

# OPENING

## THE SCHOOLHOUSE DOORS

Tax Credits and  
Educational Access in  
Alabama

BY DICK M. CARPENTER II, PH.D.  
AND ANGELA C. ERICKSON



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**O**n March 14, 2013, Alabama Governor Robert Bentley signed into law the Alabama Accountability Act, which, among other things, created two new tax-credit programs that expand educational choice in the Yellowhammer State. In so doing, Alabama joined more than a dozen other states that offer similar programs<sup>1</sup> and added to its already-long list of state programs that enable students to attend the school of their choice, public or private, including religious institutions.

The first of Alabama's new programs provides a tax credit or rebate for parents who transfer their children enrolled in or assigned to a failing public school to a non-failing public or private school of their choice.<sup>2</sup> The value of the credit is the lesser of (a) 80 percent of the average annual state cost of attendance for a K-12 public school student during the applicable tax year or (b) their students' actual cost of attending school.<sup>3</sup> The tax credit is refundable, so even lower-income families who pay no income taxes can participate.

The second program allows individuals and corporations to claim a 100 percent tax credit for contributions to approved Scholarship Granting Organizations (SGOs). The SGOs in turn provide scholarships to low-income students to leave failing public schools and attend private schools, with no cap on the amount of tuition that can be covered

by the scholarship.<sup>4</sup> Children are eligible to receive scholarships if their family incomes do not exceed 150 percent of Alabama's median household income.<sup>5</sup> For donations to SGOs, individuals and corporations can claim tax credits up to 50 percent of their tax liability; however, individual tax credits cannot exceed \$7,500 per taxpayer or married couple filing jointly. The total amount of tax credits awarded in the SGO program is limited to \$25 million.<sup>6</sup>

The most important benefit of these programs is the opportunity they provide for students, particularly those of limited means, trapped in failing schools to receive a quality education. Low-income parents, just like their middle- or upper-income peers, recognize the value of education for the future of their children<sup>7</sup> but lack the means necessary to secure a more effective option when the one provided by the public fails in its responsibility. Programs like these provide a way toward genuine equality of opportunity for those students otherwise denied.

With these K-12 programs, Alabama also joins a growing number of states that have extended educational choice to families beyond those with the financial wherewithal to choose a private school or

move to a district with better public schools. Fifteen tax-credit scholarship programs operate in 12 states, and seven individual tax-credit/deduction programs exist in seven states; this is in addition to the 19 state-funded scholarship programs that operate in 12 states and D.C.<sup>8</sup>

The growth in the number of tax-credit programs is accompanied by strong public support. Surveys of residents in 18 different states—including Alabama—have found between 60 and 80 percent of respondents supported tax-credit scholarship programs.<sup>9</sup> Moreover, national polls in 2007 and in 2011 indicated 53 percent and 55 percent, respectively, of respondents supported tax credits for parents who incur educational expenses, such as private school tuition.<sup>10</sup> Numbers for scholarship or grant programs indicate similar levels of support. Survey results from 19 states—Alabama included—indicate support never dipped below 50 percent and sometimes exceeded 60 percent and even 70 percent.<sup>11</sup>

Results from research on school choice programs indicate such support is warranted. Numerous empirical studies document how choice results in greater achievement, higher graduation rates, increased satisfaction and improved public schools through the pressure of competition.<sup>12</sup> Research has even shown that students who receive a scholarship or grant to leave their assigned public school and attend a private school will learn in an environment more racially/ethnically integrated than the school they left.<sup>13</sup>

Alabama's new credits were not without detractors, however. Both before and after the adoption of the Alabama Accountability Act (AAA), opponents predicted “unfortunate” and “unintended consequences” stemming from its passage. In particular, critics such as the *Anniston Star* newspaper said, “[I]t’s worth pondering if tax credits

that go to parents who send their children to private schools that are part of a religious ministry [are] a violation of the Alabama Constitution?”<sup>14</sup> The *Star* also editorialized:

Many of the state’s private schools are sponsored by churches or other religious groups. The state shouldn’t get into the business of subsidizing these through tax credits for the parents of those attending. That will surely bring a court challenge and the legal fees that go with it.<sup>15</sup>

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*Institute for Justice client and parent Tequila Rogers would like to help her son, Christian, escape his chronically failing public school. Alabama's Accountability Act allows her to do that.*

The Act did, in fact, produce a lawsuit brought by the Alabama Education Association (AEA) and for the reasons forecast by such critics.<sup>16</sup> “They violated the Alabama Constitution when they passed it,” AEA lawyer James Anderson said. “They violated the constitution when they implemented the act.”<sup>17</sup> Specifically, the AEA’s suit alleges:

The AAA diverts taxpayer funds to religious schools through tax credits that pay for some or all of the cost of attending such schools, which are places of worship and ministries of the churches or other religious organizations that own, operate, sponsor, or control them.<sup>18</sup>

If Alabama courts agree with the AEA, the constitutional implications of the resulting decision could extend far beyond just the Accountability Act.

That’s because Alabama already offers an array of programs that enable students to attend the school of their choice, including public, private and religious schools. In 2012, the most recent

year for which complete data are available, six such programs provided \$25 million worth of scholarships or grants through 15,440 awards.<sup>19</sup> From 1993 to 2010, Alabama even operated a scholarship program for public-school teachers that offered state aid to teachers seeking advanced technology training from any accredited graduate education program, including private and religious institutions. Another program, Crime Victims Compensation, reimburses victims of violent crimes for services they purchased from providers of their choice, public or private, such as medical, funeral or counseling services.

Programs like these, several of which date to the 1970s, show that the use of scholarships and grants in Alabama is nothing new, nor is offering participants a full complement of choices, including religious options.<sup>20</sup> Indeed, as far back as 1979, the Alabama Supreme Court ruled that including religious options in such programs is constitutional, rejecting an AEA challenge to the Alabama Student Grant Program, a state-funded college assistance program.<sup>21</sup> State-funded scholarships, the court reasoned, do not subsidize religious colleges. Rather, by defraying tuition costs, they benefit the students, not the schools they happen to choose. Likewise, the new tax credits benefit parents and children seeking educational options beyond failing public schools.

Thus, the argument advanced by the AEA flies in the face of decades of educational and other aid in Alabama, as well as precedent from the state’s highest court. If a break from such past precedent were accepted by the courts, the AEA’s claims would put not just the tax-credit programs but all similar grants and scholarships in legal jeopardy.

What follows is a description of Alabama’s existing scholarship and grant programs.

## Scholarship and Grant Programs<sup>22</sup>

Alabama offers six different scholarship and grant programs that support students attending public, private or religious schools. Like the tax-credit programs in the Accountability Act, almost all of these programs provide financial assistance to students, whose families can then choose where to use it. One exception is competitive grants from the Office of School Readiness, which are offered directly to schools with pre-K classrooms that meet state guidelines. Significantly, these grants are available to public and private schools, including faith-based programs. From 1993 until it was phased out in 2010, another Alabama program gave scholarships to public-school teachers taking advanced technology courses at the school of their choice, including private and religious schools. A final grant program, Crime Victims Compensation, reimburses crime victims

for qualified expenditures at the institutions of their choice without regard to whether they are faith-based.<sup>23</sup>

As Table 1 indicates, in 2012 alone Alabama dedicated more than \$27 million to such scholarship and grant programs, giving more than 18,000 awards. Across all programs and all years for which data are available, Alabama has spent more than \$298 million, through 208,000 awards to individuals and classrooms. Many of the programs have a history longer than the available data, meaning the estimates undercount Alabama’s spending on these choice-based aid programs. The tables that follow present how many scholarships and grants have been awarded through these programs in recent years and how much money has been expended in each, along with a brief description of each program.

Table 1: 2012 Awards and Expenditures for Alabama’s Scholarship & Grant Programs

| PROGRAM                                       | AWARDS        | EXPENDITURES        |
|---|---------------|---------------------|
| Alabama Student Grant Program                 | 6,908         | \$1,623,500         |
| Alabama Student Assistance Program            | 8,261         | \$5,610,418         |
| Alabama Teacher Recruitment Incentive Program | 48            | \$235,000           |
| Chiropractic Scholarship                      | 6             | \$16,050            |
| College Counts Scholarship                    | New in 2013   | New in 2013         |
| Office of School Readiness Grant              | 217*          | \$17,998,620        |
| <b>Subtotal - Education Programs</b>          | <b>15,440</b> | <b>\$25,483,588</b> |
| Crime Victims Compensation                    | 2,643         | \$2,193,474         |
| <b>2012 Totals</b>                            | <b>18,083</b> | <b>\$27,677,062</b> |

\*An estimated 3,906 pre-K students benefitted from the funding of these 217 classrooms.

## Alabama Student Grant Program

**ESTABLISHED:** 1978

**DESCRIPTION:** This is a state-sponsored, merit-based grant program for undergraduate students enrolled at eligible independent Alabama colleges

or universities, including private and religious institutions.<sup>24</sup> The amount of the grant provided may be up to \$1,200 per academic year, depending on the availability of funds.

### Awards and Expenditures<sup>25</sup>

| FISCAL YEAR          | AVERAGE AWARD | AWARDS        | EXPENDITURES        |
|----------------------|---------------|---------------|---------------------|
| 2003                 | \$463         | 10,743        | \$4,969,250         |
| 2004                 | \$170         | 9,501         | \$1,618,059         |
| 2005                 | \$193         | 7,891         | \$1,523,613         |
| 2006                 | \$305         | 6,989         | \$2,130,865         |
| 2007                 | \$394         | 6,791         | \$2,678,580         |
| 2008                 | \$485         | 6,957         | \$3,374,488         |
| 2009                 | \$331         | 7,312         | \$2,423,687         |
| 2010                 | \$319         | 7,217         | \$2,299,025         |
| 2011                 | \$292         | 7,289         | \$2,131,446         |
| 2012                 | \$235         | 6,908         | \$1,623,500         |
| 2013 (as of July 25) | \$285         | 5,584         | \$1,591,840         |
| <b>Totals</b>        |               | <b>83,182</b> | <b>\$26,364,353</b> |

## Alabama Student Assistance Program

**ESTABLISHED:** 1975

**DESCRIPTION:** This is a state-sponsored, need-based, state/federal grant program for college students. Awards range from \$300 to \$2,500 per

academic year and are limited to undergraduate students who are Alabama residents attending eligible Alabama institutions of higher education, including private and religious institutions.<sup>26</sup>

### Awards and Expenditures<sup>27</sup>

| FISCAL YEAR          | AVERAGE AWARD | AWARDS        | EXPENDITURES        |
|----------------------|---------------|---------------|---------------------|
| 2003                 | \$479         | 3,748         | \$1,795,400         |
| 2004                 | \$398         | 2,697         | \$1,072,561         |
| 2005                 | \$483         | 1,495         | \$722,500           |
| 2006                 | \$555         | 3,742         | \$2,077,150         |
| 2007                 | \$593         | 3,574         | \$2,119,200         |
| 2008                 | \$904         | 13,700        | \$12,387,878        |
| 2009                 | \$685         | 11,520        | \$7,896,420         |
| 2010                 | \$698         | 7,457         | \$5,204,129         |
| 2011                 | \$710         | 7,913         | \$5,617,208         |
| 2012                 | \$679         | 8,261         | \$5,610,418         |
| 2013 (as of July 25) | \$692         | 4,295         | \$2,973,366         |
| <b>Totals</b>        |               | <b>68,402</b> | <b>\$47,476,230</b> |

## Alabama Teacher Recruitment Incentive Program

**ESTABLISHED:** 2007

**DESCRIPTION:** The purpose of this one-time program was to attract future teachers to disciplines with a critical shortage of instructors. Scholarships were awarded to high school seniors to attend college, as well as professionals seeking alternative degrees in teaching. Scholarships could be used at private and religious institutions.<sup>28</sup> Recipients agreed to

work one year in an Alabama public school for each year they received an award. All scholarships were based on four critical areas of teaching: Math, Special Education, General Science and English Language Arts. The program started during the 2008-2009 school year with 123 students and followed those same students who remained in the program over the course of four years.

### Participants and Expenditures<sup>29</sup>

| FISCAL YEAR   | AVERAGE AWARD | PARTICIPANTS | EXPENDITURES       |
|---------------|---------------|--------------|--------------------|
| 2009          | \$4,663       | 123          | \$573,498          |
| 2010          | \$4,297       | 79           | \$339,500          |
| 2011          | \$4,787       | 55           | \$263,272          |
| 2012          | \$4,896       | 48           | \$235,000          |
| <b>Totals</b> |               | <b>123</b>   | <b>\$1,411,270</b> |

## Chiropractic Scholarship

**ESTABLISHED:** 1979

**DESCRIPTION:** This program provides scholarship assistance to financially needy Alabama residents enrolled in accredited chiropractic colleges—

including private and religious institutions<sup>30</sup>—in the United States. This scholarship can be awarded multiple years.

### Awards and Expenditures<sup>31</sup>

| FISCAL YEAR          | AVERAGE AWARD | AWARDS    | EXPENDITURES     |
|----------------------|---------------|-----------|------------------|
| 2003                 | \$1,516       | 17        | \$25,768         |
| 2004                 | \$0           | 0         | \$0              |
| 2005                 | \$0           | 0         | \$0              |
| 2006                 | \$0           | 0         | \$0              |
| 2007                 | \$10,000      | 3         | \$30,000         |
| 2008                 | \$6,000       | 5         | \$30,000         |
| 2009                 | \$2,970       | 10        | \$29,700         |
| 2010                 | \$2,602       | 11        | \$28,620         |
| 2011                 | \$3,322       | 8         | \$26,579         |
| 2012                 | \$2,675       | 6         | \$16,050         |
| 2013 (as of July 25) | \$0           | 0         | 0                |
| <b>Totals</b>        |               | <b>60</b> | <b>\$186,717</b> |



## College Counts Scholarship

**ESTABLISHED:** 2012

**DESCRIPTION:** This program provides funding assistance for financially needy Alabama students who enroll in an eligible Alabama college. The scholarship, given only in the freshman year, totals \$4,000 for four-year enrollees and \$2,000 for two-

year students. The institutions must be accredited, nonprofit two- or four-year colleges/universities in Alabama, including private and religious schools.<sup>32</sup> The scholarships can be applied to tuition, fees, books, supplies and equipment required for courses.

### Participants and Expenditures<sup>33</sup>

| FISCAL YEAR              | AVERAGE AWARD | PARTICIPANTS | EXPENDITURES     |
|--------------------------|---------------|--------------|------------------|
| 2013 (as of September 5) | \$3,800       | 150          | \$570,000        |
| <b>Totals</b>            |               | <b>150</b>   | <b>\$570,000</b> |

## Office of School Readiness Grant

**ESTABLISHED:** 2000

**DESCRIPTION:** The Office of School Readiness funds pre-K classrooms through a competitive grant process open to public schools, private childcare

and schools, Head Start programs, community-based programs, faith-based programs and military programs. Classrooms must have 18 children and follow guidelines set by the office.<sup>34</sup>

### Awards and Expenditures<sup>35</sup>

| FISCAL YEAR   | AVERAGE AWARD | APPROXIMATE STUDENTS <sup>36</sup> | AVERAGE PER STUDENT | CLASSROOMS   | EXPENDITURES         |
|---------------|---------------|------------------------------------|---------------------|--------------|----------------------|
| 2001          | \$168,750     | 144                                | \$9,375             | 8            | \$1,350,000          |
| 2002          | \$90,166      | 810                                | \$5,009             | 45           | \$4,057,468          |
| 2003          | \$77,241      | 1,260                              | \$4,291             | 70           | \$5,406,842          |
| 2004          | \$62,039      | 936                                | \$3,447             | 52           | \$3,226,050          |
| 2005          | \$64,649      | 972                                | \$3,592             | 54           | \$3,491,050          |
| 2006          | \$75,896      | 1,026                              | \$4,216             | 57           | \$4,326,050          |
| 2007          | \$91,015      | 1,062                              | \$5,056             | 59           | \$5,369,898          |
| 2008          | \$77,519      | 2,322                              | \$4,307             | 129          | \$10,000,000         |
| 2009          | \$82,295      | 3,384                              | \$4,572             | 188          | \$15,471,533         |
| 2010          | \$91,197      | 3,798                              | \$5,066             | 211          | \$19,242,514         |
| 2011          | \$87,690      | 3,816                              | \$4,872             | 212          | \$18,590,252         |
| 2012          | \$82,943      | 3,906                              | \$4,608             | 217          | \$17,998,620         |
| 2013          | \$89,116      | 3,888                              | \$4,951             | 216          | \$19,249,146         |
| <b>Totals</b> |               | <b>27,324</b>                      |                     | <b>1,518</b> | <b>\$127,779,423</b> |

## Technology Scholarship Program for Alabama Teachers

**ESTABLISHED:** 1993

**DESCRIPTION:** This program was created to provide aid to certified, public-school K-12 teachers taking classes in advanced technology. It allowed teachers to take three courses specifically designed to help them integrate technology into the school curriculum.

Scholarships could be used at schools with an accredited graduate teacher education program, including private and religious institutions.<sup>37</sup> The program was suspended in 2010 because changes in curricula for teacher certification programs made this scholarship obsolete

### Participants and Expenditures<sup>38</sup>

| FISCAL YEAR   | AVERAGE AWARD | PARTICIPANTS | EXPENDITURES       |
|---------------|---------------|--------------|--------------------|
| 2003          | \$768         | 588          | \$451,569          |
| 2004          | \$994         | 476          | \$472,961          |
| 2005          | \$1,003       | 319          | \$319,825          |
| 2006          | \$1,101       | 235          | \$258,777          |
| 2007          | \$1,040       | 170          | \$176,863          |
| 2008          | \$1,132       | 164          | \$185,617          |
| 2009          | \$1,204       | 57           | \$68,656           |
| <b>Totals</b> |               | <b>2,009</b> | <b>\$1,934,268</b> |

## Crime Victims Compensation

**ESTABLISHED:** 1984

**DESCRIPTION:** This program provides payment of emergency funds, lost wages and medical, funeral, counseling, moving and prescription expenses to compensate Alabama residents who are innocent

victims of violent crimes. The program refunds up to \$15,000 of out-of-pocket expenses from any provider, including public, private or religious medical centers and funeral providers.

### Awards and Expenditures<sup>39</sup>

| FISCAL YEAR   | AVERAGE AWARD | AWARDS        | EXPENDITURES        |
|---------------|---------------|---------------|---------------------|
| 1985          | \$1,054       | 215           | \$226,638           |
| 1986          | \$1,542       | 457           | \$704,889           |
| 1987          | \$1,812       | 563           | \$1,019,933         |
| 1988          | \$2,308       | 653           | \$1,507,203         |
| 1989          | \$2,335       | 829           | \$1,935,809         |
| 1990          | \$2,233       | 1,128         | \$2,518,898         |
| 1991          | \$2,330       | 1,557         | \$3,628,024         |
| 1992          | \$2,148       | 1,576         | \$3,385,069         |
| 1993          | \$2,037       | 1,499         | \$3,053,654         |
| 1994          | \$2,277       | 1,495         | \$3,403,686         |
| 1995          | \$2,139       | 1,485         | \$3,176,429         |
| 1996          | \$1,917       | 1,633         | \$3,130,017         |
| 1997          | \$1,978       | 1,712         | \$3,387,091         |
| 1998          | \$1,870       | 1,716         | \$3,209,107         |
| 1999          | \$3,278       | 1,819         | \$5,962,583         |
| 2000          | \$2,090       | 1,889         | \$3,948,364         |
| 2001          | \$2,036       | 2,508         | \$5,105,190         |
| 2002          | \$2,071       | 2,997         | \$6,207,440         |
| 2003          | \$1,257       | 2,793         | \$3,510,262         |
| 2004          | \$1,160       | 2,806         | \$3,255,164         |
| 2005          | \$1,029       | 2,893         | \$2,977,545         |
| 2006          | \$1,615       | 2,498         | \$4,034,993         |
| 2007          | \$2,174       | 2,761         | \$6,001,443         |
| 2008          | \$1,349       | 2,902         | \$3,913,670         |
| 2009          | \$1,739       | 2,827         | \$4,917,253         |
| 2010          | \$1,657       | 2,648         | \$4,386,510         |
| 2011          | \$844         | 2,643         | \$2,231,223         |
| 2012          | \$830         | 2,643         | \$2,193,474         |
| <b>Totals</b> |               | <b>53,145</b> | <b>\$92,931,561</b> |

## Conclusion

With the expansion of K-12 school choice in the Accountability Act, Alabama has opened the doors of opportunity to children whose relegation to failing schools carries with it consequences far into the future. Numerous research studies have demonstrated a relationship between amount and quality of education and later advantages in life, such as greater earnings.<sup>40</sup> Alabama's new choice programs seek to extend the opportunity for such advantages to families of all economic backgrounds whose neighborhood public schools fail to do so.

Unfortunately, program opponents appear committed to preserving the status quo and keeping children trapped in an educational underclass by alleging constitutional violations. Evidence presented here, however, shows such assertions to be contrary to current policy and practice within the state. Scholarships and grants distributed through state-funded programs enable hundreds of thousands of children and adults to gain the education and

social support they need through not only public institutions but also numerous religious and non-sectarian private service providers throughout the state.<sup>41</sup>

Enabling Alabama families to

Alabama's new choice programs seek to extend opportunity for quality education to families of all economic backgrounds whose neighborhood public schools fail to do so.

choose the best educational option for their children by bringing private K-12 schools within financial reach is a moderate extension of a well-established precedent that will be, like programs currently in operation, both prudent and beneficial. Alabama also joins 11 other states with tax-credit scholarship programs and six other states with tax-credit/deduction programs that in some cases have been operational for decades. Based on the successful experience of those states, Alabama's children, families and taxpayers will likely enjoy numerous benefits to come, not least of which will include expanded freedom, choice and opportunities.



ENDNOTES

- 1 <http://www.edchoice.org/School-Choice/School-Choice-Programs.aspx>
- 2 <http://arc-sos.state.al.us/PAC/SOSACPDF.001/A0009685.PDF>
- 3 Alabama Accountability Act 2013-265: <http://arc-sos.state.al.us/PAC/SOSACPDF.001/A0009931.PDF>
- 4 If an SGO has scholarship funds unaccounted for on September 15 of each year, scholarships may be made available to low-income students in public school, regardless of whether their assigned public school is considered failing.
- 5 \$60,733.50, <http://www.ador.alabama.gov/incometax/lwebreghold/810-3-61-01.pdf>
- 6 <http://arc-sos.state.al.us/PAC/SOSACPDF.001/A0009685.PDF>
- 7 Carpenter, D. M., & Winters, M. (2012). Who chooses and why in a universal choice scholarship program: Evidence from Douglas County, Colorado Colorado Springs, CO: University of Colorado. Colorado Springs; Haynes, K. T., Phillips, K. J. R., & Goldring, E. B. (2010). Latino parents' choice of magnet school: How school choice differs across racial and ethnic boundaries. *Education and Urban Society*, 42(6), 758-789; Kemerer, F. R., Martinez, V., & Thomas, K. (1994). Who chooses and why: A look at five school choice plans. *Phi Delta Kappan*, 75(9), 678-681; Martinez, V., Kemerer, F. R., & Godwin, K. (1993). Who chooses and why? Baseline demographic data report. San Antonio school choice research project. Denton, TX: North Texas University; Uchitelle, S., & Naught, R. L. (1977). *The school choice behavior of parents afforded public school options: A case study of parental decision making in one suburban community*. Paper presented at the American Educational Research Association, New York; Wolf, P. J., Eissa, N., & Gutmann, B. (2006). Who chooses, who uses? Initial evidence from the D.C. opportunity scholarship program. Retrieved January 27, 2012, from <http://eric.ed.gov/PDFS/ED509020.pdf>; Ysseldyke, J. E., Lange, C., & Algozzine, B. (1995). A comparison of families of students with and without disabilities who use open enrollment to transfer schools. *Journal of Disability Policy Studies*, 6(1), 57-71.
- 8 <http://www.edchoice.org/School-Choice/School-Choice-Programs.aspx>
- 9 DiPerna, P. (2009). Virginia's opinion on K-12 education and school choice. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2010). Interstate survey: What do voters say about K-12 education in six states? Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2011a). Alaska K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2011b). Indiana K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2011c). New Mexico K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2011d). Washington K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2012a). Idaho K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2012b). Montana K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2012c). North Carolina K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2012d). Tennessee K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2013a). Maine K-12 and school choice survey. Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2013b). North Dakota K-12 and school choice survey: What do voters say about K-12 education? Indianapolis, IN: Friedman Foundation for Educational Choice; DiPerna, P. (2013c). Texas K-12 & school choice survey: What do voters say about K-12 education? Indianapolis, IN: Friedman Foundation for Educational Choice.
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- 19 Note that number of awards does not equal number of students. Some programs enable students to receive multiple awards.
- 20 The new education tax credits also join a list of 17 tax credits for individuals and corporations already offered by Alabama. That list includes: Alabama Enterprise Zone Credit, Alabama New Markets Tax Credit, Basic Skills Education Credit, Capital Credit, Capital Docks Credit, Coal Credit, Credit for Taxes Paid to a Foreign Country, Credit for Taxes Paid to Other States, Entertainment Industry Incentive, Full Employment Act of 2011, Heroes for Hire Tax Credit, Heroes for Hire Tax Credit Business Start-up Expense Credit, Qualified Irrigation System/Reservoir System Credit, Rural Physician Credit, SIDA Income Tax Credit, Tariff Credit and Tax Increment Fund Payment Credit. The economic investment credits aim to stimulate business growth in economically depressed areas, support new capital projects and coal production, attract entertainment-related productions to the state and draw foreign manufacturers to locate in Alabama. Similarly, several credits on the list encourage new or expanded employment opportunities by encouraging businesses to hire veterans, assisting veterans to start new businesses and helping small businesses hire more people. Improved public health is the goal of the Rural Physician Credit, which provides a credit of \$5,000 per year for five years to licensed resident and nonresident physicians who practice and reside in a small or rural Alabama community of less than 25,000 residents. Finally, resource conservation is incentivized through the Irrigation System/Reservoir System Credit. This credit offsets the cost of the purchase and installation of any qualified irrigation equipment, any costs related to the conversion of irrigation equipment from fuel to electricity and the cost of constructing a qualified reservoir. Prior to the adoption of the school choice tax credits, the state already offered one education-related credit, the Basic Skills Education Credit, though it has not yet been used. The credit incentivizes businesses to provide basic skills education to employees. It covers expenses incurred for or related to instructors, materials or equipment used in the program, or for supplies, textbooks or salaries, including compensation paid to employees while participating in the program. Between 2007 and 2011, Alabama taxpayers took, in total, more than \$292 million in state tax credits—accounting for only 2.4 percent of total taxes due to the state.
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- 22 Additionally the Office of Child Care Subsidy provides Alabama's low- and moderate-income families who participate in work, educational or training activities with child care subsidies. Funding for the program includes state maintenance of effort funds and federal appropriations. For fiscal year 2012, \$82,180,942 was expended with 29,348 children enrolled as of September 30, 2012.
- 23 The statute governing this program (Alabama Code, Section 15-23-1) imposes no limitation on the types of providers at which reimbursed funds may be spent.
- 24 Eligible religious schools include: Amridge University, Birmingham-Southern College, Concordia College, Faulkner University, Huntingdon College, Judson College, Miles College, Oakwood University, Samford University, Spring Hill College, Stillman College, Talladega College and University of Mobile.
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- 28 Eligible institutions include those listed in endnote 24, except for Amridge University, which does not appear to offer an approved teacher education program.
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- 30 An example of an eligible religious school is D'Youville College, a Catholic institution.
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- 34 <http://children.alabama.gov/uploadedFiles/File/Newguidelines.pdf>
- 35 These data were provided by the Alabama Department of Children's Affairs via email, September 13, 2013.
- 36 According to the Office of School Readiness, approximate number of students and average per student can be calculated by assuming each classroom has 18 students.
- 37 Eligible religious schools included Samford University and Spring Hill College.
- 38 Malone, 2003; Malone, 2004; Malone, 2005; Fitch, 2006; Fitch, 2007; Fitch, 2008; Davis, P. D. (2009). Annual report. Montgomery, AL: Alabama Commission on Higher Education.
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