

Tax credit could drain education

By Lori Bezahler, Commentary
Updated 5:30 pm, Wednesday, January 28, 2015

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Gov. Andrew Cuomo provoked strong reactions with his proposals to reform education, particularly teacher evaluation. But what escaped notice was his reference in the State of the State speech to passing the education tax credit, or ETC, a term unfamiliar to most New Yorkers. We would all do well to pay better attention, as the program could sap the state's public education budget.

Education tax credit programs, in place in 13 states, allow corporations and individuals to direct donations to nonprofits that provide scholarships to private and religious schools in exchange for a credit on their state taxes — often a dollar for dollar reduction of their tax bill. In fact, it may be possible for the donor to earn money from the exchange, as they may get a tax deduction for a charitable contribution on their federal return, even after the state has cut their state tax bill.

The Education Investment Tax Credit Legislation passed in the state Senate would allow donors a tax credit, up to 90 percent of their tax bill, costing the state \$675 million the first three years.

Although Cuomo and proponents are touting the program as a way to help poor students access private and parochial schools, the money to push the tax credits has come from wealthy anti-government activists. The legislation draws on position statements and sample legislation

available on the conservative American Legislative Exchange Council's website. A leading advocate for tax credit scholarships is the Milton and Rose Friedman Foundation. As the information on the foundation's website makes clear, their objective is not to benefit poor children, but rather to upend the provision of public education, and Cuomo seems to agree, having voiced his intention to break up the "public monopoly" on education.

But even if we believe that Cuomo's intentions are to help poor children, tax credit scholarships will not do the job. According to the Friedman Foundation, the average scholarship is \$990, but the Center for Education Reform puts the average private school tuition at \$8,549. So, the scholarships are only viable for families able to make up the difference. Further, families often

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need to arrange and pay for transportation to the school; they must cover the cost of uniforms and materials; and they are unlikely to have social connections to identify high performing schools and ease the integration of their child into a new private school setting.

Participating schools are not generally required to adhere to the same standards and curriculum as public schools, nor are they required to accept all students. The textbooks in use in some places include creationism as science, omitting evolution entirely. In Pennsylvania, virtually all of the participating schools are religious schools, and in Georgia at least a quarter of the schools receiving scholarship funds have explicit anti-gay policies that exclude LGBT students and children of same sex couples. Approximately half of private schools participating in the Georgia scholarship program are 90 to 100 percent segregated by race, not unlike the segregation academies funded by state tuition grants in many Southern states after the Brown vs. Board of Education decision in 1954.

Southern Education Foundation has looked closely at Georgia's program, and found widespread abuse. It documented numerous cases of schools, student scholarship organizations, and elected officials advising parents on how to ensure that the money they contribute and raise is used for their own child's tuition. SEF found that, rather than assisting low income families, the average gross income of families receiving the tax-funded scholarships was more than \$35,000 above the average gross income of half of all Georgia taxpayers. The legislation proposed in New York has income eligibility standards, but sets the maximum family income at \$250,000, nearly five times the state's median household income.

At a time when states are struggling to meet their financial obligations, and education is taking a tremendous hit, it is galling to have scarce resources directed away from public education.

Cuomo called education "the great equalizer" in his State of the State address. But rather than proposing a budget to serve the needs of the children of the state, he wants to send our tax dollars to private and parochial schools through a program that has a record of increasing segregation and inequity in the states that have tax credits in place. Is that the New York the governor wants for us as well?

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