



School Choice is Essential, and Nebraska's Tax Credit is About as Freeing as it Gets

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Educational freedom – often reduced to “school choice” – is expanding nationwide, and Nebraska joined in last year with passage of the Opportunity Scholarship Act. This occurred, perhaps not coincidentally, as school districts and states all over the country were being racked by culture war. The need for freedom in education – self-determination that ends the necessity to defeat one’s neighbors politically to get what one believes is right for one’s children – has never been more clear. With the Opportunity Scholarship Act, Nebraska adopted an ideal vehicle for expanding such freedom: a tax credit, which empowers both families *and* funders to choose.

To provide a sense of the explosion of choice, in 2023 eight states adopted universal or nearly universal programs, “universal” meaning all students are eligible to receive choice dollars (though actual funding for all is not necessarily available). That occurred after 2021 saw 19 states create new or expanded choice. We’ve essentially seen a school choice revolution since the onset of the COVID-19 pandemic made clear that one size cannot fit all: Either schools are in-person or not. Have mask mandates or not. Teach what parents find morally acceptable or not.

Amidst this, Nebraska passed the Opportunity Scholarship Act, providing a credit on state income taxes for taxpayers who donate to scholarship-granting organizations. Compared to many other states the law is modest – capped at just \$25 million in total credits, 50 percent of a donor’s state tax liability, and limiting student eligibility by income – but a tax credit is the best basic grounding for freedom.

What is crucial about a tax credit, especially like Nebraska’s, is that it expands freedom not just for families, but funders as well. The former is obvious: Providing funding to families that they can take to many, different schools encompasses far more freedom than funding only a government-run school to which children are assigned based on their home addresses – a traditional public school. Freedom for funders is less obvious, but still very real. Instead of a voucher, in which government gives taxpayer dollars to families to spend on education they, but not necessarily many taxpayers, support, Nebraska’s credit lets taxpayers choose: *whether* to donate and *to whom*.

Also important, a tax credit does not involve state money, as the U.S. Supreme Court ruled in *Arizona Christian School Tuition Organization v. Winn* (2010). Money the state never takes is not state money.

This combination of funder and family freedom is ideal. First, because freedom maximization is inherently good – government is instituted to “secure the blessings of liberty.” Also, because it eliminates what some see as justification for choices being regulated with vouchers: taxpayers are being forced to fund family decisions that they might not like. Funder freedom insulates educators and families from freedom-curbing regulation.

Of course, school choice brings with it many goods beyond freedom: more specialized education to meet the needs of unique children, more competition to incentivize all schools to get better, and so on. But none of these secondary benefits are more important than freedom itself – enabling diverse families to freely seek the education they believe is best, and enabling educators to deliver the education they think is right.

With the scholarship tax credit program, Nebraska has extended freedom to families and funders, and that is best for everyone.

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