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## Iowa could expand tax credit program that benefits private schools

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Spotting her mother, 5-year-old Abeny Akec smiles and jumps from a table in a kindergarten classroom at Holy Family Catholic School to give her a hug.

The Des Moines family escaped South Sudan's civil war before coming to the United States in 2000, relying on a relative to translate until they could learn English. At times, Abeny's mother, Ayak Anaikur, worked seven days a week, eventually saving enough with her husband to buy a house, although she sometimes regrets the decision because of tight finances.

Despite their monetary challenges, Anaikur's children attend a private, religious school, thanks to scholarships subsidized by state tax credits. Iowa lawmakers could expand the program to more families under [Senate File 279](#), which would boost the state's tax credit cap from \$12 million to \$20 million.

If passed into law it would allow thousands of more students to receive state-supported tuition scholarships. More than 10,000 scholarships were awarded in 2015, the most recent data available from the Iowa Department of Revenue.

Yet some fear that expanding the tax credit, which provides incentives to individuals and companies that make donations to nonprofits that distribute scholarships, would take needed resources away from Iowa's public schools.

The proposal comes at a time when lawmakers approved a \$40 million, or [1.1 percent increase](#) in state school aid, which some argue is not enough. In addition, Iowa is grappling with a [budget shortfall](#) of nearly \$118 million.

"You're diverting money that could be used for other things that right now, the Legislature is saying we don't have money to do," said Tammy Wawro, president of Iowa's teachers union. "We've taken a huge cut in community colleges, we've underfunded our public schools, I can't see how there's money to do that — on top of the fact you're using taxpayer dollars to pay for someone's religious choice of school."

Gov. Terry Branstad, a longtime supporter of the scholarship tax credits, acknowledges the state's fiscal concerns. "We will reserve judgment on the legislation until we see it in its final form fully understanding the constraints on the state budget," Ben Hammes, the governor's spokesman, told the Register.

Yet there appears to be building momentum nationally for this type of government support for private schools. At least 16 states have some form of school tax credit.

States like Iowa limit the scholarships to low-income children, while others open them to all students, according to the CATO Institute, a libertarian think tank.

The Trump administration is considering a federal tax credit proposal as one way to expand the school choice movement nationally, according to Politico.

#### Iowa's tax credits

Proponents champion the tax credit as a way to expand educational options to more children who otherwise would not be able to afford private education. In Iowa, families of four who earn less than \$73,800 per year qualify for scholarships.

Iowa's School Tuition Organizations tax credit offers an indirect route of state support for private schools, with private and corporate donors receiving an incentive to give to nonprofits that create tuition scholarships. For donors seeking tax credits, it's the most generous tax credit on Iowa's books.

Since the program began in 2006, more than \$119 million in donations have been made to nonprofit School Tuition Organizations, which are linked to specific private schools. Donations cannot be directed to individual students.

The state has offset those contributions with more than \$77 million worth of tax credits since 2006, according to the Department of Revenue.

But some caution that it has the same effect on the state's budget as a program that funnels state money directly to private schools.

"Just like any kind of direct expenditure, it either causes money to be paid out of the state treasury or not come into the state treasury," said Herman Quirnbach, D-Ames. "It has the same effect on the bottom line."

Other states have taken different routes to boost state support to non-public schools. School vouchers, for example, use public money to directly pay for low-income families to attend private schools.

Another option being discussed among some Iowa Republicans are education savings accounts, which would give parents control over how they spend per-student state money that's currently

directed to public schools, potentially using that money for private tuition or home-school expenses instead.

### Political support

Among the proponents for the school tuition tax credits appear to be groups linked to Betsy DeVos, the new U.S. Secretary of Education and a vocal supporter of the school choice movement, according to a Register review of campaign finance reports.

Educational Opportunities, the political action committee of Iowa Advocates for Choice in Education, was started in 2010 with nearly \$3,000 of seed money from All Children Matters, a pro-school-choice group previously directed by DeVos.

That year, the committee also received contributions totaling \$21,750 from its largest donor, the American Federation for Children Action Fund, which DeVos previously chaired. Combined, they make up 30 percent of financial contributions made to the committee through 2016, which totals more than \$81,000.

Trish Wilger, executive director of the Iowa Alliance for Choice Education and Iowa Advocates for Choice Education, said the seed money "helped us initially get off the ground, but since that point it's been Iowa donors."

Educational Opportunities contributes to campaign races for Statehouse candidates who support school choice initiatives, such as the state's tax credits. "We are supported by Iowans for the benefit of Iowans," its website says.

"Our work is about opportunities for children and choices for parents, and the (School Tuition Organizations) program has been a phenomenal program for the last almost 11 years," Wilger said. "It allows families to look for that best-fit education for their child."

The tax credits have grown over the years. First started in 2006 with a \$2.5 million tax-credit cap, it's quadrupled to \$12 million and could expand further.

A 2012 study by the Department of Revenue found that the program helped "maintain access" to Iowa private schools. But it did not expand private school enrollment, which decreased between 2001 and 2010 — and "would have dropped even more without the presence of the tax credit," the study said.

Since then, Iowa's non-public school enrollment has declined slightly, from 36,854 during the 2010-11 school year to 36,429 this school year, according to data from the Iowa Department of Education.

### Thankful families

Families who use the tax credit-supported scholarships say they're grateful for the help, and hope the program can expand.

"A lot of parents don't have that much money to pay," Anaikur said. "When you have labor jobs, you live check by check, you don't have that much money."

She works as a hospital housekeeper while taking English classes, and aspires to one day work in a hospital lab. Her husband transports patients between hospital departments. Many parents at Holy Family, where her children attend, are immigrants or refugees who work in restaurants, construction or meatpacking.

The school boasts one of the most diverse student bodies in Iowa: 98 percent are of minority descent, primarily Hispanic, African and Burmese.

Seventy percent of Holy Family families receive some form of tuition support, Principal Martin Flaherty said. The school offers assistance up to 60 percent of tuition, he said. This year, tuition is \$2,952 for a family's first child, or \$5,040 per student for families who are not part of the parish.

"My concern is supporting my parents. I'm an advocate for them," Flaherty said. "I don't necessarily agree it will take money away from the state, especially when you consider it's supported by private donors."

Holy Family parents are asked to have some financial "skin in the game," and are encouraged to donate time or coaching skills when possible, he said. Flaherty pointed to near 100 percent attendance at parent-teacher meetings and conferences.

"When you compare what we pay, and what the tuition cost, there is not really a comparison," said Anaikur, who pays \$110 a month during the school year for her daughter to attend.

Anaikur heard about the scholarships after joining the St. Ambrose parish. At the time, one of her sons was enrolled in public school, and Anaikur was concerned about the lack of individual attention he received.

At Holy Family, if "one of my children didn't turn in the homework, right away I get the call," she said. "In the public school ... there isn't enough time to focus on all the students."

Anaikur also values the religious focus, and wants her children to learn to read and understand their faith in English.

"It's good to read your Bible and understand it," she said. "If you don't know anything about your religion, it's easy to be brainwashed and go to the other religion. But if you know your religion really good, you can convince the other person."