Dear Friend:

Welcome to the 2009-2010 edition of the Friedman Foundation for Educational Choice's ABCs of School Choice. The ABCs of School Choice provides the latest in up-to-date and accurate information about the many school choice success stories taking place throughout the country. We hope that you find this guide an essential resource on the growing school choice movement taking place throughout this country.

Milton and Rose D. Friedman established the Friedman Foundation for Educational Choice in 1996. We are a nonpartisan nonprofit organization which addresses the Friedmans' long-standing concern about the urgent challenges facing America's elementary and secondary educational system. Our philosophy asserts that the best way to improve the quality of education is to enable parents to have unfettered free choice of the schools that their children attend.

Robert C. Enlow
President and CEO
About the Foundation
The Friedman Foundation for Educational Choice, dubbed “the nation’s leading voucher advocates” by the *Wall Street Journal*, is a nonprofit organization established in 1996. The origins of the foundation lie in the Friedmans’ long-standing concern about the serious deficiencies in America’s elementary and secondary public schools. The best way to improve the quality of education, they believe, is to ensure all parents have the freedom to choose the schools that their children attend.

The Friedman Foundation for Educational Choice builds on this vision, clarifies its meaning to the public, and amplifies the national call for true education reform through school choice.

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

Introduction .............................................................................................................. 4

School Choice Definitions.................................................................................. 5

School Choice Programs Across the Nation ...................................................... 6

School Choice Research 2009-2010 .................................................................. 7

School Choice Programs Across the Nation

- Arizona Personal Tax Credits for School Tuition Organizations ................. 8
- Arizona Corporate Tax Credits for School Tuition Organizations ............... 9
  New - Arizona “Lexie’s Law” Corporate Tax Credits .......................................... 10
- District of Columbia Opportunity Scholarship Programs ............................ 11
- Florida McKay Scholarships for Students With Disabilities ....................... 12
- Florida Tax Credits for Scholarship Funding Organizations ....................... 13
- Georgia Special Needs Scholarships ............................................................... 14
- Georgia Tax Credits for Student Scholarship Organizations .................. 15
- Illinois Tax Credits for Educational Expenses .............................................. 16
  New - Indiana School Scholarship Tax Credit Program .................................. 17
- Iowa Tax Credits for School Tuition Organizations ....................................... 18
- Iowa Tax Credits for Educational Expenses .................................................. 19
- Louisiana Elementary and Secondary School Tuition Deduction ................ 20
- Louisiana Student Scholarships for Educational Excellence Program .......... 21
- Maine Town Tuitioning Program .................................................................... 22
- Minnesota Tax Credits & Deductions for Educational Expenses .............. 23
- Ohio Autism Scholarship Program ................................................................. 24
- Ohio Cleveland Scholarship and Tutoring Program ..................................... 25
- Ohio Educational Choice Scholarship Pilot Program ................................. 26
- Pennsylvania Educational Improvement Tax Credit Program .................. 27
- Rhode Island Corporate Tax Credits for Scholarship Organizations ........ 28
- Utah Carson Smith Special Needs Scholarship Program ............................ 29
- Vermont Town Tuitioning Program ................................................................. 30
- Wisconsin Milwaukee Parental Choice Program ........................................... 31

State Partners ........................................................................................................ 34

Acknowledgments ................................................................................................. 35
Introduction

Americans realize that school choice works.

Slowly but surely, state legislators are catching up with the public and are enacting new voucher, tax credit scholarship and educational tax credit programs.

As a result, American students and their families are receiving more and more educational options.

As the private school choice movement continues its steady growth, consider these facts: today, 15 states and the District of Columbia now have 24 school choice programs, serving about 160,000 students who attend private schools. An additional 650,000 students are having their educational costs reduced by personal tax credit programs.

Each state structures its programs differently with specific eligibility guidelines, regulations, and other nuances. As a result, it's important to keep a detailed scorecard. That's what our annual publication The ABCs of School Choice does; it keeps readers up-to-date on every school choice program across the country.

The evidence that school choice works is too strong to deny. Consider these facts:

**PARENTAL SCHOOL CHOICE WORKS FOR STUDENTS AND SCHOOLS**—Children who use vouchers do better on basic skills tests and are more likely to graduate. Public schools exposed to competition tend to perform better than public schools not exposed to competition, according to research conducted by the Friedman Foundation.

**PARENTS WANT MORE OPTIONS**—According to survey after survey, Americans want a wide range of educational options for their children. A majority believes that parents should be free to choose the best school for their child.

**PARENTAL SCHOOL CHOICE SAVES MONEY**—Studies confirm school choice means big savings for states without reducing per-pupil spending in public schools.

Despite all these gains, opponents continue to fight against giving families the option to choose their schools. That's why we publish The ABCs of School Choice. There continues to be a need for up-to-date and accurate information about the many school choice success stories taking place throughout the country. The Friedman Foundation for Educational Choice hopes that you find this guide an essential resource on school choice and that you will find it useful as you help us bring choice to more and more families.

Robert C. Enlow
President and CEO, the Friedman Foundation for Educational Choice
School Choice Definitions

VOUCHERS—These programs allow parents to use all or part of the government funding set aside for their children's education to send their children to the public or private school of their choice. In effect, this separates government financing of education from government operation of schools. Most programs allow parents to send their children to either religious or non-religious private schools. Participating private schools are required to meet standards for safety, fiscal soundness and non-discrimination; some programs also impose additional restrictions.

- **Universal Voucher Programs**
  All children are eligible.

- **Disadvantaged Student Voucher Programs**
  Children who are poor, assigned to failing schools, in foster care, or otherwise disadvantaged are eligible.

- **Special-Education Voucher Programs**
  Children identified as having special educational needs are eligible.

- **Town Tuitioning Programs**
  Children who live in towns that do not operate public schools at their grade levels are eligible. In a few cases the town picks the schools to which its students will be tuitioned, but usually the choice of the school is left to parents—open to not only private, but out of state schools as well.

TAX CREDIT SCHOLARSHIP PROGRAMS—Individuals and/or corporations get a tax credit for making donations to private charitable organizations, which use the money to fund scholarships for students. These scholarships can cover the cost of private school tuition, tutoring and transportation. In some states, students must meet certain income criteria to be eligible for scholarships. Scholarship granting organizations can be started by community groups, philanthropic organizations, or any other group that wants to extend school choice to children. Participating private schools are required to meet standards for safety, fiscal soundness, and non-discrimination.

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

Alternative Education Options

HOMESCHOOLING—Homeschooling is an alternative form of education for children outside of public or private schools, typically within their own homes. This practice is becoming more and more common in the United States, growing from about 15,000 students in 1970, to approximately 1.5 million as of 2007, according to the U.S. Department of Education.

Homeschooling is regulated differently from state to state. In some states, parents are able to create their own curricula to best suit the learning needs of their children, while other states require standardized test scores and regular professional evaluation of these students. A handful of states have more in-depth regulation, which calls for curriculum approval and more involvement from state officials, while others simply require parents to broadcast their intent to homeschool in order to release their students from compulsory attendance regulations.

CHARTER SCHOOLS—Charter schools are schools that are funded from the same source as public schools, but are free from many state and local rules and regulations. Though these schools are autonomous public schools, they are still accountable for student achievement. Regulation and funding of charter schools varies from state to state. As of 2008, 41 states and Washington D.C. have charter school laws. There are currently over 4,000 charter schools in the United States.
School Choice Programs Across the Nation

ARIZONA
- Personal Tax Credits for School Tuition Organizations
- Corporate Tax Credits for School Tuition Organizations
- “Lexie’s Law” Corporate Tax Credits

DISTRICT OF COLUMBIA
- Opportunity Scholarship Programs

FLORIDA
- McKay Scholarship Program for Students with Disabilities
- Tax Credits for Scholarship Funding Organizations

GEORGIA
- Special Needs Scholarships
- Tax Credits for Student Scholarship Organizations

ILLINOIS
- Tax Credits for Educational Expenses

INDIANA
- School Scholarship Tax Credit Program

IOWA
- Tax Credits for School Tuition Organizations
- Tax Credits for Educational Expenses

LOUISIANA
- Elementary and Secondary School Tuition Deduction
- Student Scholarships for Educational Excellence Program

MAINE
- Town Tuitioning Program

MINNESOTA
- Tax Credits & Deductions for Educational Expenses

OHIO
- Autism Scholarship Program
- Cleveland Scholarship and Tutoring Program
- Educational Choice Scholarship Pilot Program

PENNSYLVANIA
- Educational Improvement Tax Credit Program

RHODE ISLAND
- Corporate Tax Credits for Scholarship Organizations

UTAH
- Carson Smith Special Needs Scholarship Program

VERMONT
- Town Tuitioning Program

WISCONSIN
- Milwaukee Parental Choice Program

The ABCs of School Choice
Friedman Foundation Research 2008-2009

ISSUES IN THE STATE
Florida’s Lessons for Indiana K-12 Reform
An Empirical Evaluation of the Florida Tax Credit Scholarship Program
Fork In The Road: Where does the District go in K-12 Education?
The Fiscal Impact of Tax Credit Scholarships in Oklahoma
The Fiscal Impact of a Corporate & Individual Tax Credit Scholarship Program on the State of Indiana
The High Cost of Wisconsin’s Dropout Rate
Expanding Choice: Tax Credits and Educational Access in Indiana
The Fiscal Impact of Tax Credit Scholarships in Montana
Educational Spending Kentucky vs. Other States
The Formula Behind Maryland’s K-12 Funding
The High Cost of Maryland’s Dropout Rate
Promising Start: An Empirical Analysis of How EdChoice Vouchers affect Ohio Public Schools
Lost Opportunity: An Empirical Analysis of How Vouchers Affected Florida Public Schools
The Fiscal Impact of Tax Credit Scholarships in Georgia
The High Cost of High School Failure in New Jersey

SURVEYS IN THE STATE
Kentucky, August 2009
Ohio, May 2009
Rhode Island, April 2009
Vermont, February 2009
Oregon, January 2009
Montana, October 2008
Maryland, August 2008
Oklahoma, June 2008
Idaho, March 2008
Tennessee, March 2008
Nevada, January 2008

ISSUES IN DEPTH
Free to Teach: What America’s Teachers Say About Teaching in Public and Private Schools
A Win-Win Solution: The Empirical Evidence on How Vouchers Affect Public Schools
Fifty Educational Markets: A Playbook of State Laws and Regulations Governing Private Schools
Grading School Choice: Evaluating School Choice Programs by the Friedman Gold Standard

For a Complete Listing of all of the Research Conducted by the Friedman Foundation for Educational Choice, Please Visit our Website at:

WWW.FRIEDMANFOUNDATION.ORG
Arizona
Personal Tax Credits for School Tuition Organizations | Enacted 1997, Began Operation 1998

PROGRAM DESCRIPTION—Arizona provides a credit on personal income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that support private school scholarships. Individual taxpayers contributing to STOs may claim a dollar-for-dollar credit of up to $500, and married couples filing jointly may claim up to $1,000. Also, up to $200 may be claimed for contributing to a public school for extracurricular activities or character education programs. Any nonprofit organization that wants to operate as a STO may do so; there are 55 STOs in 2009.

SCHOLARSHIP OR VOUCHER VALUE—STOs provide varying amounts of student aid. In 2009, the average scholarship was worth $1,908.94.

STUDENT/SCHOOL PARTICIPATION—In 2009, 28,324 scholarships worth a total of $55,269,528 were awarded at 373 private schools.

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

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

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

GOVERNING STATUTES—Title 43-1089 and 43-1089.01 of the Arizona statutes

Notes
Arizona
Corporate Tax Credits for School Tuition Organizations | Enacted 2006, Began Operation 2006

**PROGRAM DESCRIPTION**—Arizona provides a credit on corporate income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that support private school scholarships. This program is modeled after Arizona’s existing personal tax credit for donations to STOs, and the two programs work in tandem. All organizations registered as STOs may participate in both programs. Corporate taxpayers contributing to STOs may claim a tax credit equal to the full amount of their contribution. In 2009 a total of 15 STOs participated in the program.

**SCHOLARSHIP OR VOUCHER VALUE**—STOs provide varying amounts of student aid. In 2009, the average scholarship award was worth $2,533.45. Scholarships funded by corporate donations are subject to a legislated cap of $4,600 in grades K-8 and $5,900 in grades 9-12; the cap automatically rises by $100 per year.

**STUDENT/SCHOOL PARTICIPATION**—In 2009, 2,967 scholarships worth a total of $9,122,121 were awarded at three private schools. The program is limited to a total of $10 million worth of tax credits per year per donor; corporations can donate more than that, but will not get more than $5 million of tax credits in each year.

**STUDENT ELIGIBILITY**—Students receiving scholarships under the corporate tax credit program must have family incomes below 185 percent of the income eligible for free and reduced price lunch, which in turn is set at 185 percent of the federal poverty level (meaning a program eligibility cutoff of $75,466 for a family of four in 2009) and must have previously attended a public school or be entering kindergarten. The income requirement does not apply to Arizona’s other tax-credit scholarship program, which is funded by individuals rather than by corporate donors. In addition, each STO may set its own eligibility guidelines. Most STOs give to students based solely on financial need, sometimes concentrating on a specific location or school system.

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

**LEGAL STATUS OF THE PROGRAM**—In September 2006, the Arizona Civil Liberties union, the Arizona School Boards Association and the Arizona Center for Law in the Public Interest filed suit in Maricopa County Superior Court to block the program under the state’s Blaine Amendment. The Institute for Justice, representing four Arizona families, moved to dismiss the suit on grounds that the Arizona Supreme Court had already found that school choice doesn’t violate the state constitution (see the entry for Arizona’s personal tax-credit scholarship program). The Institute was joined by the former chief justice of the state high court, who wrote the opinion in that case. The suit was dismissed by the Maricopa County Superior Court in March 2007. The plaintiffs have appealed to the Arizona Court of Appeals, where the case was pending at the time of this publication.

**GOVERNING STATUTES**—Title 43-1183 of the Arizona statutes

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**FAST FACTS (2009)**
- **STUDENTS SERVED:** 2,967
- **SCHOOLS PARTICIPATING:** 176
- **AVERAGE SCHOLARSHIP AMOUNT:** $2,533.45
- **SCHOLARSHIP ORGANIZATIONS:** 15
- **TOTAL DONATIONS RECEIVED:** $9,122,121
Arizona

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

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

SCHOLARSHIP OR VOUCHER VALUE—The maximum dollar value of a special needs student’s voucher is equal to the “base support level” of state funding that student would have generated if he or she had remained in public school. This amount varies depending on factors like the severity of the student’s disability. The value of the voucher may not exceed the actual tuition and fees paid to the private school. In 2008 the average scholarship amount used for special needs students was $8,238.

The maximum scholarship amount for foster care students is $5,000; the average award in 2008 was $4,140. In 2008, 140 foster care students participated in the program.

STUDENT/SCHOOL PARTICIPATION—In 2009, approximately 350 students and 125 private schools will be participating, assuming steady growth and the participation of students who had previously been served by the two programs.

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

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Arizona Revised Statutes §§20-224.06 and 43-1184

Notes
District of Columbia
Opportunity Scholarship Program | Enacted in 2003, Began Operation in 2004-05; Closed to New Students in 2009

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

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

STUDENT/SCHOOL PARTICIPATION—In 2008-09, 1,715 students received a voucher. Forty-nine private schools participated in the program.

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

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

Notes
Florida
McKay Scholarship Program for Students with Disabilities | Enacted as Pilot Program in 1999, Expanded Statewide 2000-01

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

SCHOLARSHIP OR VOUCHER VALUE—The voucher is worth the same amount public schools would have spent on each participating child, though it may not exceed the cost of the private school’s tuition and fees. Thus, the value of the voucher varies widely depending on the severity of the child’s disability; in 2009, the average voucher was worth $6,519. In addition, parents may supplement the voucher with their own money.

STUDENT/SCHOOL PARTICIPATION—In 2009, 20,530 students used McKay vouchers; 897 private schools participated in the program.

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—2001 Florida Statutes, Title XVI, Chapter 229.05371

Notes
Florida
Tax Credits for Scholarship Funding Organizations | Enacted 2001, Began Operation 2002

PROGRAM DESCRIPTION—Florida provides a tax credit on corporate income taxes as well as insurance premium taxes for donations to Scholarship Funding Organizations (SFOs), privately run non-profit organizations that support private school scholarships. SFOs provide scholarships worth up to $3,950 for low-income students. They also may provide students with funds for transportation to another public school. Businesses get a dollar-for-dollar tax credit for contributions up to 75 percent of their total tax owed. The overall size of the program is capped at $118 million.

SCHOLARSHIP OR VOUCHER VALUE—SFOs provide scholarships worth up to $3,950, though they may not exceed the actual private school costs. At least 75 percent of the scholarship must be used for tuition, with the rest available for textbooks and transportation. Transportation grants are worth up to $500.

STUDENT/SCHOOL PARTICIPATION—In 2009, three Scholarship Funding Organizations provided scholarships to 23,259 students at 988 private schools.

STUDENT ELIGIBILITY—Students who qualify for free and reduced-price lunch (185 percent of the federal poverty level) and who are either enrolled in public school or are about to enter kindergarten or first grade are eligible to receive scholarships. A family of four must earn $40,792 or less to qualify in 2009. If a student’s household income rises, the student may stay in the program as long as their family earns up to or less than 200 percent of the poverty level. Students who previously participated in Florida’s A+ Opportunity Scholarships are also eligible. Participating private schools are required to accept scholarship students, but if they have more applicants than open seats they are not required to admit students at random.

PROGRAM REGULATIONS—SFOs are required to be non-profit organizations incorporated in Florida. They must disburse 97 percent of their income from tax credit donations as scholarships in the same year in which it is received (administrative costs must be paid separately) and be audited annually by an outside accountant. They may not use a donor’s money to support that donor’s child. Participating private schools must complete a five-page notarized questionnaire covering issues such as the number of teachers and food safety inspections. They must also administer a norm-referenced test to participating students.

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—2001 Florida Statutes, Title XIV, Chapter 220.187

Notes
**Georgia**

Special Needs Scholarships | Enacted 2007, Began Operation 2007

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

**SCHOLARSHIP OR VOUCHER VALUE**—The voucher is worth up to the cost of the educational program the student would have received in public school, as calculated by existing state funding formulas. This includes most of the funding that would have been spent on the student in public schools; it excludes only things like capital costs and federal subsidy programs. The value of the voucher may not exceed the school’s tuition and fees. In 2009, the voucher was worth an average of $6,331.

**STUDENT/SCHOOL PARTICIPATION**—In 2009, 1,596 students used vouchers to attend 145 private schools.

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

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

**LEGAL STATUS OF THE PROGRAM**—No legal challenges have been filed against the program.

**GOVERNING STATUTES**—Georgia Code, 20-2-2110 through 20-2-2118.

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**FAST FACTS (2009)**

- **STUDENTS SERVED:** 1,596
- **SCHOOLS PARTICIPATING:** 145
- **AVERAGE SCHOLARSHIP AMOUNT:** $6,331
- **SCHOLARSHIP ORGANIZATIONS:** N/A
- **TOTAL SCHOLARSHIPS AWARDED:** $5,526,855

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**Notes**
Georgia
Tax Credits for Student Scholarship Organizations | Enacted 2008, Begins Operation in 2009-2010

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

SCHOLARSHIP OR VOUCHER VALUE—SSOs may determine the amount of each scholarship, as in most other states with tax-credit scholarship programs.

STUDENT/SCHOOL PARTICIPATION—No information on participation is available yet.

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

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

LEGAL STATUS OF THE PROGRAM—There are no legal challenges to this program.

GOVERNING STATUTES—Georgia Code, 20-2A and 48-7-29.13

Notes
Illinois
Tax Credits for Educational Expenses | Enacted 1999, Began Operation 2000

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

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

STUDENT/SCHOOL PARTICIPATION—In 2009, an estimated 183,500 families saved over $71 million by claiming the education tax credit.

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

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

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

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

Notes
Indiana
School Scholarship Tax Credit Program | Enacted 2009

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

SCHOLARSHIP OR VOUCHER VALUE—Each SGO determines the amount of the scholarship it distributes.

STUDENT/SCHOOL PARTICIPATION—No information on participation levels is available yet.

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

REGULATIONS ON THE PROGRAM—SGOs must be IRS 501(c)(3) charitable organizations who contribute at least 90% of their annual receipts under the tax credit to scholarships. All SGOs must conduct an annual financial audit, demonstrate financial viability to the Department of Revenue, and make financial information available for public review. Participating schools must be accredited by a state, national, or regional accreditation agency. They must also administer a national norm-referenced standardized test and/or the ISTEP+.

Note: As this is a new program, additional guidelines for SGOs and taxpayers are being developed by the Department of Revenue. The Indiana Department of Education is the primary policy maker within the program.

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—IC 6-3.1-30.5

Notes
**Iowa**


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

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

**STUDENT/SCHOOL PARTICIPATION**—In 2006, the last year of available data from the US DOE, 191,600 families saved over $15 million by claiming the tax credit. More than half of the dollar value of the credits went to families with incomes below $50,000 per year. The average claim was worth $79.

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

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

**LEGAL STATUS OF THE PROGRAM**—No legal challenges have been filed against the program.

**GOVERNING STATUTES**—Iowa Code, Section 422.12

**FAST FACTS (2006-2007)**

- **STUDENTS SERVED:** 191,600
- **SCHOOLS PARTICIPATING:** N/A
- **AVERAGE TAX CREDIT AMOUNT:** $79
- **SCHOLARSHIP ORGANIZATIONS:** N/A
- **TOTAL VALUE OF TAX CREDITS:** $15,136,400

**Notes**
Iowa
Tax Credits for School Tuition Organizations | Enacted 2006, Expanded 2009

PROGRAM DESCRIPTION—Iowa provides a credit on personal income taxes for donations to School Tuition Organizations (STOs), privately run non-profit organizations that support private school scholarships. The credit is worth 65 percent of the value of the donation. The value of the tax credit is also limited by a statewide cap. A maximum of $7.5 million in tax credits is available. Each STO is able to grant tax credits to its donors up to its share of this statewide limit, with each STO’s share determined by the enrollment at the schools it serves. There are 11 STOs.

In 2009, an expansion allowed corporate donations for the first time. These donations are able to constitute up to 25% of the $7.5 million cap.

SCHOLARSHIP OR VOUCHER VALUE—Each STO determines the amount of the scholarships it distributes. In 2009, the average scholarship was worth $856.

STUDENT/SCHOOL PARTICIPATION—In 2009, a total of 8,737 scholarships were distributed.

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Iowa Code, Section 422.11M

Notes
Louisiana
Elementary and Secondary School Tuition Deduction | Enacted 2008

PROGRAM DESCRIPTION—Louisiana provides a personal tax deduction for educational expenses, including private school tuition and fees as well as uniforms, textbooks, curricular materials, and any school supplies required by the school. This deduction helps mitigate the cost of choosing a private school, making it easier for families to exercise choice. The deduction also includes tuition and fees at university-run “lab schools,” as well as educational expenses for public school and home school students. It was enacted in March 2008.

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

STUDENT/SCHOOL PARTICIPATION—No data on participation are available yet.

STUDENT ELIGIBILITY—All K-12 Louisiana students are eligible.

REGULATIONS ON THE PROGRAM—Participating schools need only obey the existing laws and regulations governing Louisiana schools.

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

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

Notes
Louisiana
Student Scholarships for Educational Excellence Program | Enacted 2008

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

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

STUDENT/SCHOOL PARTICIPATION—1,248 students attended 31 schools through the program in 2009.

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Louisiana Revised Statutes, Title 17, Chapter 43
Maine
Town Tuitioning Program | Began Operation 1873

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

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

STUDENT/SCHOOL PARTICIPATION—In 2009, 13,739 students were tuitioned. Of these 5,452 (39.6 percent) were tuitioned at public schools and 8,287 (60.4 percent) at private schools. Over 80 percent of the students tuitioned in Maine are secondary school students.

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

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

LEGAL STATUS OF THE PROGRAM—In 1981, the Maine legislature banned religious schools from participating in the program under the mistaken belief that allowing religious options violated the First Amendment’s Establishment Clause. In 1997, Maine parents and the Institute for Justice filed a lawsuit seeking to overturn this law as unconstitutional religious discrimination. In 1999, the Maine Supreme Judicial Court upheld the exclusion of religious schools. The U.S. Supreme Court declined to review this decision. However, after the 2002 U.S. Supreme Court decision upholding the constitutionality of vouchers in Cleveland, the Institute for Justice and Maine families again asked a Maine court to overturn the 1981 law, but the exclusion of religious options was once again upheld.

GOVERNING STATUTES—Free High School Act of 1873, Sinclair Act of 1957
Minnesota
Tax Credits & Deductions for Educational Expenses | Began Operation In 1955 (Deductions); 1997 (Credit)

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

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

STUDENT/SCHOOL PARTICIPATION—In 2006, 56,372 taxpayers claimed credits worth an average of $265—a total of nearly $15 million. 210,371 taxpayers claimed deductions worth an average of $1,227, a total of over $258 million. More recent data was not available at the time of publication.

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

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

LEGAL STATUS OF THE PROGRAM—In 1983, the U.S. Supreme Court ruled in favor of the tax deduction program. No additional legal challenge is expected.

GOVERNING STATUTES—Minnesota Statutes, section 290.0674
Ohio
Autism Scholarship Program | Enacted 2003, Began Operation Spring 2004

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

SCHOLARSHIP OR VOUCHER VALUE—Education services of up to $20,000 per year will be reimbursed by the state.

STUDENT/SCHOOL PARTICIPATION—There are 1,300 students receiving vouchers through the program in 2009. There are currently about 198 service providers registered with the state.

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

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Ohio Revised Code, Section 3310.41.

Notes

<table>
<thead>
<tr>
<th>FAST FACTS (2009)</th>
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<tbody>
<tr>
<td>STUDENTS SERVED: 1,300</td>
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<tr>
<td>SCHOOLS PARTICIPATING: 198</td>
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<tr>
<td>AVERAGE SCHOLARSHIP AMOUNT: $16,000</td>
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<tr>
<td>SCHOLARSHIP ORGANIZATIONS: N/A</td>
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<td>PROGRAM FUNDING CAP: NONE</td>
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</table>

The ABCs of School Choice
Ohio
Cleveland Scholarship and Tutoring Program | Enacted 1995, Began Operation 1996-97

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

SCHOLARSHIP OR VOUCHER VALUE—The maximum voucher value is $3,105. Families with incomes below 200 percent of the federal poverty level receive scholarships worth 90 percent of tuition, while families above the 200 percent level receive scholarships worth 75 percent of tuition. Parents agree to either pay the remaining tuition or volunteer equivalent hours of service at their child’s school. Children with special needs may receive larger scholarships, based on need. Tutorial grants are worth up to 20 percent of the average basic voucher amount; they are worth up to $550.

STUDENT/SCHOOL PARTICIPATION—6,272 students received vouchers in 2009. Forty private schools are participating.

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

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

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

GOVERNING STATUTES—Ohio Revised Code, Sections 3313.974-3313.979
Ohio
Educational Choice Scholarship Pilot Program | Enacted 2005, Began Operation 2006-07

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

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

STUDENT/SCHOOL PARTICIPATION—In 2009-2010, 12,685 students and 305 private schools are participating. In 2005 the state legislature set a cap on the maximum number of participants at 14,000 students.

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

REGULATIONS ON THE PROGRAM—Chapter 3301-11 Educational Choice Scholarship Program.

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Ohio Revised Code, Sections 3310.01-3310.17

Notes
Pennsylvania
Educational Improvement Tax Credit Program | Enacted and Began Operation 2001

**PROGRAM DESCRIPTION**—The Educational Improvement Tax Credit Program provides a tax credit on the state’s corporate income tax for contributions to Scholarship Organizations (SOs), which give private school scholarships to eligible children, or Educational Improvement Organizations (EIOs), which support innovative programs in public schools. A company may claim a tax credit worth 75 percent of its contribution. Alternatively, if it commits to two consecutive annual contributions, it may claim a tax credit worth 90 percent of its contribution. In either case, the maximum tax credit is $300,000 in each year that a donation is made. The total of all tax credits awarded is limited to $53,600,000 in 2009. Credits are awarded to companies on a first-come, first-served basis until the cap is reached.

**SCHOLARSHIP OR VOUCHER VALUE**—Each SO determines the amount of the scholarships it distributes.

**STUDENT/SCHOOL PARTICIPATION**—About 38,000 scholarships were awarded in 2009. There are 286 SOs.

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

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

**LEGAL STATUS OF THE PROGRAM**—No legal challenges have been filed against the program.

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

**Notes**
Rhode Island
Corporate Tax Credits for Scholarship Organizations | Enacted 2006, Began Operation 2007

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

SCHOLARSHIP OR VOUCHER VALUE—Each SO determines the amount of the scholarships it distributes.

STUDENT/SCHOOL PARTICIPATION—The total size of the program statewide is capped at $1 million. Each corporate donor can receive only $100,000 in tax credits each year, and cannot use surplus donations in one year to generate tax credits in future years (as is permitted in some states). The program cap is $1 million per state fiscal year (FY). However, due to the program starting in January of 2007 (as opposed to July 1st open periods, which will be the case moving forward), there was overlap of FY08 donations and FY09 donations. Two SGOs opted to use that money for scholarships in ’08-09, and one opted to put the ’09 contributions aside for ’09-10 and use the ’08 money for the ’08-09 school year.

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

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

LEGAL STATUS OF THE PROGRAM—No challenges have been made to this program.

GOVERNING STATUTES—Title 44-62 of the Rhode Island General Laws

Notes
Utah

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

SCHOLARSHIP OR VOUCHER VALUE—The value of the scholarship is based on the state’s weighted pupil unit, an element of its school financing formula. Students who receive more than three hours of special-education services per day get scholarships worth 2.5 times the weighted pupil unit, while students receiving fewer than three hours per day get scholarships worth 1.5 times the weighted pupil unit. In 2009, these values worked out to $6442.50 and $3,865.50; the estimated total value of the scholarships given out in that year is $3.5 million. The scholarship may not exceed the private school’s actual tuition and fees.

STUDENT/SCHOOL PARTICIPATION—In 2009, a total of 565 students received scholarships, and 45 private schools participated.

STUDENT ELIGIBILITY—Public school students identified as disabled under federal disability-rights law are eligible to receive the scholarship, as well as students with disabilities in private schools that served students with disabilities prior to participating in the program. Participation in the program is limited by the amount of money appropriated to fund it each year. Although, enough funding had been appropriated to cover all the expected participants in previous years, applications in 2009-2010 are subject to random lottery.

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

LEGAL STATUS OF THE PROGRAM—No legal challenges have been filed against the program.

GOVERNING STATUTES—Utah Code Sections 53A.1a.701-53A.1a.710

Notes
Vermont
Town Tuitioning Program | Began Operation 1869

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

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

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

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

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

LEGAL STATUS OF THE PROGRAM—Vermont has a complex legal history with school choice. In 1961, the Vermont Supreme Court ruled that including religious schools in the program violated the First Amendment but not the state constitution. In 1994, the Vermont Supreme Court overturned this decision, but the Vermont Department of Education refused to allow parents to choose religious schools. In 1999, the Vermont Supreme Court again barred religious schools from participating, this time under the state constitution. In light of the 2002 U.S. Supreme Court decision upholding the constitutionality of vouchers in Cleveland, the Institute for Justice mounted another legal challenge, arguing that barring parents from choosing religious schools is unconstitutional religious discrimination and a violation of the right to free exercise of religion. The Institute for Justice terminated the suit, however, after its clients—in a decision unrelated to the litigation—withdraw their children from religious schools to transfer them to public schools.

GOVERNING STATUTES—Vermont Statutes, Title 16, Chapter 21

Notes
Wisconsin
Milwaukee Parental Choice Program | Began Operation 1990-91

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

**SCHOLARSHIP OR VOUCHER VALUE**—The 2009-2011 Wisconsin budget cut the maximum voucher amount from $6,607 in 2008-2009 to $6,442 in 2009-2010 and 2010-2011. After 2010-2011 the maximum voucher payment will increase by a percentage equal to the percentage increase in general school aid to Wisconsin public schools.

The voucher may not exceed the private school’s per-student costs, including operating expenses and debt service.

**STUDENT/SCHOOL PARTICIPATION**—In 2009, 19,414 students used vouchers at 127 private schools. In 2005-06 the program hit the prior enrollment cap of 15 percent of Milwaukee Public Schools’ student population; in March 2006 the cap was raised to 22,500 students, which the program is trending towards reaching by 2013.

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

**PROGRAM REGULATIONS**—Participating private schools must accept all eligible students. They also must obey all laws that apply to Wisconsin private schools, follow state accounting standards, file an independent audit, comply with health and safety codes, and comply with civil rights laws. In addition, students enrolled at religious schools must be allowed to opt out of religious instruction if they choose. Starting in 2006-07, participating schools were required to give a nationally normed standardized test in reading, math and science to all voucher students in grades 4, 8, and 10. Also, schools that are not either accredited by one of a given set of organizations or approved for the Partners for Advancing Values in Education scholarship program in 2005-2006 must obtain accreditation within three years of first participating in the MPCP. Private schools that had not accepted vouchers prior to 2009, must have an education plan approved by the Institute for the Transformation of Learning before being able to receive vouchers.

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

**GOVERNING STATUTES**—Wisconsin Statutes, Section 119.23

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**FAST FACTS (2009)**

- **STUDENTS SERVED:** 19,414
- **SCHOOLS PARTICIPATING:** 127
- **MAXIMUM TUITION AMOUNT:** $6,607
- **SCHOLARSHIP ORGANIZATIONS:** N/A
- **PROGRAM STUDENT CAP:** 22,500 STUDENTS
Interested in learning more about school choice in your state? Here is a list of local groups who are fighting for educational options for everyone.

ARIZONA The Arizona School Tuition Organization Association: www.astoa.com

FLORIDA Floridians for School Choice: www.floridians.org

GEORGIA Center for an Educated Georgia: www.educatedgeorgia.org

ILLINOIS Illinois Policy Institute: www.illinoispolicyinstitute.org

INDIANA School Choice Indiana: www.schoolchoiceindiana.org

IOWA Iowa Alliance for Choice in Education: www.iowaace.org

KENTUCKY Bluegrass Institute: www.bipps.org

LOUISIANA The Pelican Institute: www.pelicaninstitute.org

MAINE Maine Heritage Policy Center: www.mainepolicy.org

MARYLAND BOAST (Building Opportunities for All Students and Teachers): www.boastmaryland.org

MINNESOTA Minnesota Independent School Forum: www.misf.org

MISSOURI Show-Me Institute: www.showmeinstitute.org

MONTANA Montana Family Foundation: www.montanafamily.org

NEVADA Nevada Policy Research Institute: www.npri.org

NEW JERSEY Excellent Education for Everyone: www.nje3.org

NEW MEXICO Educate New Mexico: www.educatenm.org

NORTH CAROLINA Parents for Educational Freedom in North Carolina: www.pefnc.org

OHIO School Choice Ohio: www.scohio.org

OKLAHOMA Oklahoma Council of Public Affairs: www.ocpathink.org

OREGON Cascade Policy Institute: www.cascadepolicy.org

Pennsylvania REACH Foundation: www.paschoolchoice.org

RHODE ISLAND Rhode Island Scholarship Alliance: www.rischolarshipalliance.org

SOUTH CAROLINA South Carolina Policy Council: www.scpolicycouncil.com

TENNESSEE Tennessee Center for Policy Research: www.tennesseepolicy.org

TEXAS Texas Public Policy Foundation: www.texaspolicy.com

UTAH Parents for Choice in Education: www.choiceineducation.org

VERMONT Vermonters for Better Education: www.schoolreport.com

VIRGINIA School Choice Virginia: www.schoolchoiceva.com

WASHINGTON, D.C. Washington Scholarship Fund: www.washingtonscholarshipfund.org

WEST VIRGINIA West Virginians for Education Reform: www.wvedreform.com

WISCONSIN School Choice Wisconsin: www.schoolchoicewi.org
Acknowledgments
The Friedman Foundation for Educational Choice would like to thank its many partners for their help. They include:

Alliance for School Choice: www.allianceforschoolchoice.org
American Legislative Exchange Council: www.alec.org
Black Alliance for Educational Options: www.baeo.org
Buckeye Institute: www.buckeyeinstitute.org
Cato Institute: www.cato.org
Center for an Educated Georgia: www.educatedgeorgia.org
Collins Center for Public Policy: www.collinscenter.org
Floridians for School Choice: www.floridians.org
Goldwater Institute: www.goldwaterinstitute.org
Heartland Institute: www.heartland.org
Heritage Foundation: www.heritage.org
Illinois Policy Institute: www.illinoispolicyinstitute.org
Institute for Justice: www.ij.org
Institute for the Transformation of Learning: www.itluonline.org
Iowa Alliance for Choice in Education: www.iowaaace.org
James Madison Institute: www.jamesmadison.org
Maine Heritage Policy Center: www.mainepolicy.org
Manhattan Institute: www.manhattan-institute.org
National Center for Education Statistics: www.nces.ed.gov
National Center for Policy Analysis: www.ncpa.org
Parents for Choice in Education: www.choiceineducation.org
REACH Foundation: www.paschoolchoice.org
Rhode Island Scholarship Alliance: www.rischolarshipalliance.org
School Choice Illinois: www.schoolchoiceillinois.org
School Choice Indiana: www.schoolchoiceindiana.org
School Choice Ohio: www.schohio.org
School Choice Wisconsin: www.schoolchoicewi.org
Step Up for Students: www.stepupforstudents.com
The Pelican Institute: www.pelicaninstitute.org
Vermonters for Better Education: www.schoolreport.com
Washington Scholarship Fund: www.washingtonscholarshipfund.org

Additional Copies
If you would like additional copies of the ABCs of School Choice at no cost to you, simply contact the Friedman Foundation for Educational Choice at:

The Friedman Foundation for Educational Choice
One American Square, Suite 2420
Indianapolis, IN 46282
Telephone: 317-681-0745
E-mail: info@friedmanfoundation.org
Dear Friend:
Welcome to the 2009-2010 edition of the Friedman Foundation for Educational Choice's ABCs of School Choice. The ABCs of School Choice provides the latest in up-to-date and accurate information about the many school choice success stories taking place throughout the country. We hope that you find this guide an essential resource on the growing school choice movement taking place throughout this country.

Milton and Rose D. Friedman established the Friedman Foundation for Educational Choice in 1996. We are a nonpartisan nonprofit organization which addresses the Friedmans’ long-standing concern about the urgent challenges facing America’s elementary and secondary educational system. Our philosophy asserts that the best way to improve the quality of education is to enable parents to have unfettered free choice of the schools that their children attend.

Sincerely,

Robert C. Enlow
President and CEO