

Council for American Private Education

# CAPE outlook

Voice of America's private schools

## Georgia Approves \$50 Million Tax Credit Program

Georgia Governor Sonny Perdue last month signed legislation allowing businesses and individuals to get a state tax credit when they donate to organizations that provide scholarships to help children attend religious and independent schools. The new law makes Georgia the sixth state to implement a scholarship tax credit program, most of them established in the past two years.

Under the measure, individual taxpayers are eligible for a dollar-for-dollar credit for contributions to a student scholarship organization (SSO) up to \$1,000; married couples filing a joint return are eligible for credits up to \$2,500, and corporations can take credits for the full amount of their donation up to 75 percent of their state income tax liability. The statewide aggregate amount of credits, however, may not exceed \$50 million in any given year.

To ensure compliance with the statewide limit, credits will be awarded on a first-come, first-served basis until the \$50 million cap is reached. Before making a contribution, taxpayers must notify the commissioner of revenue, who is required to pre-approve or deny the credit within 30 days of receiving the request. At tax-filing time, the donor then includes with the tax return a letter from the student scholarship organization confirming the donation. The law specifies that the confirmation letter must include "the taxpayer's name, address, tax identification number, the amount of the contribution, the date of the contribution, and the amount of the credit." Taxpayers are not allowed a credit for contributions that would directly benefit a dependent.

Student scholarship organizations (SSOs) are subject to certain controls under the new law. For example, they must be tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, spend 90 percent of their annual revenue for scholarships, and maintain separate ac-

counts for scholarship funds and operating funds. Each year the SSO must submit an audit by a certified public accountant to the Department of Revenue along with the number and amount of contributions and the names of donors. Further, the organization must award scholarships to students from more than one school.

### Eligible Students

SSOs are required to limit scholarships to eligible students, which the law defines as "a Georgia resident enrolled in a Georgia secondary or primary public school or eligible to enroll in a qualified kindergarten program or pre-kindergarten program." In other words, all entering kindergarten and preK students are eligible for scholarships, but after kindergarten, only students currently in public schools are eligible.

### Qualified Schools

Scholarship recipients must use their grants to cover tuition and fees at a qualified school, which the law defines as "a nonpublic primary school or secondary school" that is located in Georgia, "adheres to the provisions of the federal Civil Rights Act of 1964," meets all the state's requirements for private schools, and "is accredited or in the process of becoming accredited" by the Southern Association of Colleges and Schools, the Georgia Accrediting Commission, the Georgia Association of Christian Schools, the Association of

Christian Schools International, the Georgia Private School Accreditation Council, the Accrediting Commission for Independent Study, or the Southern Association of Independent Schools.

Once the parent of an eligible student receives the scholarship, he or she is required to "restrictively endorse the scholarship award to the private school for deposit into the account of the private school." Scholarships are not counted as taxable income for state tax purposes.

### Six States

Georgia marks the sixth state in the country to enact a scholarship tax credit program. Arizona paved the way in 1997 with a credit for contributions to school tuition organizations by individuals, and then enacted a separate program in 2006 allowing credits for contributions by corporations. In 2001, both Florida and Pennsylvania established corporate tax credit programs, with Rhode Island following suit in 2006. The Iowa legislature approved a tax credit for individual contributions in 2006.

The Alliance for School Choice estimates that the tax credit programs in states other than Georgia serve more than 92,500 children. Pennsylvania's program has the farthest reach, with more than 38,000 scholarships awarded in 2007-08. In terms of dollars available, Georgia's new \$50 million initiative makes it the third largest in the country, following Florida's



Georgia Governor Sonny Perdue

Georgia marks

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**CAPE member organizations:**

- Agudath Israel of America
  - American Montessori Society
  - Association Montessori International—USA
  - Association of Christian Schools International
  - Association of Christian Teachers and Schools
  - Association of Waldorf Schools of N.A.
  - Christian Schools International
  - Evangelical Lutheran Church in America
  - Friends Council on Education
  - Lutheran Church—Missouri Synod
  - National Association of Episcopal Schools
  - National Association of Independent Schools
  - National Catholic Educational Association
  - National Christian School Association
  - Oral Roberts University Educational Fellowship
  - Seventh-day Adventist Board of Education
  - United States Conference of Catholic Bishops
  - Wisconsin Evangelical Lutheran Synod Schools
  - 31 Affiliated State Organizations
- a coalition of national associations serving private schools K-12  
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program, which is capped at \$88 million, and Pennsylvania's, which is capped at \$75 million.

## Bipartisan Support

The Alliance also reports that four states (Arizona, Iowa, Pennsylvania, and Rhode Island) either expanded or improved their tax credit programs in 2007. And noting the bipartisan support behind the concept, Charles Hokanson, president of the Alliance, said, "It is indeed telling that the first three of these four states have Democratic governors, proof that school choice is more an issue of equality of opportunity than ideology."

The Georgia law imposes no family income restrictions on scholarship recipients, though it allows student scholarship organizations to do so. Robert Enlow, executive director of the Friedman Foundation for Educational Choice, hailed the absence of an income restriction. "The old idea of limiting school choice based on family income is coming to an end," he said. "States are increasingly adopting Milton Friedman's vision of school choice for all, not just for some. The argument that freedom is only good for some students just doesn't make it anymore."

Praise for the Georgia program and the elected officials who helped bring it about was quick. "Governor Perdue has sealed his legacy as one of America's foremost education governors," said



Lori Drummer, director of state projects for the Alliance for School Choice. "Georgia is now a national leader in a school choice movement that is gaining momentum," she added.

The Alliance also praised Representative David Casas and Senate President Pro Tempore Eric Johnson, who guided the bill through the Georgia legislature. The two legislators were also responsible for the passage last year of the state's Special Needs Scholarship Program, which provides students with disabilities who are enrolled in public schools the opportunity to attend a public or private school that matches their needs. Recognizing the contribution of Senator Johnson in securing passage of the special needs legislation, the Alliance last month named him its national legislator of the year.

Lori Drummer called Johnson "a strong leader who...knows how to make education reform a reality." She said his advocacy on behalf of children "sent a clear message throughout the state that all children deserve an equal opportunity in life."

The Georgia Family Council, which helped pave the way for the tax credit measure, also trumpeted the bill. "Because of this legislation, thousands of children across the state will be able to access a quality education," said Randy Hicks, the Council's president. "For the children who will use these scholarships, there were simply no other options."

## Student Scholarship Bill Moves in Louisiana

Legislation to provide \$10 million to help certain students in New Orleans attend religious and independent schools is moving on an express lane through the Louisiana legislature with the strong support of Governor Bobby Jindal. The House approved the bill May 14 with a decisive 60-42 vote. In the Senate, the bill cleared the Education Committee in late May and the Finance Committee in early June. A vote in the full Senate could happen as early as June 9.

The measure provides scholarships to students in New Orleans who come from families earning up to 250 percent of the federal poverty guidelines and who, for the 2008-09 school year, are either entering kindergarten in any school or entering grades 1-3 in public schools that the state has identified as failing. Once they receive a scholarship, students remain eligible through grade 12. Scholarship amounts equal either 90 percent of the per-pupil amount that the school district receives from state and local governments or the maximum tuition that the private school charges to non-scholarship students, whichever is less.

Private schools that elect to participate in

the program have to use "an open admissions policy in enrolling eligible students." In the event the school has more applicants than seats, the school must use "a random selection process that provides each eligible student with equal opportunity for selection." Schools are required to accept the scholarships "as full payment of all educational costs, including incidental or supplementary fees, that are charged to all enrolled students, including but not limited to meals, field trips, and before- or after-school care."

Once enrolled, scholarship students are subject to the same academic and disciplinary policies, rules, and procedures that apply to all other students in the school.

Participating private schools are required to submit an audit by a certified public accountant to the state and to administer standardized tests to scholarship students in grades 3 through 12. As a result of an amendment approved in the Senate Committee on Education, participating schools are also required to ensure that scholarship students are administered all examinations required under the state's assessment program for students in public schools.

## Report Examines Trends in Private School Enrollment

An annual government report that takes stock of education in the United States has found that K-12 religious and independent school enrollment has increased from 4.8 million students in 1989 to 5.1 million students in 2005. But during the same period, the percentage of all U.S. K-12 students enrolled in private schools dropped from 10.7 percent to 9.4 percent.

The report, known as *The Condition of Education*, devotes an entire section and several tables to trends in private school enrollment. The National Center for Education Statistics released the report May 29.

In March, NCES published the *Digest of Education Statistics*, another annual publication that includes data on private school enrollment, including a count of preK students. The *Digest* estimates the 1989 preK-12 enrollment in private schools at 5.6 million students and the 2005 enrollment at 6.1 million students. That would put the private school share of preK-12 students nationally at 12.1 percent in 1989 and 11.1 percent in 2005.

According to the *Condition of Education*, the share of students in religious and independent schools varies significantly by region. In the Northeast, private schools accounted for 13 percent of regional K-12 enrollment in 2005; in the South, they served 8.3 percent of students; in the West, 7.7 percent, and in the Midwest, 10.3 percent. Seen from another angle, 23.8 percent of private school students nationally attended schools in the Northeast, while 32.2 percent attended schools in the South, 19.7 percent in the West, and 24.4 percent in the Midwest.

### Shifts Within the Community

The report notes that “the distribution of students across different types of private schools changed between 1989 and 2005.” Roman Catholic schools, which enroll more students than any other type of private school, saw their share of private school students drop from 54.5 percent in 1989 to 44.4 percent in 2005. Conservative Christian schools, on the other hand, grew from serving 10.9 percent of private school students in 1989 to 16.3 percent in 2005.

During the same period, the share of students enrolled in nonsectarian schools went from 13.2 percent to 18.3 percent.

Just over 90 percent of private school students in 2005 attended schools that offer what NCES describes as “regular” programs. Among other program types, Montessori programs enrolled 1.8 percent of private school students; schools that emphasize special education accounted for 2.3 percent of students, and schools with a “special program emphasis” enrolled 4.1 percent.

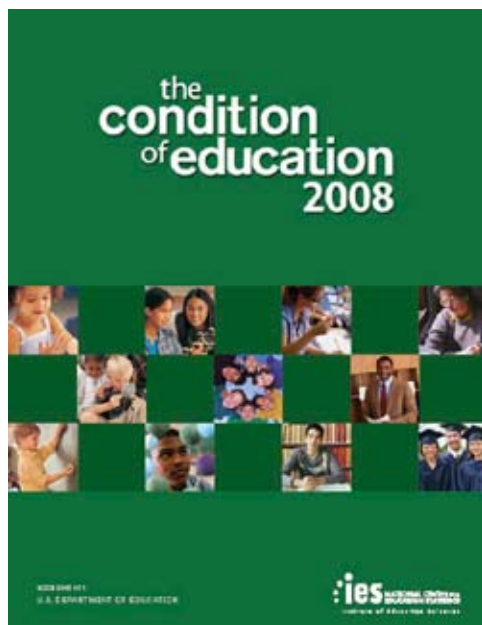
Elementary schools served 50.4 percent of students enrolled in private schools; secondary schools served 17 percent, and combined schools served 32.6 percent.

Forty-six percent of students in private schools attended schools in which enrollment was less than 300 students. Schools in which enrollment ranged from 300 to 499 students served 21.5 percent of the private school population; schools with enrollments in the 500-749 range accounted for 15.9 percent of students, and schools with 750 or more students enrolled 16.7 percent.

The report also looks at the racial and ethnic composition of students in private schools. Minority students made up 24.6 percent of private school enrollment in 2005, which included a 9.5 percent black population, 9.2 percent Hispanic, 5.1 percent Asian/Pacific Islander, and 0.7 percent American Indian/Alaska Native. Among the religious categories of schools that the report examines, Roman Catholic schools enrolled the highest percentage of Hispanic students (12.6 percent) in 2005, and Conservative Christian schools enrolled the highest percentage of black students (12.2 percent).

With Roman Catholic schools enrolling the largest number of private school students, the report provides details about Catholic school subsets. For example, 44 percent of students in Catholic schools in 2005 attended schools associated with parishes; 40 percent attended schools associated with dioceses, and 16 percent attended private Catholic schools.

*The Condition of Education 2008* is available on the NCES Web site at <<http://nces.ed.gov/programs/coe/>>. The *Digest of Education Statistics 2007* is available at <<http://nces.ed.gov/programs/digest/>>.



## Title V Guidance

The U.S. Department of Education has issued guidance on Title V-A (Grants for Innovative Programs) to help school districts deal with the effects of the program not being funded in FY 2008. The new guidance addresses several issues, including the ability of school districts to transfer funds from other federal programs into Title V and the impact of such transfers on services to students in private schools.

Title V is a federal education program that serves students in private and public schools alike. It provides materials, equipment, and services to meet student needs, as those needs are identified by local administrators.

The new guidance notes that when a school district carries over Title V funds from the previous school year, it must “still provide equitable services for the benefit of private school students” to the extent that it did not already do so with the funds generated by those students.

And what if a district wants to transfer funds from other federal education programs into Title V in accordance with the transferability provisions of the No Child Left Behind Act? First of all, the guidance says the district must “engage in timely and meaningful consultation with private school officials” before the funds are transferred. And second, it must “provide equitable services...for the benefit of private school students” with any funds that actually are transferred.

A district is permitted to transfer up to 50 percent of its allocation from specified federal programs into certain other programs, including Title V-A, unless the district has been identified as in need of improvement, in which case it may only transfer 30 percent of the allocation. The transferability provision provides opportunities for districts to counteract the effect of the recent elimination of Title V funding.



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## CAPE notes

★ **Fast Facts About Private Schools:** Students in religious and independent schools do more homework than students in public schools. The most recent *Digest of Education Statistics* reports that in 2004, 21 percent of public high school seniors, 29 percent of Catholic high school seniors, and 33 percent of other private high school seniors said they did 7 to 12 hours of homework per week. In the realm of super-studious students who said they competed more than 12 hours of homework each week were 10 percent of public school seniors, 19 percent of Catholic school seniors, and 21 percent of seniors in other private schools.

★ Even though you may not have been able to attend the recent White House Summit on Inner-City Children and Faith-Based Schools, you can still view or read each thought-provoking presentation. Video recordings and transcripts are now available on the White House Web site at <http://www.whitehouse.gov/infocus/education/whschoolssummit/index.html>.

★ A new report by Jay Greene and Marcus Winters, both senior fellows at the Manhattan Institute, examines the effect of a voucher program for disabled students in Florida not on the students who received the vouchers, but on the students who remained in public schools.

Florida's McKay Scholarship Program for Students with Disabilities is, according

to the authors, "the largest school voucher program in the United States." What's more, "Vouchers for disabled students are the fastest-growing type in the United States. Programs similar to McKay are currently operating in Ohio, Georgia, and Utah and have been recently considered by other states."

Looking at student achievement data in math and reading from 2000-01 to 2004-05, the study found that "contrary to the hypothesis that school choice harms students who remain in public schools, ... students eligible for vouchers who remained in the public schools made greater academic improvements as their school choices increased." Specifically, "Public school students with relatively mild disabilities made statistically significant test score improvements in both math and reading as more nearby private schools began participation in the McKay program."

The report is available at [http://www.manhattan-institute.org/html/cr\\_52.htm](http://www.manhattan-institute.org/html/cr_52.htm).

★ A study released last month shows that "poor and marginalized students attending Catholic schools have remarkably higher retention and graduation rates than their peers in public schools," according to a news release issued by Loyola Marymount University, whose School of Education conducted the research.

"The study followed 603 students from eighth to ninth grade and 205 students from ninth grade to high school graduation, at nearly 30 different [Catholic]

schools throughout Los Angeles, Ventura and Santa Barbara counties. Of the 603 eighth grade students, 100 percent continued to ninth grade. Of the 205 students who continued with...tuition support into high school, 98 percent graduated."

"This research indicates how essential Catholic schools are to the future of Los Angeles," said Shane P. Martin, dean for the School of Education at LMU and co-author of the study. All students in the study were considered to be "at risk" due to low socioeconomic status, but a subgroup from a program called SOS (Save Our Students) was considered most at risk. According to the news release, "SOS students may be under the care of guardians, have incarcerated parents, live in shelters, and come from abusive family situations."

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