs into the voucher type, this report accordingly includes a further short description of the set of students eligible for assistance. For instance, this report refers to the voucher program in the state of Wisconsin as providing vouchers *to students from low-income families in Milwaukee*.

"Voucher-like tuition assistance" refers to a particular kind of assistance provided by the states of Maine and Vermont. In these states, school districts that have no available public schooling—normally, school districts in small towns or rural areas—may send students to private schools or to public schools in other districts. Sending school districts pay the receiving school's tuition, or a portion thereof, on behalf of the student.

2. **Tax credit** and **tax deduction** programs reimburse education-related expenses fully or partially via tax relief. Tax credit programs provide direct reductions to taxpayers' tax liability. Tax deduction programs provide reductions in taxable income prior to calculation of tax liability. As with voucher programs, this report focuses on tax credit and tax deduction programs that provide assistance for student attendance at

private elementary and secondary schools.

Tax credit and tax deduction programs may be designed to provide tax relief to specific recipients for specific education-related expenses. In this report, tax credit and tax deduction programs are further classified as applicable to a) *individual* or *corporate* taxpayers for charitable contributions to organizations that provide scholarships for attendance at private schools; and b) *parent* (or guardian) taxpayers for education expenses including, but not limited to, private school tuition.

Organization of the report

Information on state programs in this report is organized in two sections, followed by two appendices.

Overview of State Programs provides an overview of the state programs, including tables of selected state program data. Data are presented in tables according to program type.

Descriptions of State Programs provides individual summary descriptions of the respective state programs. Where available, information is provided on the following topics: program type, name, description, amount of assistance, number of participants, authorizing statute, legislative history, judicial history, and sources for more information.

Appendix A provides citations for the authorizing statute(s), with expanded statute descriptions and hyperlinks to statutory documents, for each of the respective state programs.

Appendix B lists Web resources for further information on the state programs and for information on issues in private school choice generally.

Overview of State Programs

The following tables provide data for state programs that were enacted as of August 2007.

Table 1. State Programs That Were Enacted as of August 2007.

State	Program Type	Description	Year Enacted
Arizona	Tax Credits	Tax credits for individuals for contributions to scholarship organizations	1997
Arizona	Tax Credit	Tax credits for corporations for contributions to scholarship organizations	2006
Arizona	Vouchers	Vouchers for students with disabilities	2006
Arizona	Vouchers	Vouchers for foster care children	2006
Florida	Vouchers	Vouchers for students in failing schools (Note: This program was terminated at the end of the 2005-06 school year.)	1999
Florida	Vouchers	Vouchers for students with disabilities	1999
Florida	Tax Credits	Tax credits for corporations for contributions to scholarship organizations	2001
Georgia	Vouchers	Vouchers for students with disabilities	2007
Illinois	Tax Credits	Tax credits for parents for education expenses	1999
Iowa	Tax Credits	Tax credits for parents for education expenses	1987
Iowa	Tax Credits	Tax credits for individuals for contributions to School Tuition Organizations	2006
Maine	Tuition Assistance	Voucher like tuition assistance for students in small towns and rural areas	1873
Minnesota	Tax Credits and Tax Deductions	Tax credits and tax deductions for parents for education expenses	1955/ 1997
Ohio	Vouchers	Vouchers for students in Cleveland	1995
Ohio	Vouchers	Vouchers for autistic students	2003
Ohio	Vouchers	Vouchers for students in underperforming schools	2006
Pennsylvania	Tax Credits	Tax credits for corporations for contributions to scholarship organizations	2001
Rhode Island	Tax Credits	Tax credits for corporations for contributions to scholarship organizations	2006
Utah	Vouchers	Vouchers for students with disabilities	2005
Utah	Vouchers	Vouchers for all students (Note: The implementation of this program is subject to a statewide referendum in November 2007.)	2007
Vermont	Tuition Assistance	Voucher like tuition assistance for students in small towns and rural areas	1869
Wisconsin	Vouchers	Vouchers for students from low-income families in Milwaukee	1990
District of Columbia	Vouchers	Vouchers for students from low-income families (Note: This program is federally funded)	2004

Voucher or voucher-like tuition assistance programs

Table 2. Number of Participating Students and Average Amount of Assistance in Voucher or Voucher-like Tuition Assistance Programs. *Data is for the 2006-07 School Year (as of August 2007) except as noted. Items bolded indicate the maximum scholarship amount.*

State	Participating Students (2006-07)	Average or Maximum Amount of Assistance (2006-07)
Arizona: for students with disabilities	34	\$7,735
Florida: for students with disabilities	18,273	\$6,517
Maine: for students in small towns and rural areas	6,017 ^a	\$7,205^b
Ohio: for students in Cleveland	5,921	\$2,830
Ohio: for autistic students	570	\$17,500
Ohio: for students who attend low-performing schools	2,785	\$5,000^c
Utah: for students with disabilities	330	\$4,436
Vermont: for students in small towns and rural areas	2,913 ^d	\$8,890^e
Wisconsin: for students from low-income families in Milwaukee	17,410	\$6,501
Washington, D.C.: to students from low-income families	1,802	\$7,500

Sources: Officials and Web sites of state education agencies

^a Data from the 2005-06 school year.

^b Amount is the 2005-06-tuition rate for secondary schools in Maine.

^c Maximum amount is for high school, for elementary it is \$4,250.

^d Data from the 2005-06 school year.

^e Amount is the 2005-06 average tuition for Vermont secondary schools.

Tax credit or tax deduction programs

To *individuals* or *corporations* for contributions to scholarship organizations:

Table 3. Scholarship Organizations and Scholarships Awarded in Tax Credit or Tax Deduction Programs for Contributions to Scholarship Organizations, 2006–07

State	Scholarship Organizations	Scholarships Awarded
Arizona: tax credits to <i>individuals</i>	56	24,678
Florida: tax credits to <i>corporations</i>	3	16,629
Pennsylvania: tax credits to <i>corporations</i>	300	39,477 ^a

Sources: Officials and Web sites of state education and revenue agencies

To *parents* for education expenses:

Table 4. Claiming Taxpayers and Average Amount of Claim in Tax Credit or Tax Deduction Programs for Education Expenses, 2005 Taxable Year

State	Claiming Taxpayers	Average Amount of Claim
Illinois: tax credits ^b	207,275	\$328
Iowa: tax credits	183,600	\$83
Minnesota: tax credits	57,114	\$269
Minnesota: tax deductions	226,141	\$1,214

Sources: Officials and Web sites of state education and revenue agencies

^a Data includes pre-K students as well.

^b Data are for 2004 taxable year.

Descriptions of State Programs

Following are individual summary descriptions, by state, of the respective state programs providing financial assistance for attendance at private elementary and secondary schools. When available, information is provided on the following topics: program type, name, description, amount of assistance, number of participants, authorizing statute, legislative history, judicial history, and sources for more information.

1. Arizona—Individual School Tuition Organization Tax Credit

Program type: *Tax credits for individuals for contributions to scholarship organizations*

Description: Individual taxpayers may receive Arizona income tax credits for charitable contributions to school tuition organizations (STOs). The amount of credit is equal to the amount contributed. The maximum credit allowed to single taxpayers or heads of household is \$500. The maximum credit allowed to married couples for the 2006 taxable year and subsequent taxable years is \$1,000. There is no maximum aggregate amount of tax credits allowed in any year.

STOs provide scholarships for attendance at qualified private schools. Schools enrolling scholarship students may not discriminate on the basis of race, color, handicap, familial status, or national origin. Student eligibility for scholarships is determined by STOs individually. Most STOs base eligibility on financial need, while others benefit students in specific areas or private school system.

Amount of assistance: The scholarship amount is established by STOs individually.

Number of participants: During the 2006-07 school year, 24,678 students received scholarships from 56 STOs to attend 357 participating private schools.

Authorizing statute: *A.R.S. § 43-1089*

Legislative history: The Arizona tax credit program was enacted in 1997 and first implemented in the 1998 taxable year. It was the first program of its kind in the U.S. On May 20, 2005, Arizona increased the maximum tax credit available to married couples.

Judicial history: In January 1999, the Arizona Supreme Court upheld the constitutionality of the tax credit program in *Kotterman v. Killian*. In October 1999, the U.S. Supreme Court declined to review the case, thereby allowing the state ruling to stand. In February 2000, the Arizona Civil Liberties Union filed a second, separate challenge to the program in federal district court in *Winn v. Hibbs*. The district court dismissed the suit under the *Tax Injunction Act*, which forbids federal court tax suits if state court suits are possible. This dismissal was later overturned by the U.S. Court of Appeals for the Ninth Circuit, whose ruling was affirmed by the U.S. Supreme Court in June 2004, returning the case to federal district court for trial. The case was subsequently dismissed in federal district court on March 24, 2005.

For more information, see: <http://www.azdor.gov/ResearchStats/Schooltaxcredit.htm>.

2. Arizona—Corporate School Tuition Organization Tax Credit

Program type: Tax credits for corporations for contributions to scholarship organization

Description: Corporations may receive a tax credit for contributing to a scholarship organization. The amount of credit is equal to the amount contributed. Under the state statute, the maximum aggregate amount of tax credits is \$10 million in 2007 and increases annually by 20 percent. Tax credits are awarded to corporations on a first-come, first-serve basis.

STOs provide scholarships for attendance at qualified private schools in the state. To be eligible for one of these scholarships, the student's family income cannot exceed 185 percent of the income limit required for students to qualify for federal free or reduced-price lunch program. Additionally, the student must have attended a public school during the prior year or be entering kindergarten. In order to be a state qualified school, schools may not discriminate on the basis of race, color, handicap, familial status or national origin.

Amount of assistance: The maximum scholarship for K–8 students is \$4,200, and \$5,500 for students in grades 9–12. These limits are set to increase by \$100 each year.

Number of participants: The program begins in the 2007 taxable year.

Authorizing statute: A.R.S. § 43 -1183

Legislative history: On March 29, 2006, this program was signed into law, thereby creating a new tax credit program to corporations for contributions to scholarship organizations. The law originally established the annual aggregate amount of credits at \$5 million; the amount was increased to \$10 million by another bill enacted later that legislative session.

Judicial history: On March 7, 2007, a Maricopa County Superior Court judge threw out the case against Arizona's Corporate School Tuition Organization Tax Credit. In *Green v. Garriott*, the judge held that the tax credit did not violate the Arizona constitution upholding the *Kotterman* decision made on the individual tax credit.

3. Arizona—Arizona Scholarships for Pupils with Disabilities Program

Program type: Vouchers for students with disabilities

Description: This scholarship program provides special needs children with the option of attending another public school or receiving a scholarship for attendance at a qualified private school. Established in 2006, the program allocates \$2.5 million for special needs

students to use for tuition and fees or the actual cost per pupil, whichever is greater. To be eligible, a student must have an Individualized Education Program (IEP) and must have attended a public school during the prior year. In order to be a state-qualified school, schools may not discriminate on the basis of race, color, handicap, familial status or national origin.

Amount of assistance: The amount of assistance is the school's tuition and fees or actual cost per pupil, whichever is greater, but may not exceed the amount of funding the student would have generated had he or she remained in a public school. For the 2006-07 school year, the average scholarship amount of assistance was \$7,735 with scholarships ranging from \$3000 to \$23,000.

Number of participants: For the 2006-07 school year 34 students received scholarships to participate in this program.

Authorizing statute: A.R.S. §15-891- A.R.S. §15-891.06

Legislative history: On June 21, 2006, the Scholarship for Pupils with Disabilities Program was signed into law, creating a new statewide voucher program to students with disabilities. The first year of implementation is the 2006-07 school year.

Judicial history: On June 13, 2007, the Maricopa County Superior Court judge ruled that the scholarships for student with disabilities were constitutional and did not violate the state's Blaine Amendment.

For more information, see: <http://www.ade.az.gov/hb2676/>.

4. Arizona—Displaced Pupils Choice Grant Program¹

Program type: Vouchers for foster care children

Description: These scholarships will be available to any student who has been in the foster care system at any time before high school graduation. Students who have since been adopted will still qualify for the voucher. Vouchers will be on a first come first served basis and can be used to pay tuition at any private school in the state of Arizona that chooses to participate. Participating schools may not discriminate on the basis of race, color, handicap, familial status or national origin.

Amount of assistance: Currently, vouchers are capped at \$5,000 or the selected schools tuition whichever is less; the state has allocated \$2.5 million for this program.

Number of participants: The first year of this program will be the 2007-08 school year.

Authorizing statute: A.R.S. §15-817- A.R.S. §15-817.07

¹ This program has not been implemented yet.

Legislative history: In 2006, the Displaced Pupils Choice Grant Program was signed into law.

Judicial history: On June 13, 2007, the Maricopa County Superior Court judge ruled that the scholarships for displaced pupils were constitutional and did not violate the state's Blaine Amendment.

For more information, see: <http://www.ade.az.gov/displacedpupilgrants/>.

5. Florida—Opportunity Scholarship Program²

Program type: *Vouchers for students in failing schools*

Description: Created in 1999 under Florida's A+ Education Plan, the Opportunity Scholarship Program provides scholarships to students who attend or are assigned to failing Florida public schools. A Florida public school is considered "failing" if it receives, in annual performance evaluations, a grade of "F" in any two of four consecutive years. Students may use scholarships for attendance at a participating private school or at a higher performing public school (of grade "C" or better) within or adjacent to the student's district of residence. Participating schools must accept students on a religious-neutral basis, and may not require students to participate in religious activities.

Amount of assistance: To attend a participating private school, the annual scholarship amount is the local school districts per pupil operating cost or the school's tuition and fees, whichever is less. For the 2005-06 academic year, the average scholarship award was \$4,205. Participating private schools must accept the scholarship amount as full payment of tuition and fees.

Number of participants: In 2005-06, 734 students received scholarships to attend 57 participating private schools.³ The 2005-06 was the last year that students were able to use the vouchers to attend private schools. See judicial history for more information.

Authorizing statute: *Fla. Stat. § 1002.38*

Legislative history: The program was enacted in 1999.

Judicial history: On Jan. 5, 2006, the Florida Supreme Court ruled to exclude the private school option from Florida's voucher program to students in failing schools, on the grounds that it violates a constitutional requirement of the state to provide a uniform system of public schooling, in *Holmes v. Bush*. The court's ruling took effect at the end of the 2005-06 school year. The ruling does not affect the program's public school option.

² The private school voucher component of this program was terminated at the end of the 2005-06 school year.

³ Data are as reported in the Opportunity Scholarship Program, June 2006, quarterly report, by the Office of Independent Education and Parental Choice, Florida Department of Education.

For more information, see: <http://www.floridaschoolchoice.org/Information/OSP/>.

6. Florida—John M. McKay Scholarships for Students with Disabilities Program

Program type: *Vouchers to students with disabilities*

Description: Named for former Florida Senate President John McKay, the John M. McKay Scholarships for Students with Disabilities Program provides scholarships to students who have attended a Florida public school and possess an Individualized Education Plan (IEP) in accordance with rules of the state board of education. Students may use scholarships for attendance at a participating private school or may attend another public school within or adjacent to the student’s district of residence.

Amount of assistance: To attend a participating private school, the annual scholarship amount is the estimated calculation of the amount the student would have generated in the assigned public school, or the private school’s tuition and fees, whichever is less. For the 2006-07 year, the average scholarship award was \$6,517. Parents may provide tuition and fee funds in excess of the scholarship amount, if necessary.

Number of participants: During the 2006-07 school year, 18,273 students received scholarships to attend 811 participating private schools.⁴

Authorizing statute: *Fla. Stat. § 1002.39*

Legislative history: The program was enacted and implemented as a pilot in one county in 1999. It was expanded statewide, but with a cap for each school district, in 2000. The governing statute has been amended subsequently, time strengthening the “parent-directed” intent of the program. In 2001, the law was amended to allow parents who believe their student is not progressing in his or her assigned public school to notify the local school district of their intent to participate in the program; previously, parents had to document that the student was not progressing in two areas in his or her IEP. A second 2001 amendment repealed the cap on the number of McKay scholarships available in each district.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://www.floridaschoolchoice.org/Information/McKay/>.

7. Florida—Corporate Tax Credit Scholarship Program

⁴ Data are as reported in the John M. McKay Scholarships for Students with Disabilities Program, June 2007, quarterly report, by the Office of Independent Education and Parental Choice, Florida Department of Education.

Program type: *Tax credits to corporations for contributions to scholarship organizations*

Description: Under the Corporate Tax Credit Scholarship Program, corporations may receive Florida tax credits for charitable contributions to nonprofit scholarship funding organizations (SFOs). The amount of credit is equal to the amount contributed and may not exceed 75 percent of tax due for the taxable year. Taxpayers may not contribute more than \$5 million to any single SFO. Under the authorizing statute, the maximum aggregate amount of tax credits allowed in any year is \$88 million, at least 1 percent of which is reserved for small businesses. Tax credits are awarded to corporations on a first-come, first-serve basis.

SFOs provide scholarships for attendance at a participating private school or for transportation to attend a public school outside a student's district of residence. Participating private schools must be deemed compliant with state laws and regulations by the state. To be eligible, students must have attended or been assigned to a Florida public school, and qualify for the free or reduced-price lunch program under federal law.

Amount of assistance: To attend a participating private school, SFOs provide annual scholarships of \$3,750 or the cost of tuition, allowable fees and transportation costs, whichever is less.

Number of participants: In 2006-07, 16,629 students received scholarships from three SFOs to attend 926 participating private schools.⁵

Authorizing statute: *Fla. Stat. § 220.187*

Legislative history: The tax credit program was signed into law on May 30, 2001. It was first implemented in the 2002 taxable year. A 2003 amendment to the authorizing statute raised the maximum aggregate amount of credits allowed from \$50 million to \$88 million. The maximum amount, or cap, was reduced to \$50 million for the 2004 and 2005 fiscal years by separate appropriations legislation. A budget measure for fiscal year 2006, enacted on May 25, 2005, restored the cap to the statutory \$88 million amount.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://www.floridaschoolchoice.org/Information/CTC/>.

8. Georgia—Georgia Special Needs Scholarship Act

Program type: *Vouchers to students with disabilities*

Description: This program provides scholarships to students with special needs. Students who are eligible for these scholarships must have spent a prior year in

⁵ Data are as reported in the Corporate Tax Credit Scholarship Program, February 2007, quarterly report, by the Office of Independent Education and Parental Choice, Florida Department of Education.

attendance at a Georgia Public School and have had an Individualized Education Program (IEP) written by the school. Parents who are disappointed with their child's current public school's program will have the option to send their child to a private or public school that best meets the needs of their child. Parents may choose to keep their child in their new school until they graduate or they turn 21, whichever comes first. Parents will be in charge of transporting their child to the new school.

Amount of assistance: The student will receive a scholarship for the amount their public school received for them, or the cost of tuition and fees, whichever is less.

Number of participants: New program for 2007-08 school year.

Authorizing statute: *Georgia Code: Title 20, Chapter 2, Article 33*

Legislative history: On May 18, 2007, the *Georgia Special Needs Scholarship Act* was signed into law, making this the first voucher program in Georgia.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://public.doe.k12.ga.us/sb10.aspx>.

9. Illinois—Tax Credits for Education Expenses

Program type: *Tax credits to parents for education expenses*

Description: Parents of students in qualified schools may receive Illinois tax credits for qualified education expenses. Qualified expenses are the amounts paid in excess of \$250 for tuition, book fees, and lab fees. A qualified school is any public, private, or home school in Illinois that satisfies the compulsory school age requirements as described in §26-1 of the Illinois School Code.

Amount of assistance: The amount of credit allowed is 25 percent of the amount expended in excess of \$250 and may not exceed \$500 annually. (To reach the \$500 credit maximum, education expenses must be at least \$2,250.)

Number of participants: In the 2004 taxable year, 207,275 taxpayers claimed credits worth an average of \$328.

Authorizing statute: *35 ILCS 5/201*

Legislative history: The tax credit program was enacted in 1999 and first implemented in the 2000 taxable year.

Judicial history: In December 1999, an Illinois circuit court (for Franklin County) dismissed a lawsuit challenging the constitutionality of the program (*Griffith v. Bower*). In April 2000, another Illinois circuit court (for Sangamon County) dismissed a second,

similar suit (*Toney v. Bower*). The Illinois Supreme Court declined to review either case, allowing appellate affirmations of the circuit court rulings to stand.

For more information, see:

<http://www.revenue.state.il.us/Individuals/CreditsDeductions/educationexpensecredit.htm>.

10. Iowa—Education Tax Credits

Program type: *Tax credits to parents for education-related expenses*

Description: Parents of students in qualified schools may receive Iowa tax credits for tuition and textbook expenses. Under this program, “tuition” includes any expenses relating to the teaching of subjects commonly taught in Iowa public schools, and “textbooks” includes all books and instructional materials used in the teaching of such subjects, and also fees, books and materials for extracurricular activities. Expenses related to the teaching of religious tenets, doctrine, and worship do not qualify for a credit. A qualified school is any public or nonprofit private school in Iowa that is accredited in accordance with Iowa law (*Iowa Code §256.11*).

Amount of assistance: The amount of credit allowed is 25 percent of the amount expended up to \$1,000 per dependent (i.e., up to \$250 per student).

Number of participants: In the 2005 taxable year 183,600 taxpayers claimed credits worth an average of \$83.

Authorizing statute: *Iowa Code § 422.12*

Legislative history: The tax credit program was enacted in 1987 and initially allowed a 5 percent credit only to families with incomes under \$40,000. In 1996, the credit was raised to 10 percent and the household income limitation was removed. In 1998, the credit percentage was raised to its current level of 25 percent and there is no longer an income limit on eligibility.

Judicial history: In 1992, a federal district court found that the Iowa tax credit was constitutional in *Luthens v. Blair*. A group of Iowa taxpayers brought suit in federal district court claiming that the income tax law violated the Establishment Clause of the First Amendment of the U.S. Constitution that prohibits Congress and the states, through the Fourteenth Amendment, from making laws establishing religion. In *Luthens v. Blair* the court determined the case was substantially similar to *Mueller v. Allen*, in which the U.S. Supreme Court found in 1983 that Minnesota’s education tax deduction statute did not violate the Establishment Clause of the First Amendment.

For more information, see: <http://www.state.ia.us/tax/1040EI/Line/03Line49.html>.

11. Iowa—Individual School Tuition Organization Tax Credit

Program type: *Tax credits for contributions to scholarship organizations*

Description: Taxpayers that voluntarily contribute to a qualified “school tuition organizations” (STOs) are eligible to receive an individual income tax credit. The amount of income tax credit is 65 percent of the value of the contribution. The statewide aggregate amount of tax credit allowed is \$2.5 million in 2006-07 and \$7.5 million in 2008.

A qualified STO must be a private nonprofit organization that supports private school scholarships. Students may be eligible for these scholarships if their family’s annual income does not exceed an amount equal to three times the most recently published federal poverty guidelines. Contributing taxpayers may not identify particular students as scholarship recipients. Participating schools must be state accredited and comply with federal and state civil rights laws.

Amount of assistance: The scholarship amount is established by the STOs individually.

Number of participants: For the 2006-07 school year, 10 scholarship organizations were approved by the state.

Authorizing statute: *Iowa Code § 701-42.30(422)*

Legislative history: On June 2, 2006, the School Tuition Organization Tax Credit was enacted, creating a new tax credit program to individuals for contributions to scholarship organizations. The program took effect retroactively to Jan. 1, 2006.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://www.state.ia.us/tax/1040EI/Line/06Line54.html#k>.

12. Maine—Town Tuitioning

Program type: *Voucher-like tuition assistance for students in small towns and rural areas*

Description: Maine school districts that have no available public schooling—normally, districts in small towns and rural areas—pay to send students to approved private schools or to public schools in other districts. Private schools that receive students under the town tuitioning program must meet basic approval requirements, be nonsectarian, and be incorporated under Maine or federal law. Schools that enroll 60 percent or more of their students via the tuition assistance program are subject to the statewide assessment program to evaluate student academic achievement. To be eligible to attend a receiving private school, students must be from a family residing in a sending district and gain admission to the school based on its customary admissions criteria.

Amount of assistance: For students attending approved private elementary schools, the maximum tuition payment by a sending district is the state average cost per public school student (the “tuition rate”). For students attending approved private secondary schools, the maximum tuition payment is the lesser of the state average cost per public school student or the per-student cost of the private school (the “tuition rate”), plus a specified insured value factor amount for private schools located in Maine. For the 2005-06 year, the tuition rate for students attending private elementary schools was \$6,100; for students in private secondary schools, the maximum tuition rate was \$7,205.

Number of participants: In 2005-06, 6,017 students received tuition assistance to attend 35 private schools.

Authorizing statutes: 20-A M.R.S. § 2951 – 20-A M.R.S. § 2955, 20-A M.R.S. § 5204, 20-A M.R.S. § 5801, 20-A M.R.S. § 5806

Legislative history: The tuition assistance program predates Maine statehood and began operation at a time when responsibility for secondary education in Maine was assumed primarily by private schools known as “town academies.” The tuitioning program was first codified under Maine’s *Free High School Act of 1873*, which allowed towns that opted not to build public secondary schools to pay tuition for students’ continued attendance at the academies. In 1909, a more expansive law was enacted requiring such towns to pay tuition for students’ attendance at approved private schools. In 1981, the Maine Legislature decided to exclude religious schools from participation in the program.

Judicial history: In April 1999, the Maine Supreme Court found the program’s exclusion of religious schools to be in keeping with the Establishment Clause of the First Amendment in *Bagley v. Raymond School Department*. In May 1999, the U.S. Court of Appeals for the First Circuit reached a similar decision in a separate case, *Strout v. Albanese*. The U.S. Supreme Court, in October 1999, opted not to review either decision. On April 26, 2006, the Maine Supreme Court ruled again to uphold the exclusion of religious schools from participation in the program, in *Anderson v. Town of Durham*. On Nov. 27, 2006, the U.S. Supreme Court declined to review *Anderson v. Town of Durham* case, therefore letting stand the lower court decision allowing the exclusion of religious schools.

13. Minnesota—K–12 Education Credit and Subtraction⁶ Program

Program type: *Tax credits and tax deductions to parents for educational expenses*

Description: The Minnesota K–12 Education Credit and Subtraction Programs provide financial assistance to parents of qualifying students. To qualify, a student must attend a public, private, or home school. Under the credit program, parents of qualifying students may receive Minnesota tax credits for qualified expenses including: tutoring by qualified

⁶ The Minnesota Department of Revenue uses the term “subtraction” rather than the term “deduction.”

instructors, fees for qualified after-school programs, tuition for qualified summer camps, music lessons by qualified instructors, qualified nonreligious books and materials, purchase or rental of musical instruments for use in regular school music classes, qualified transportation costs, and up to \$200 in computer-related expenses. Under the subtraction program, parents of qualifying students may receive subtractions to Minnesota taxable income for qualified expenses, which include those covered under the credit program, in addition to: *private school tuition*, and tuition for college courses used to satisfy high school graduation requirements. The subtraction program may be used for expenses otherwise covered by the credit program but in excess of the allowable amounts of credit described below. The same expenses may not be used to claim both a credit and a subtraction.

Amount of assistance: The amount of credit allowed is 75 percent of the amount expended. For families with incomes of \$33,500 or less, the maximum credit amount is \$1,000 per qualifying student. For families with incomes above \$33,500, the maximum credit amount is ratably reduced based on the number of students for whom a credit is claimed. For families with one qualifying student, the credit is reduced by \$1 for each \$4 of income over \$33,500, meaning that the credit fully phases out for an income of \$37,500. For families with two or more qualifying students, the credit is reduced by \$2 for each \$4 of income over \$33,500, meaning that the credit fully phases out for an income of \$37,500 for families with two students, and extends by an additional \$2,000 of income for each additional student for whom a credit is claimed.

The maximum subtraction amount is \$1,625 per student in grades K–6, and \$2,500 per student in grades 7–12. No income restrictions apply to the subtraction program.

Number of participants: In the 2005 taxable year, 57,114 taxpayers claimed credits worth an average of \$269, and 226,141 taxpayers claimed subtractions worth an average of \$1,214.

Authorizing statutes:

Tax Credits: *Minn. Stat. § 290.0674*

Tax Deductions: *Minn. Stat. § 290.01*

Legislative history: Minnesota enacted the tax subtraction program in 1955, with amendment in 1997. The tax credit program was enacted in 1997 and first implemented for the 1998 taxable year. On July 13, 2005, the tax credit was expanded by removing a \$2,000 per family limit of credit and instituting the credit phase-out, described above. Previously, no tax credits were available to families with incomes of \$37,500 or more, irrespective of the number of students for whom a credit was claimed.

Judicial history: In 1983, the U.S. Supreme Court upheld the constitutionality of the subtraction program in *Mueller v. Allen*.

For more information, see:

http://www.taxes.state.mn.us/taxes/individ/other_supporting_content/inctaxfs8.shtml#P18_2189.

14. Ohio—Cleveland Scholarship and Tutoring Program

Program type: Vouchers (and tutorial grants) for students in Cleveland

Description: The Cleveland Scholarship and Tutoring Program provide scholarships to students in the Cleveland Municipal School District (CMSD). The scholarships are for attendance at a qualified private school within the district or at a public school in any district surrounding Cleveland.⁷ Students in grades K–8 are eligible to apply for scholarships. Scholarship recipients may retain their scholarships through grade 12. If the number of new scholarships in any year is less than the number of eligible applicants, selection of recipients follows a lottery method. Students from low-income families have priority in receiving new scholarships.

Participating private schools may not discriminate on the basis of race, religion, or ethnic background, and may not promote unlawful behavior or teach hatred.

Amount of assistance: To attend a participating private school, the annual scholarship amount is based on the tuition of the school and the family income level of the recipient. Currently, the scholarship amount may not exceed the approved private school's tuition or \$3,450 for students in grades K–12; whichever is less.

For recipients whose family income level is below 200 percent of the federal poverty level, the actual scholarship award is 90 percent of (up to) the maximum amount (i.e., a student from such a family and currently in grade 8 may receive a scholarship award of at most \$3,105). For recipients whose family income is at or above 200 percent of the poverty level, the scholarship is 75 percent of (up to) the maximum amount. Remaining tuition costs are to be covered by parents; however, for recipients in grades K–8 whose family income level is below 200 percent of poverty, participating schools must not charge any tuition in excess of the remaining 10 percent of the amount, whatever that amount may be.

Number of participants: In the 2006-07 school year, 5,921 students received scholarships to attend 45 participating private schools.

Authorizing statutes: *ORC Ann. 3313.97.4 – ORC Ann. 3313.99*

Legislative history: The program was enacted in 1995 and first implemented in the 1996-97 school year. On July 1, 2003, the state legislature amended the program to allow recipients to retain their scholarships through grade 10 as of the 2004-05 academic year,

⁷ The Cleveland Scholarship and Tutoring Program also allows students in CMSD public schools to obtain grants for tutoring services by approved providers. The number of grants for tutoring services issued in any year is intended to equal the number of scholarships for attendance at private schools also issued in that year.

and also raised the maximum scholarship amount from \$2,500 to \$3,000. In June of 2005, the legislature expanded the grade range of students to whom new scholarships are available from grades K–3 to K–8, it also allowed scholarship recipients to retain their scholarships through grade 12 during the 2006-07 year and raised the maximum scholarship amount available to all recipients, regardless of grade, to \$3,450 for the 2006-07 and subsequent years.

Judicial history: In May 1999, the Ohio Supreme Court upheld the constitutionality of the Cleveland program, but also found that it had been improperly passed by the Ohio legislature, in *Simmons-Harris v. Goff*. In June 1999, the legislature amended and expanded the program. In a separate lawsuit in December 1999, a U.S. district court found the program to violate the First Amendment (*Zelman v. Simmons-Harris*). In December 2000, the U.S. Court of Appeals for the Sixth Circuit affirmed the district court decision. On June 27, 2002, the U.S. Supreme Court overturned the appellate court decision, thereby affirming the program’s constitutionality.

For more information, see:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=93&ContentID=5638&Content=26480>.

15. Ohio—Autism Scholarship Program

Program type: *Vouchers for autistic students*

Description: Students who have been identified as autistic through their assigned school district are eligible for scholarships to receive special education from registered providers, including private schools, or alternative public providers, including schools in another district and other public entities. To be eligible, students must have been enrolled in, or be eligible to enroll in, a school in their assigned district, and must have an individual education program (IEP) developed by the district. Registered private providers must, among other requirements, implement students’ IEPs as written.

Amount of assistance: The scholarships are capped at \$20,000 per student. The scholarship may cover transportation costs if transportation is listed on the student’s IEP as a related service. For the 2006-07 school year the average scholarship was \$17,500.

Number of participants: As of May 1, 2007 (for the 2006-07 school year), 570 students took advantage of this scholarship and received benefits from 177 private providers, including 27 private schools. The state currently has no cap on the amount of students who may participate in this program.

Authorizing statute: *ORC Ann. 3310.41*

Legislative history: In 2003 the Ohio legislature passed the autism scholarship program as part of a larger bill.

Judicial history: No legal suits have been filed regarding the program.

For more information, see:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?Page=3&TopicRelationID=967&Content=25073>.

16. Ohio—Educational Choice Scholarship Pilot Program (Ed Choice)

Program type: *Vouchers for students who attend low-performing schools*

Description: Students who attend or will be entering Ohio public schools that have been designated by the state as “Academic Watch” or “Academic Emergency” for two of the last three years are eligible to receive scholarships to attend the participating private school of their choice. Students currently enrolled in charter schools but who would otherwise be assigned to schools in these categories are also eligible. Students in the Cleveland Municipal School District are not eligible to participate, as the state offers a separate scholarship program for these students (see above). Scholarships are not available to students currently enrolled in a private non-public school or who are home-schooled.

Eligible students must first be accepted at a participating private school for next school year before applying for an EdChoice scholarship. There is a statewide cap of 14,000 EdChoice scholarships; if in any year there are more than 14,000 applications priority is first given to students renewing their scholarship and students, and then to students whose household income is at or below 200 percent of the federal poverty level.

Amount of assistance: The EdChoice scholarship amount is currently set at \$4,250 for elementary school students (grades K–8) and \$5,000 for high school students or the private school’s tuition amount, whichever is lower. The scholarship amount will increase slightly each year.

Number of participants: In the 2006-07 school year 2,785 students received scholarships to attend 207 private schools throughout the state.

Authorizing statute: *Ohio Revised Statutes. Sections 3310.01-3310.17*

Legislative history: On June 30, 2005, the Educational Choice Scholarship Pilot Program was signed into law as part of an omnibus education bill. On March 30, 2006, a new omnibus education bill was passed that expanded eligibility for scholarships under the program to students in schools in “academic emergency” or “academic watch” for the three previous years; the previous law limited eligibility to students only in schools in “academic emergency”, the lowest category in the school rating system. On March 30, 2007, eligibility for scholarships was further extended to students in schools in these categories for two of the previous three years.

Judicial history: No legal suits have been filed regarding the program.

For more information, see:

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=3&TopicRelationID=92&ContentID=9341&Content=26688>.

17. Pennsylvania—Educational Improvement Tax Credit Program

Program type: Tax credits for corporations for contributions to scholarship organizations

Description: Under the Educational Improvement Tax Credit Program, corporations may receive Pennsylvania tax credits for charitable contributions to scholarship organizations (SOs) or to educational improvement organizations (EIOs). The amount of credit is equal to 75 percent of the amount contributed and may not exceed \$200,000 in any year. If a corporation pledges the same contribution for two consecutive tax years, the amount of credit rises to 90 percent of the amount contributed (with the same annual limit). The maximum aggregate amount of tax credits allowed in any year is \$44 million, two-thirds of which (\$29.3 million) must credit contributions to SOs. Tax credits are awarded to corporations on a first-come, first-served basis.

SOs provide scholarships for attendance at a participating private school or at a public school outside a student's district of residence; EIOs provide grants to public schools for innovative educational programs. SOs award scholarships according to a household income limit of \$50,000 plus an allowance of \$10,000 for each dependent member.

Amount of assistance: SOs establish scholarship amounts individually. To attend a participating private school, the annual amount may not exceed the tuition customarily charged by the school. Effective Dec. 1, 2005, and thereafter each September, SOs are required to report annually on the total and average scholarship amounts awarded to elementary and secondary school students.

Number of participants: In 2006-07, 39,477 students in grades pre-K through 12 received scholarships from 300 SOs to attend participating private schools. SOs are required to report annually on the number of scholarships awarded to pre-K, elementary and secondary school students.

Authorizing statute: 24 P.S. § 20-2001-B – 24 P.S. § 20-2008-B

Legislative history: The program was enacted in May of 2001 and was first implemented in 2002, and was expanded in 2003, and in 2005. In 2005, the law was changed to increase the cap on the aggregate amount of credits allowed from \$40 million to the current amount of \$44 million, and the reporting requirements on SOs were enacted.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://www.newpa.com/programDetail.aspx?id=62>.

18. Rhode Island—Corporate Scholarship Tax Credit Program

Program type: Tax Credits for Corporations for contributions to scholarship organizations

Description: The Rhode Island Corporate Scholarship Tax Credit Program provides tax credits to corporations that contribute to Scholarship Organizations (SOs). Corporations receive a credit valued at 75 percent of the contributions made or 90 percent if the second-year donation is worth at least 80 percent of the first year's donation, with a maximum credit of \$100,000. The state has capped the amount of credits available to \$1 million. In order for students to be eligible for these corporate scholarships they must be from families whose income does not exceed 250 percent of the federal poverty level.

Number of participants: This is a new program for the 2007-08 school year.

Authorizing statute: Rhode Island General Law § Chapter 44-62

Legislative history: The Rhode Island Corporate Scholarship Tax Credit Program was signed into law on June 30, 2006. The program began on Jan. 1, 2007.

Judicial history: No legal suits have been filed regarding the program.

For more information, see:

http://www.allianceforschoolchoice.org/school_choice_programs.aspx?IICatID=1215&IID=2823.

19. Utah—Carson Smith Scholarships for Students with Special Needs Program

Program type: Vouchers for students with disabilities

Description: The Carson Smith Scholarships for Students with Special Needs Program provides scholarships for attendance at approved private schools to students with qualifying disabilities. To be eligible, students must have been enrolled in Utah public schools and have a current Individual Education Plan (IEP), or have been enrolled in private schools specializing in serving students with disabilities and receive an assessment determining that student would qualify for special education services if enrolled in a public school.

Amount of assistance: The scholarship amount is the lesser of the tuition and fees charged by the participating private school or \$5,700 for students who would otherwise have received more than 180 minutes of special education services per day in a public

school, or \$3,420 for students who would receive less than 180 minutes of special education services. In 2006-07, the average scholarship amount was \$4,436.

Number of participants: In 2006-07, 330 students received scholarships to attend 26 approved private schools.

Authorizing statute: *Utah Code Ann. § 53A-1a-701 - Utah Code Ann. § 53A-1a-710*

Legislative history: On March 10, 2005, this program was signed into law and then amended on March 15, 2006. With respect to students already attending a private school, the March 2006 amendment extended eligibility to students to receive scholarships in a school that *has formerly served* students with disabilities; previously, eligibility was restricted to students in private schools that *specialize in serving* such students. It also required that public schools notify parents of the availability of scholarships under this program.

Judicial history: No legal suits have been filed regarding the program.

For more information, see: <http://www.schools.utah.gov/admin/specialneeds.htm>.

20. Utah—The Parents Choice in Education Act⁸

Program type: *Vouchers for students*

Description: The *Parents Choice in Education Act* will provide vouchers for every family in Utah each voucher may be used to attend the private school of their choice. Voucher amounts will be based on income, ensuring that students from the lowest income families will receive the largest amount. The voucher has no income cap for eligibility.

Amount of assistance: Vouchers will be worth between \$500 and \$3,000 based on the family's immediate income of the preceding year. The scholarship amounts do take into account the number of members in a family and are set based on the free and reduced-price-lunch program income guidelines.

Under the income guidelines for the program, students receive the \$3,000 scholarship if their families meet the annual income guidelines for a reduced price lunch. For example, in 2006-07 a family of five would qualify for the \$3,000 scholarship if it had an income at \$43,290 or lower. Students from families with higher incomes will receive lower scholarship amounts on a sliding scale based on the percentage their family income exceeds the level for the free and reduced-price lunch program. Students whose family income is 250 percent or more of the level for the free and reduced-price lunch program will receive the \$500 scholarships.

Authorizing statute: *Utah Code Ann. § 53A-1a-802- Utah Code Ann. § 53A-1a-811*

⁸ This program has not been implemented yet.

Legislative history: On Feb. 12, 2007, the *Parents Choice in Education Act* signed into law. The legislature passed a second bill amending the *Parents Choice in Education Act*, which the governor signed into law on March 13, 2007.

Challenge to the law: After this bill and amendment were signed into law, groups opposed to this program gathered sufficient signatures in order to require a statewide referendum of the voters to recall or retain the voucher law. As of July 1, 2007, this program will not be implemented pending the referendum is held in November 2007.

Judicial history: No legal suits have been filed regarding the program.

21. Vermont—Town Tuitioning

Program type: *Voucher-like tuition assistance for students in small towns and rural areas*

Description: Vermont school districts that have no available public schooling—normally, districts in small towns and rural areas—pay to send students to approved private schools or to public schools in other districts. Vermont school districts that operate schools with spaces available to students may also send students to other public or private schools if petitioned to do so by parents. In general, local school districts determine both the availability and range of choice of schools. Private schools that receive students under the “town tuitioning” program must meet basic approval requirements and be nonsectarian. To be eligible to attend a receiving private school, students must be from a family residing in a sending district and gain admission to the school based on its customary admissions criteria.

Amount of assistance: For students attending approved private schools, sending districts pay the average tuition of Vermont schools or the tuition charged by the private school, whichever is less. For the 2005-06 year, the average tuition for Vermont elementary schools is \$8,155; the average tuition of Vermont secondary schools is \$9,000 for grades 7–8, and \$8,890 for grades 9–12. Sending districts may pay an amount higher than the average tuition if approved to do so by the local electorate.

Number of participants: In 2005-06, 2,913 students received tuition assistance to attend 24 private schools.

Authorizing statutes: *16 V.S.A. § 166, 16 V.S.A. § 821 – 16 V.S.A. § 833*

Legislative history: The tuition assistance program was enacted in 1869. The 1869 law allowed for tuition support of students to attend private secondary schools (as well as public elementary and secondary schools). In 1990, the program was expanded to include tuition support of students to attend private elementary schools.

Judicial history: In 1961, participation by religious schools was ruled unconstitutional. In 1994, the Vermont Supreme Court ruled to re-allow participation of religious schools in *Campbell v. Manchester Board of School Directors*. In 1999, the same court rescinded this ruling in *Chittenden Town School District v. Vermont Department of Education*, on Dec. 13, 1999, the U.S. Supreme Court declined to hear an appeal.

22. Wisconsin—Milwaukee Parental Choice Program

Program type: *Vouchers for students from low-income families in Milwaukee*

Description: The Milwaukee Parental Choice Program (MPCP) provides scholarships to students for attendance at participating private schools in Milwaukee. To be eligible, students must be from families who reside in Milwaukee and whose household income does not exceed 175 percent of the federal poverty level. A student participating in the program, and whose family income increases, may remain in the program until the family's income exceeds 220 of the federal poverty level. The maximum participation is 22,500 students.

Applications for scholarships are submitted directly to participating schools. If a participating school receives more applications in any year than it has seats available, selection of recipients follows a lottery method. Siblings of current scholarship recipients have priority in receiving new scholarships.

With respect to participating private schools, the law requires schools to be accredited from among a list of accrediting agencies, and to administer nationally normed standardized tests to scholarship recipients in grades 4, 8, and 10. Participating schools may not require a recipient to participate in religious activities.

Amount of assistance: For the 2006-07 academic year, the scholarship amount is the participating private school's per-pupil expenditure or \$6,501, whichever is less. Participating schools must accept the scholarship amount as full payment of tuition.

Number of participants: In 2006-07, 17,410 students were receiving scholarships to attend 124 participating private schools.

Authorizing statute: *Wis. Stat. § 119.23*

Legislative history: The Milwaukee Parental Choice Program was enacted in 1990. In 1995, it was expanded to include religious schools. In 2006, the law was changed to increase the number of students who may participate in the program, by increasing the income limit from 175 percent to 220 percent over the federal poverty level and by eliminating the prior-year attendance requirements (allowing students who move into the district to be eligible).

Judicial history: In June 1998, the Wisconsin Supreme Court affirmed the constitutionality of the program in *Jackson v. Benson*. In November 1998, the U.S. Supreme Court declined to review the case.

For more information, see: <http://dpi.wi.gov/sms/choice.html>.

23. District of Columbia—Opportunity Scholarship Program⁹

Program type: *Vouchers for students from low-income families*

Description: The Opportunity Scholarship Program, also known as the D.C. School Choice Incentive Program, provides scholarships to students for attendance at private schools in the District of Columbia. This program, unlike the others in this report, is not a state-funded program, but a federally funded program. To be eligible, students must be from families who reside in the District and whose household income does not exceed 185 percent of the federal poverty level. Scholarship recipients who received their first scholarship in 2004-05 or 2005-06 school year may retain their scholarships if their household income does not exceed 300 percent of the poverty level. If the number of new scholarships in any year is less than the number of eligible applicants, selection of recipients follows a lottery method. Priority is given to students attending schools identified for improvement, corrective action, or restructuring under the Title I of the *No Child Left Behind Act of 2001*.

With respect to scholarship recipients, participating private schools may not discriminate on the basis of race, color, national origin, or religion. Certain exemptions from nondiscrimination requirements are given to participating schools with a religious affiliation.

The Washington Scholarship Fund (WSF), a local nonprofit scholarship organization administers the Opportunity Scholarship Program under a grant from the U.S. Department of Education. Families apply to WSF directly for scholarships, indicating the participating schools of their preference.

As mandated by law, the program is evaluated rigorously annually by an independent research organization. Evaluations address the academic achievement and the retention, dropout, and college admissions rates of scholarship recipients, in comparison both to students who remain in D.C. public schools and to students who applied for but did not receive scholarships. Evaluations also examine the following: the success of the program in expanding educational options for parents; the reasons why parents choose to have their students participate in the program; the impact of the program on students and public schools in the District; and the safety of the schools attended by scholarship students, in comparison to other D.C. schools.

⁹ This program is authorized and funded by the federal government.

Amount of assistance: The annual scholarship amount is \$7,500 or the participating private school's tuition, fees and any transportation costs, whichever is less.

Number of participants: In the 2006-07 school year, 1,802 students received scholarships to attend 58 participating private schools.

Authorizing statute: *D.C. Code § 38-1851.01 -- D.C. Code § 38-1851.11*

Legislative history: On Jan. 23, 2004, President Bush signed the program into law via the *D.C. School Choice Incentive Act of 2003*, which was included in the *Consolidated Appropriations Act of 2004*. In 2006 legislation passed that raised the household income eligibility renewal limit from 200 to 300 percent of the federal poverty level for students who received their first scholarship in 2004-05 and 2005-06 school years. The program was first implemented in the 2004-05 year and is the first of its kind at the federal level.

Judicial history: There have been no lawsuits challenging the legality or constitutionality of this program.

For more information, see:

<http://www.ed.gov/programs/dcchoice/index.html>.

Appendix

Appendix A: Statutes of State Programs

Following are citations of authorizing statute(s), with expanded statute descriptions and hyperlinks to statutory documents, for each of the respective state programs providing financial assistance for attendance at private elementary and secondary schools:

1. Arizona:

- **Tax credits** for *individuals* for contributions to scholarship organizations:
A.R.S. § 43-1089
Arizona Revised Statutes
Title 43. Taxation of Income
Chapter 10. Individuals
Article 5. Credits
Section 1089. Credit for contributions to school tuition organization;
definitions
[http://www.azleg.state.az.us/FormatDocument.asp?inDoc=/ars/43/01089.htm
&Title=43&DocType=ARS](http://www.azleg.state.az.us/FormatDocument.asp?inDoc=/ars/43/01089.htm&Title=43&DocType=ARS)
- **Tax Credits** for *corporations* for contributions to scholarship organizations:
A.R.S. § 43 -1183
Arizona Revised Statutes
Title 43. Taxation of Income
Chapter 11. Corporations
Article 6. Credits
Section 1183: Credit for contributions to school tuition organization;
definitions
[http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/43/01183.htm&Title
=43&DocType=ARS](http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/43/01183.htm&Title=43&DocType=ARS)
- **Vouchers** for students with disabilities
A.R.S. § 15 –891 - A.R.S. § 15 –891.06
Arizona Revised Statutes
Title 15. Education
Chapter 8. School Attendance
Article 8. Arizona Scholarships for Pupils with Disabilities
Sections 891-891.06: Arizona Scholarships for Pupils with Disabilities
[http://www.azleg.state.az.us/FormatDocument.asp?inDoc=/ars/15/00891.htm
&Title=15&DocType=ARS](http://www.azleg.state.az.us/FormatDocument.asp?inDoc=/ars/15/00891.htm&Title=15&DocType=ARS)
- **Vouchers** for foster care children
A.R.S. §15-817- A.R.S. §15-817.07
Arizona Revised Statutes
Title 15. Education
Chapter 8. School Attendance

Article 1.2. Displaced Pupils Choice Grants
Sections 817-817.06. Displaced Pupils Choice Grants
<http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/15/00817.htm&Title=15&DocType=ARS>

2. Florida:

- **Vouchers** for students in failing schools:
Fla. Stat. § 1002.38
Florida Statutes
Title 48. K-20 Education Code
Chapter 1002. Student and Parental Educational Rights and Choices
Part III. Educational Choice
Section 38. Opportunity Scholarship Program
http://www.flsenate.gov/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch1002/SEC38.HTM&Title=->2002->Ch1002->Section%2038
- **Vouchers** for students with disabilities:
Fla. Stat. § 1002.39
Florida Statutes
Title 48. K-20 Education Code
Chapter 1002. Student and Parental Rights and Educational Choices
Part III. Educational Choice
Section 39. The John M. McKay Scholarships for Students with Disabilities Program
http://www.flsenate.gov/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch1002/SEC39.HTM&Title=->2002->Ch1002->Section%2039
- **Tax credits** for corporations for contributions to scholarship organizations
Fla. Stat. § 220.187
Florida Statutes
Title 14. Taxation and Finance
Chapter 220. Income Tax Code
Part II. Tax Imposed; Apportionment
Section 187. Credits for contributions to nonprofit scholarship-funding organizations
http://www.flsenate.gov/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App_mode=Display_Statute&Search_String=220.187&URL=CH0220/Sec187.HTM

3. Georgia:

- **Vouchers** for students with disabilities
Georgia Code: § 20-2-2110 to § 20-2-2118
Georgia Code
Title 20. Education

Chapter 2. Elementary and Secondary Education
Article 33. Georgia Special Needs Scholarship Act
<http://public.doe.k12.ga.us/DMGetDocument.aspx/SB-10%20as%20passed.pdf?p=6CC6799F8C1371F625421BDDF99DC5A1A21D468A4DC275323CE773062067157B&Type=D>

4. Illinois:

- **Tax credits** for *parents* for education expenses:
35 ILCS 5/201
Illinois Compiled Statutes
Chapter 35. Revenue
Income Taxes
Illinois Income Tax Act
Article 2. Tax Imposed
Section 201. Tax Imposed
Subsection (m). Education expense credit
<http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=003500050HArt%2E+2&ActID=577&ChapAct=35%26nbsp%3BILCS%26nbsp%3B5%2F&ChapterID=8&ChapterName=REVENUE&SectionID=39344&SeqStart=500&SeqEnd=2700&ActName=Illinois+Income+Tax+Act%2E>

5. Iowa:

- **Tax credits** for *parents* for education expenses:
Iowa Code § 422.12
Code of Iowa
Title X. Financial Resources
Subtitle 1. Revenues and Financial Management
Chapter 422. Income, Sales, Services, and Franchise Taxes
Division II. Personal Net Income Tax
Section 12. Deductions from computed tax
Subsection 2.
<http://www.legis.state.ia.us/IACODE/2003/422/12.html>
- **Tax Credits** for *taxpayers* who contribute to School Tuition Organizations
Iowa Code §701-42.30 (422)
Title X. Financial Resources
Subtitle 1. Revenues and Financial Management
Chapter 42. Adjustments to Computed Tax
Division II. Personal Net Income Tax
Section 30. School tuition organization tax credit
<http://nxtsearch.legis.state.ia.us/NXT/gateway.dll/moved%20code/2005%20Iowa%20Code/1?f=templates&fn=default.htm>

6. Maine:

- **Voucher-like tuition assistance** for students in small towns and rural areas:
20-A M.R.S. § 2951 – 20-A M.R.S. § 2955

Maine Revised Statutes
Title 20-A. Education
Part 2. School Organization
Chapter 117. Private Schools
Subchapter II. Approval for the Receipt of Public Funds by the Private
Secondary Schools
Sections 2951 – 2955
<http://janus.state.me.us/legis/statutes/20-a/title20-Ach117sec0.html>

20-A M.R.S. § 5204
Maine Revised Statutes
Title 20-A. Education
Part 3. Elementary and Secondary Education
Chapter 213. Student Eligibility
Section 5204. Secondary students right to attend school in another
administrative unit
<http://janus.state.me.us/legis/statutes/20-a/title20-Ach213sec0.html>

20-A M.R.S. § 5801, 20-A M.R.S. § 5804, 20-A M.R.S. § 5806
Maine Revised Statutes
Title 20-A. Education
Part 3. Elementary and Secondary Education
Chapter 219. Tuition
Sections 5801, 5806
<http://janus.state.me.us/legis/statutes/20-a/title20-Ach219sec0.html>

7. Minnesota:

- **Tax credits and tax deductions** for *parents* for educational expenses:

Tax credits:
Minn. Stat. § 290.0674
Minnesota Statutes
Various State Taxes, Administration
Chapter 290. Income and Franchise Taxes
Section 0674. Minnesota Education Credit
<http://www.revisor.leg.state.mn.us/stats/290/0674.html>

Tax deductions:
Minn. Stat. § 290.01
Minnesota Statutes
Various State Taxes, Administration
Chapter 290. Income and Franchise Taxes
Section 01. Definitions
Subdivision 19b. Subtractions from Federal taxable income
<http://www.revisor.leg.state.mn.us/stats/290/01.html>

8. Ohio:

- **Vouchers** for students in Cleveland:
ORC Ann. 3313.97.4 – ORC Ann. 3313.99
Ohio Revised Code Annotated
Title 33. Education-Libraries
Chapter 3313. Boards of Education
Pilot Project Scholarship Program
Sections 97.4 – 99
<http://codes.ohio.gov/orc/3313>
- **Vouchers** for autistic students
ORC Ann. 3310.41
Ohio Revised Code Annotated
Title 33. Education-Libraries
Chapter 3310: Education Choice Scholarship Program Pilot
Section .41: Autism Scholarship Program
<http://codes.ohio.gov/orc/3310>
- **Vouchers** for students in underperforming schools
ORC Ann. 3310.01-ORC Ann. 3310.17
Ohio Revised Code Annotated
Title 33. Education-Libraries
Chapter 3310: Education Choice Scholarship Program Pilot
<http://codes.ohio.gov/orc/3310>

9. Pennsylvania:

- **Tax credits** for *corporations* for contributions to scholarship organizations:
24 P.S. § 20-2001-B – 24 P.S. § 20-2008-B
Pennsylvania Statutes
Title 24. Education
Chapter 1. Public School Code of 1949
Article XX-B. Education Improvement Tax Credit
Sections 2001-B – 2008-B
Note: Current Pennsylvania Statutes are available online only through subscription services.

10. Rhode Island

- **Tax credits** for *corporations* for contributions to scholarship organizations
RIGL 44-62.1 – RIGL 44-62.7
Rhode Island General Law
Chapter 44. Taxation
Section 62. Tax Credits to Contributions to Scholarship Organizations
<http://www.rilin.state.ri.us/Statutes/TITLE44/44-62/INDEX.HTM>

11. Utah

- **Vouchers** for students with disabilities:
Utah Code Ann. § 53A-1a-701 - Utah Code Ann. § 53A-1a-710
Utah Code Annotated
Title 53A. State System of Public Education
Chapter 1a. Strategic Planning for Educational Excellence
Part 7. Carson Smith Scholarships for Students with Special Needs
Sections 701-710
<http://www.le.state.ut.us/~code/TITLE53A/53A02.htm>
- **Vouchers** for all students
As of July 1, 2007, this law has not been included in the Utah Code. The following links are to the bill as enacted (signed into law on Feb. 12, 2007) and to the amendments (signed into law on March 13, 2007).

<http://le.utah.gov/~2007/bills/hbillamd/hb0148.htm>

<http://le.utah.gov/~2007/bills/hbillenr/hb0174.htm>

12. Vermont:

- **Voucher-like tuition assistance** for students in small towns and rural areas:
16 V.S.A. § 166
Vermont Statutes Annotated
Title Sixteen. Education
Part 1. Administration
Chapter 3. State Board of Education
Section 166. Approved and recognized independent schools
<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=16&Chapter=003&Section=00166>
- 16 V.S.A. § 821 – 16 V.S.A. § 833*
Vermont Statutes Annotated
Title Sixteen. Education
Part 2. Public Schools
Chapter 21. Maintenance of Public Schools
Sections 821 – 833
<http://www.leg.state.vt.us/statutes/sections.cfm?Title=16&Chapter=021>

13. Wisconsin:

- **Vouchers** for students from low-income families in Milwaukee:
Wis. Stat. § 119.23
Wisconsin Annotated Statutes
Public Instruction
Chapter 119. First Class City School System
Section 23. Milwaukee parental choice program

http://folio.legis.state.wi.us/cgi-bin/om_isapi.dll?clientID=156619&infobase=stats.nfo&j1=119.23&jump=119.23&softpage=Browse_Frame_Pg

14. District of Columbia:

- **Vouchers** for students from low-income families:
D.C. Code § 38-1851.01 -- D.C. Code § 38-1851.11
District of Columbia Code Annotated
Title 38. Educational Institutions
Subtitle IV-A. Public Education-School Choice
Chapter 18-M. Grants for Tuition to Attend Primary and Secondary Schools in the District
<http://weblinks.westlaw.com/toc/default.aspx?Abbr=dc%2Dst&Action=ExpandedTree&AP=DC015334984&ItemKey=DC015334984&RP=%2Ftoc%2Fdefault%2Ewl&Service=TOC&RS=WEBL7.07&VR=2.0&SPa=dcc-1000&fragment#DC015334984>

Appendix B: Web Resources

Following are Web sites of organizations featuring the state programs that provide financial assistance for attendance at private elementary and secondary schools, as well as information on issues in private school choice generally.

Alliance for School Choice

www.allianceforschoolchoice.org

For comprehensive information on state programs, see “[School Choice Around the Country](#)”

Black Alliance for Educational Options (BAEO)

www.baео.org

For introductory information on types of school choice programs, see “[School Choice Glossary](#)”

For information on voucher and voucher-like assistance programs by state, see “[Tax-Supported Scholarships \(Vouchers\)](#)”

For information on tax credit and deduction programs, see “[Tuition Tax Credits and Deductions](#)”

Center for Education Reform

www.edreform.com

For news and general information on school choice programs, see “[School Choice](#)”

Education Commission of the States (ECS)

www.ecs.org

For summary information on choice programs across the States, see “[State Policies for School Choice Database](#)”

For detailed information on programs by state, see “[Policy Brief: Vouchers, Tax Credits and Tax Deductions](#)”

Milton and Rose D. Friedman Foundation

www.friedmanfoundation.org

For introductory information on school choice programs, see “[About School Choice](#)”

For current information on programs by state, see “[School Choice Programs](#)”

For comprehensive information on state programs, see “[ABC’s of School Choice \(2006-2007 Edition\)](#)”

Heritage Foundation, Education

<http://www.heritage.org/Research/Education/index.cfm>

For summary information on school choice programs by state, as well as school choice news and research see “[Choices in Education](#)”

For links to research on school choice programs, see “[School Choice Research](#)”

Heartland Institute, Education

www.heartland.org

For news on school choice programs, see “[School Reform News](#)”

Hispanic Council for Reform and Educational Options (HCREO)

www.hcreo.org

For summary information on school choice programs across the States, see “[Educational Options: School Choice Programs](#)”

Institute for Justice, School Choice

www.ij.org/schoolchoice/index.html

The Institute for Justice provides news and detailed information on current and past school choice legal cases.

For information on school choice programs, research, and legal issues, see “[School Choice Media Kit](#)”

Institute for the Transformation of Learning, Marquette University

www.itlmuonline.com

For a summary of research on school choice programs, see “[Survey of School Choice Research: Spring 2005](#)”

SchoolChoiceInfo.org

www.schoolchoiceinfo.org

For comprehensive information on State programs, see “[School Choice Facts](#)”

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excellence and ensuring equal access

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