

# EDUCATION TAX CREDITS SCHOLARSHIPS

## RANKINGS AND SCORECARD 2014

| STATE  | AZ                  | FL                          | GA     | PA   | NH             | IN                                    | VA                             | IA             | SC  | LA               | OK                                    | RI             | KS             | AL   |
|--|---------------------|-----------------------------|--------|--|----------------|---------------------------------------|--------------------------------|----------------|---|------------------|---------------------------------------|----------------|----------------|--|
| <b>ELIGIBILITY AND AVAILABILITY</b>  |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
| Tax credit-funded scholarship programs are deemed better the more donors that are eligible to participate, the more students that are eligible to receive scholarships, and the more entities that are allowed to provide schooling choices. |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
| <b>Corporate/Individual:</b> Programs can allow credits to be claimed for donations by businesses, individuals, or both.   |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
| Individuals:   | yes                 | n/a                         | yes    | no   | n/a            | yes                                   | yes                            | yes            | yes   | yes              | yes                                   | no             | no             | yes  |
| Businesses:  | yes                 | yes                         | yes    | yes  | yes            | yes                                   | yes                            | yes            | yes   | yes              | yes                                   | yes            | yes            | yes  |
| <b>Points (0-10):</b><br><i>5 pts each for donations allowed by individuals and by businesses</i>  | 10                  | 10                          | 10     | 5  | 10             | 10                                    | 10                             | 10             | 10  | 10               | 10                                    | 5              | 5              | 10   |
| <b>Income:</b> Less restrictive income eligibility criteria on scholarship recipients allow more families to participate.  |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
| Family Income Cap:   | No cap <sup>1</sup> | 260% x poverty <sup>2</sup> | No cap | \$75K/hs. inc. +15K/child (440% x poverty) | 300% x poverty | 200% x reduced lunch (370% x poverty) | 300% x poverty (400% for SpEd) | 300% x poverty | No cap  | 200% x poverty   | 300% x reduced lunch (555% x poverty) | 200% x poverty | 185% x poverty | 150% x state med. inc. (270% x poverty) <sup>3</sup> |
| <b>Points (0-10):</b><br><i>Family of 4: \$0 - \$50,000 = 1 pt; 1 pt per \$10,000 or part increment (no limit = 10 pts)</i>  | 10                  | 3                           | 10     | 7  | 5              | 6                                     | 6                              | 5              | 10  | 2                | 9                                     | 2              | 1              | 3  |
| <b>Students:</b> Tax credit-funded scholarship programs that are available to all students have a broader reach than those limited to only special needs students or only to students attending schools labeled "failing," for example.      |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
| Available to all income-eligible public school students? (4 pts)   | yes                 | yes                         | yes    | yes  | yes            | yes                                   | yes                            | yes            | no  | yes <sup>4</sup> | no                                    | yes            | yes            | no   |
| Available to students attending failing schools? (2 pts)   | yes                 | yes                         | yes    | yes  | yes            | yes                                   | yes                            | yes            | no  | yes              | yes                                   | yes            | yes            | yes  |
| Available to special needs students? (2 pts)   | yes                 | yes                         | yes    | yes  | yes            | yes                                   | yes                            | yes            | yes   | yes              | no                                    | yes            | yes            | no   |
| Available to students attending private schools? (2 pts)   | yes <sup>5</sup>    | yes <sup>6</sup>            | no     | yes  | no             | yes                                   | no                             | yes            | yes   | no               | yes                                   | yes            | no             | yes <sup>7</sup>                                     |
| <b>Points (0 to 10):</b>   | 10                  | 10                          | 8      | 10   | 8              | 10                                    | 8                              | 10             | 4   | 8                | 4                                     | 10             | 8              | 4  |
| <b>Providers:</b> Full range of educational options available to students (private, out-of-district public, virtual, etc.)?  |                     |                             |        |  |                |                                       |                                |                |   |                  |                                       |                |                |  |
|  | all                 | all                         | all    | all  | all            | all                                   | all                            | all            | SC-based trade assn. memb. only (essentially excludes virtuals) | all              | all                                   | all            |                | out-of-district nonpublics only                      |
| <b>Points (0-5):</b>   | 5                   | 5                           | 5      | 5  | 5              | 5                                     | 5                              | 5              | 2   | 5                | 5                                     | 5              | 5              | 2  |

**NOTES:**

- 1- No income cap on scholarships under Arizona's individual or special education tax credit program. Corporate tax credit program has an eligibility cap of 185% x reduced lunch (about 342% x poverty).
- 2- The Florida legislature recently amended the law to expand income eligibility from its previous level of 185% of poverty rate. The governor is expected to sign the amendment in June 2014. Maximum scholarship value decreases as income rises.
- 3- Alabama students enrolled in failing schools with family incomes up to 150% of the state's median household income have first preference for scholarships. Unused scholarships then may be provided to low-income students in non-failing schools with incomes of up to 200% of poverty.
- 4- Louisiana dictates that scholarship students cannot exceed 20% of a school's total student enrollment.
- 5- Arizona's Individual Tax Credit program has no prior-year school-enrollment requirement; the corporate and special education programs are available only to current public school enrollees.
- 6- The Florida legislature recently amended the law to drop a previous requirement for students to be enrolled in public school to qualify for a scholarship. The governor is expected to sign the amendment in June 2014.
- 7- Alabama reserves 75% of the scholarships for students coming from public schools.

**SOURCES:**

Relevant state laws.  
 The ABCs of School Choice, The Friedman Foundation for School Choice, 2014, [www.edchoice.org](http://www.edchoice.org).  
 2013-14 School Choice Yearbook, Alliance for School Choice, 2014, [http://createonline.com/AFC\\_2013-14\\_Yearbook.pdf](http://createonline.com/AFC_2013-14_Yearbook.pdf).  
 Education Tax Credit Programs: An Analysis of Provisions by State, Foundation for Opportunity in Education, September 2013  
 State Expenditure Report, National Association of State Budget Officers, Tables 1 and 7, [www.nasbo.com](http://www.nasbo.com)



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## RANKINGS AND SCORECARD 2014

| STATE (cont.)  | AZ                           | FL                    | GA               | PA                         | NH                          | IN           | VA                                  | IA           | SC               | LA   | OK                               | RI        | KS      | AL               |
|--|------------------------------|-----------------------|------------------|----------------------------|-----------------------------|--------------|-------------------------------------|--------------|------------------|--|----------------------------------|-----------|---------|------------------|
| <b>DESIGN OF CREDIT AND SCHOLARSHIP</b>  |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| Tax credit-funded scholarship programs are deemed better the closer to a dollar-for-dollar credit structure they have, the greater the size of credits allowed to be claimed, and the closer to full-tuition the awarded scholarships are allowed to be. |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| <b>% of Donation Eligible for Credit<sup>8</sup>:</b>  |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| Individuals:   | 100%                         | n/a                   | 100%             | --                         | n/a                         | 50%          | 65%                                 | 65%          | 100%             | 100%   | 50%                              | --        | --      | 100%             |
| Businesses:  | 100%                         | 100%                  | 100%             | 75%-90% <sup>9</sup>       | 85%                         | 50%          | 65%                                 | 65%          | 100%             | 100%   | 50%-75%                          | 75%-90%   | 70%     | 50%              |
| <b>Points (0-10):</b><br><i>100% = 5 pts each for individual and business; proportionate pts for lower</i>   | 10                           | 10                    | 10               | 7                          | 8                           | 5            | 6                                   | 6            | 10               | 10   | 6                                | 7         | 3       | 7                |
| <b>Maximum Credit Allowed:</b>   |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| Individuals (married filing jointly, where applicable):  | \$1,034                      | n/a                   | \$2,500          | --                         | --                          | no cap       | \$125,000                           | no cap       | 60% of liability | no cap   | \$2,000                          | --        | --      | \$7,500          |
| Businesses:  | 100% of liability            | 100% of liability     | 75% of liability | \$750,000                  | \$510,000 <sup>10</sup>     | no cap       | no cap                              | no cap       | 60% of liability | no cap   | 100% of liability                | \$340,000 | no cap  | 50% of liability |
| <b>Points (0-10):</b><br><i>100% liability = full pts; incremental pts for each \$2,000(ind)/\$100,000(bus)/10%</i>  | 6                            | 10                    | 8                | 10                         | 10                          | 10           | 10                                  | 10           | 6                | 10   | 6                                | 6         | 10      | 6                |
| <b>Scholarship Cap:</b>  | \$4,880-no cap <sup>11</sup> | \$4,880 <sup>12</sup> | \$9,046          | Full tuition <sup>13</sup> | \$625-\$4,375 <sup>14</sup> | Full tuition | < of full tuition or 100% avg/pupil | Full tuition | \$10,000         | < of 80% avg/pup or full tuition <sup>15</sup> | > of \$5,000 or 80% of avg/pupil | no limit  | \$8,000 | Full tuition     |
| <b>Points (0-10):</b><br><i>Full tuition, \$10,000, or 100% avg/per pupil = 10 pts; proportionate for lower</i>  | 10                           | 5                     | 9                | 10                         | 5                           | 10           | 10                                  | 10           | 10               | 8  | 8                                | 10        | 8       | 10               |
| <b>AUTONOMY</b>  |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| Tax credit-funded scholarship programs that do not unnecessarily impinge upon the autonomy of private schools and other education providers are deemed better than those that do.  |                              |                       |                  |                            |                             |              |                                     |              |                  |  |                                  |           |         |                  |
| Overly restrictive eligibility conditions on provider schools? (up to -1 pt)   | 0                            | 0                     | 0                | 0                          | 0                           | 0            | 0                                   | 0            | -1               | 0  | 0                                | 0         | 0       | -1               |
| Imposes testing mandates on schools that drive the state's chosen educational programming? (up to -3 pts)  | 0                            | 0                     | 0                | 0                          | 0                           | 0            | 0                                   | -3           | 0                | -3   | 0                                | 0         | 0       | -1               |
| Imposes educational content/course requirements? (up to -3 pts)  | 0                            | 0                     | 0                | 0                          | 0                           | 0            | 0                                   | 0            | -1               | 0  | 0                                | 0         | 0       | -2               |
| Imposes excessively burdensome reporting mandates? (up to -1 pt)   | 0                            | 0                     | 0                | 0                          | 0                           | 0            | 0                                   | 0            | 0                | 0  | 0                                | 0         | 0       | 0                |
| Other provisions that encroach upon autonomy? (up to -2 pts)   | 0                            | -1                    | 0                | -1                         | -1                          | 0            | 0                                   | 0            | 0                | 0  | 0                                | 0         | 0       | -2               |
| <b>Points (-10-0):</b>   | 0                            | -1                    | 0                | -1                         | -1                          | 0            | 0                                   | -3           | -2               | -3   | 0                                | 0         | 0       | -6               |

**NOTES:**

8- A range on % credit claimable indicates higher allowance for a pledge of the same amount over two years.

9- PA also allows, for pre-K, 100% up to the first \$10,000, 90% thereafter to a maximum credit of \$150,000

10- New Hampshire limits any one business from claiming credits in excess of 10% of the program total.

11- Arizona's Original Individual Tax Credit Scholarship and "Switcher" Scholarship have no limit; the Lexie's (special ed) scholarship is capped at 90% of state funding; scholarships under the the corporate credit are capped at \$4,900 for K-8 and \$8,200 for 9-12.

12- Florida's maximum allowable scholarship is reduced incrementally to 50% of its value for students from families with incomes between 200% and 260% of the federal poverty level.

13- Pennsylvania's Opportunity program caps scholarships at \$8,500 (\$15,000 for special needs students); its Education Improvement program allows full tuition scholarships.

14- New Hampshire caps scholarships at an average size of \$625 for homeschool; \$2,500 for traditional students; and \$4,375 for special needs students.

15- Louisiana caps elementary scholarships at 80% of state Minimum Foundation Program per pupil funding amount, high school at 90%, or full tuition for either level.



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|--|---|-------------------|--------------|---------------------------------------|-------------------|---------------|--------------|--------------|-------------|-----------------|-------------|---------------|--------------|--------------|
| <b>BUDGET</b>  |   |                   |              |                                       |                   |               |              |              |             |                 |             |               |              |              |
| Tax credit-funded scholarship programs are deemed better the greater the relative amount of credits allowed to be claimed and the state's commitment to increase that amount if demand warrants. |   |                   |              |                                       |                   |               |              |              |             |                 |             |               |              |              |
| <b>State budget cap on annual amount of available tax credits:</b>   | No cap-indiv; \$36 million-corp; \$5 million-SpEd | \$286 million     | \$58 million | \$100 mill (EITC) + \$50 mill (EOSTC) | \$5.1 million     | \$7.5 million | \$25 million | \$12 million | \$8 million | no limit        | \$5 million | \$5.1 million | \$10 million | \$25 million |
| As a % of total state budget:  | 0.396%  | 0.409%            | 0.141%       | 0.221%                                | 0.102%            | 0.027%        | 0.056%       | 0.061%       | 0.036%      | n/a             | 0.023%      | 0.063%        | 0.069%       | 0.104%       |
| <b>Points (0-10):</b><br><i>1 pt for up to each 0.05% increment</i>  | 7   | 9                 | 3            | 5                                     | 3                 | 1             | 2            | 2            | 1           | 0 <sup>16</sup> | 1           | 2             | 2            | 3            |
| Automatic annual escalator clause?   | 20%   | 25% <sup>17</sup> | none         | none                                  | 25% <sup>18</sup> | none          | none         | none         | none        | none            | none        | none          | none         | none         |
| <b>Points (0-5):</b><br><i>1 pt for each 5% in annual increase automatically allowed</i>   | 4   | 5                 | 0            | 0                                     | 5                 | 0             | 0            | 0            | 0           | 0               | 0           | 0             | 0            | 0            |
| <b>TOTAL POINTS</b>  |   |                   |              |                                       |                   |               |              |              |             |                 |             |               |              |              |
| <b>Max. 80 pts possible:</b>   | 72  | 66                | 63           | 58                                    | 58                | 57            | 57           | 55           | 51          | 50              | 49          | 47            | 42           | 39           |
| <b>% of available points earned:</b>   | 90.0%   | 82.5%             | 78.8%        | 72.5%                                 | 72.5%             | 71.3%         | 71.3%        | 68.8%        | 63.8%       | 62.5%           | 61.3%       | 58.8%         | 52.5%        | 48.8%        |
| <b>GRADE:</b>  | A   | A                 | B            | B                                     | B                 | B             | B            | C            | C           | C               | C           | D             | D            | F            |

| STATE  | AZ      | FL      | IA     | PA     | GA     | IN    | RI    | NH    | OK    | VA    | LA   | SC  | KS  | AL  |
|--|---------|---------|--------|--------|--------|-------|-------|-------|-------|-------|------|-----|-----|-----|
| <b>PARTICIPATION AND IMPLEMENTATION <sup>19</sup></b>  |         |         |        |        |        |       |       |       |       |       |      |     |     |     |
| Strong tax credit-funded scholarship programs are validated by and deemed better the greater the number of students that participate and the greater percentage of available credits that are awarded. |         |         |        |        |        |       |       |       |       |       |      |     |     |     |
| <b>Total number of students enrolled using tax credit-funded tuition scholarships (most recent data available):</b>  | 42,259  | 59,674  | 10,475 | 60,619 | 13,285 | 4,638 | 408   | 103   | 467   | 275   | 15   | n/a | n/a | n/a |
| As a % of total age 5-17 population:   | 4.7%    | 2.7%    | 2.6%   | 3.9%   | 1.0%   | 0.5%  | 0.3%  | 0.1%  | 0.1%  | 0.0%  | 0.0% | n/a | n/a | n/a |
| <b>Points (0-10):</b><br><i>1 pt for each 0.5% increment</i>   | 9       | 6       | 5      | 7      | 2      | 1     | 1     | 1     | 1     | 0     | 1    | 0   | 0   | 0   |
| <b>Funds expended (most recent year available; in millions):</b>   | \$108.4 | \$286.3 | \$13.5 | \$84.8 | \$48.1 | \$6.4 | \$1.7 | \$0.1 | \$0.4 | \$1.2 | \$0  | n/a | n/a | n/a |
| <b>As a % of total available credits:</b>  | 100%+   | 100%    | 113%   | 57%    | 83%    | 85%   | 33%   | 3%    | 8%    | 5%    | 0%   | n/a | n/a | n/a |
| <b>Points (0-10):</b><br><i>1 pt for each 10% increment</i>  | 10      | 10      | 10     | 5      | 8      | 8     | 3     | 1     | 1     | 1     | 0    | 0   | 0   | 0   |
| <b>TOTAL POINTS - PARTICIPATION &amp; IMPLEMENTATION:</b>  | 19      | 16      | 15     | 12     | 10     | 9     | 4     | 2     | 2     | 1     | 1    | 0   | 0   | 0   |
| <b>% of available points earned:</b>   | 95.0%   | 80.0%   | 75.0%  | 60.0%  | 50.0%  | 45.0% | 20.0% | 10.0% | 10.0% | 5.0%  | 5.0% | 0   | 0   | 0   |

**NOTES:**

16- Louisiana currently does not establish a cap on the amount of allowable credits. Given the exceptionally low number of students participating (15 statewide), the state's budgetary commitment to the program appears hollow at this point, and thus no points are awarded here at the current time.

17- Automatic escalator triggered if credits in prior year total 90% of cap.

18- Automatic escalator triggered if credits in prior year total 80% of cap.

19- This category was not one of the elements that contributed to the overall grade for the state law.

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