



education reform homepage

VA Senate Passes Scholarship Tax Credits

Bill Offers 65% Tax Credit, Capped at \$25 Million

February 20, 2012

The Virginia State Senate narrowly approved a bill that would provide tax credits for donations to K-12 scholarship funds. Senators were evenly divided along party lines, with 20 Republicans in favor and 20 Democrats opposed. Republican Lieutenant Governor Bill Bolling pushed the bill over the top with his tie-breaking vote.

"I am confident that Virginia will soon join a growing number of states that empower families to choose the best educational option for their child," Senator Mark Obenshain said after Friday's vote. "That's something that Republicans and Democrats should be able to agree on. We may not today, but we will. Mark my words, we will."

This was the first time, according to Obenshain, that any school choice measure cleared Virginia's Senate. The state's House of Delegates had passed various tax credit bills over the years, only to see them die in the Senate's Finance Committee.

Democrats lost control of the Senate last year, making possible Friday's passage of the tax credit bill. It was not, however, a foregone conclusion. Two Republicans, including Senate Majority Leader Tommy Norment, initially opposed the bill. Republican Governor Bob McDonnell, a tax credit proponent, was instrumental in persuading Norment to reconsider his opposition.

In order to win passage, the bill's Senate patrons had to offer two key concessions: a reduction in the tax credit itself as well as a sunset provision. As passed by the Senate, the tax credit is fixed at 65% and expires after five years. School choice advocates were hoping for a more generous credit. "I would like to see a 75% tax credit. I would really like to see an 85% credit," Obenshain explained. "But we couldn't do it."

In some respects, however, the Senate bill is more expansive than a rival House version. While the House bill includes a 70% credit, it is limited to corporations. The Senate proposal, by contrast, would apply to individuals as well as corporations. And the overall cap on the Senate-approved tax credit is \$25 million, while the House would limit credits to a cumulative \$10 million.

Robert Enlow, President of the [Foundation for Educational Choice](#), hailed Friday's vote as the latest in a national trend. "Virginia lawmakers concluded what Democrats and Republicans in 17 other states have long known: School choice helps parents obtain better learning environments for their children," he said.

For many in Virginia's education reform movement, Friday's victory was long overdue. "We finally have a chance for some real school choice in this state," said Chris Braunlich, Vice President of the [Thomas Jefferson Institute](#).

Chris Freund, Vice President of Virginia's [Family Foundation](#), echoed Braunlich's sentiment. "We've been advocating for school choice in Virginia for almost 25 years. This is the first time that any kind of substantive school choice bill has passed our state senate."

At least one reformer, however, was not convinced. Dan Schaeffer, a policy analyst for the [Cato Institute](#)'s Center for Educational Freedom, called the bill "a mockery of education reform." According to Schaeffer, the bill is flawed in three major ways: 1) A 65% tax credit is woefully inadequate; 2) The eligibility requirements are far too restrictive; and 3) The state superintendent is given arbitrary authority over the program.

Schaeffer fears that a bill so "anemic and ineffective" will serve as a roadblock to meaningful education reform. "It only constrains the issue of tax credits," he said Friday. "If I were determined to defend the status quo of education in Virginia, I would vote for this bill."

"No one in the school choice community is willing to say no," Schaeffer lamented. "If there's no basement below which you won't go to get something called 'school choice,' then what reason does anyone have to consider what you think is good policy or what your perspective is?"