

# The National Impact of the U.S. Supreme Court's Cleveland School Choice Decision

The U.S. Supreme Court's ruling on the Cleveland Scholarship and Tutoring Program will have a nationwide impact on the future of school choice. Many states have programs that could be affected:

## **A+ Opportunity Scholarship Program (Florida)**

Students in schools that earn an "F" on state assessments two years out of any four year period may transfer to another public school with a grade of "C" or better or a receive a scholarship to attend a private school (either secular or religious). The program, begun in 1999, has been challenged in court by teachers' unions and other choice opponents. The First Amendment challenges were defeated in the 1<sup>st</sup> District Court of Appeals and the Florida Supreme Court. However, a final legal resolution is on hold pending the U.S. Supreme Court's decision on Cleveland. In the 2001-02 school year, 47 students used opportunity scholarships to attend private schools and 23 students to attend other public schools.

## **Arizona Tax Credit for Education**

Begun in 1998, a dollar-for-dollar state income tax credit of up to \$625 is available for taxpayers who contribute to a Student Tuition Organization that distributes scholarships to families whose children attend private schools. The Arizona Supreme Court ruled in favor of this program in 1999 in a lawsuit filed in state court by teachers' unions and other school choice opponents. A federal lawsuit is still pending. In 2000, taxpayers contributed \$32.7 million to 38 Student Tuition Organizations. Approximately 15,000 scholarships were awarded through this program in the 2000-2001 school year.

## **Florida Corporate Income Tax Credit Scholarship Program**

As of January 2002, corporations may receive a 100 percent tax credit (up to 75 percent of tax due, up to a \$50 million state cap) for contributions to eligible non-profit scholarship granting organizations for private school tuition or transportation for students who attend public schools outside their districts. This program has not yet been challenged in court.

## **Illinois Educational Expenses Tax Credit**

A state income tax credit of up to \$500, begun in 1999, is available to all Illinois taxpayers with school age children who invest in private school tuition, textbooks, lab fees and other approved educational expenses. In June 2001, the Illinois Department of Revenue reported that nearly 134,000 people claimed the credit. Forty-eight percent claimed the maximum \$500 dollar-for-dollar credit. Two appeals courts in Illinois—one in Franklin County and one Sangamon County—affirmed rulings from lower courts in favor of the tax credit. The Illinois Supreme Court declined to review both of these rulings.

## **Iowa Education Tax Credit and Tax Deduction**

In 1986, Iowa enacted an education tax deduction program that allowed all families with school age children with a combined income of less than \$45,000 to deduct up to \$1,000 for approved educational expenses, including private school tuition and textbooks. The 1986 law also enabled parents taking the deduction to claim an additional five percent tax credit for approved educational expenses. In 1996, the law was changed so that the tax deduction was eliminated, as were the income guidelines for eligible families. The tax credit for eligible families was raised to 10% of the first \$1,000 in approved educational expenses.

## **Maine Scholarship Program**

Since 1873, Maine has allowed parents who reside in areas that have decided not to build and operate public schools to use a voucher to send their children to public or non-religious private schools in other areas of the state, or even outside the state. The practice, known as "town tuitioning," provides a voucher worth the average public high school tuition (\$5,732 in 2001) or the actual private school tuition. Out of 492 municipalities in Maine, 148 exercise this option, meaning almost 11,000 students received a voucher in 2000-2001. Religious schools were excluded in 1981.

## **McKay Scholarships for Students with Disabilities Program (Florida)**

This statewide school choice program, begun as a pilot program in 1999 and expanded in 2001, allows any student with an Individualized Education Plan (IEP) to attend another public school or a private school, religious or secular, of the parents' choice. The McKay Scholarships Program has not yet been challenged

in court. This year, there are 4,997 students enrolled in schools across Florida through the McKay Scholarships Program.

#### **Milwaukee Parental Choice Program**

Since 1990, Milwaukee has allowed families to send their children to a private school of their choice within the city of Milwaukee. Since 1995, the program has included religious, as well as secular, private schools. The Wisconsin Supreme Court ruled the program constitutional in 1998, and the U.S. Supreme Court declined to review that decision. In the 2001-2002 school year, 10,882 students attend a school of choice through this program.

#### **Minnesota Tax Credit and Tax Deduction Program**

All parents with children in public or private schools can receive a tax credit or tax deduction for approved educational expenses, such as books, tutors, after-school programs and tuition for private or religious schools. The refundable tax credit for approved educational expenses excluding private school tuition is available to families earning less than \$37,500 and is worth up to \$1,000 per child (\$2,000 per family). The deduction, which includes private school tuition as an approved educational expense, is available to families earning more than \$37,500. It is worth up to \$1,625 for elementary school students and \$2,500 for secondary school students. In tax year 1999, 191,727 families claimed the deduction and in tax year 2000, 55,302 families claimed the credit. No legal challenges have arisen since the program began in 1997.

#### **Pennsylvania Tuition Tax Credit Program and “Classroom Plus” Tutoring Grants**

Pennsylvania corporations can receive up to 75% tax credits for donations made to scholarship granting organizations that are registered non-profits and that distribute 80% of their funds to K-12 scholarships. The credit increases to 90% for corporations, which make a two-year commitment. Eligibility for families to receive scholarships is income-based; they must earn less than \$60,000, with an additional \$10,000 income allowed per additional child. There have been no legal challenges. In addition to this program, Pennsylvania offers \$24 million in tutoring grants to students who fall below the 25th percentile on approved standardized tests.

#### **Vermont Scholarship Program**

Since 1869, Vermont has allowed towns with no public schools to pay the tuition of students who attend approved public or private schools, in state or out of state, chosen by the parents. There are 95 towns that tuition out secondary students and 15 that tuition out all students. Thirty-nine percent of towns in Vermont tuition out all or some students and 95 percent of all school districts in Vermont receive tuitioned students. Religious schools were excluded in 1961, though in 1994 the Vermont Supreme Court held it did not violate the U.S. Constitution to reimburse parents for tuition paid to religious schools. In 1999, however, the court ruled that payments to religious schools violated the Vermont Constitution.