



How Alabama compares with other states offering tax credits for school choice

By Kyle Whitmire March 1, 2013

When Gov. Robert Bentley signs the Alabama Accountability Act, the state will join 16 others, plus the District of Columbia, that offer private school choice programs. However, those programs vary greatly from state to state.

Alabama's proposed tax credit program is not nearly as aggressive as similar programs in other states, mostly because it is limited to failing schools.

"No other state does this," said Jason Bedrick, an education policy analyst for the CATO institute.

Many states that have provided student assistance for private education have done so through voucher programs, but in recent years tax credits have become more popular because they are often more flexible and less bureaucratic and they conflict less with state laws.

Today only five states (Mississippi, North Carolina, Ohio, Wisconsin and Utah) offer vouchers for private education, according to the Alliance for School Choice 2012-2013 Yearbook.

Eleven states have tax credit programs, but those programs differ greatly.

According to Bedrick, Alabama's program limits education tax credits to families with students in underperforming schools. Of the existing programs, Oklahoma's Equal Opportunity Scholarship Tax Credit most closely resembles Alabama's potential new program, he said. That program offers tax credits for students in failing schools and to low-income families.

And like Alabama's program, Oklahoma credits up to 80 percent of the per-pupil costs of a public education.

Because the Oklahoma program is so new, it is difficult to tell how many students there have taken advantage of it. Also, the Oklahoma program is limited to working class and middle class families. The Alliance for School Choice estimated that only 35 scholarships were awarded under the program in 2012.

Meanwhile, several states offer tax breaks to individuals and corporations that donate to scholarship funds for low-income families, as Alabama's program proposes to do.

Alabama's plan allows a tax credit for 100 percent of an individual's contribution, up to 50 percent of the individual's tax liability. Businesses would also be limited to 50 percent of their tax liability, but they would only be able credited with 50 percent of donations for scholarships.

Other states are more generous, such as Florida where 100 percent of donations are credited up to 100 percent of tax liabilities, depending on which type of tax they're being applied to.

Alabama's program would not require a private school to admit a student. According to Bedrick, that is typical of most states' voucher and tax credit programs.

"There are no states that require a school to accept a student, but all states require participating schools to adhere to anti-discrimination laws," he said.

A look at tax credits for school choice

With legislation passed Thursday, Alabama is set to join 11 other states that offer tax credits to parents whose children switch to private schools, according to the National Conference of State Legislatures.