

My Turn: Hassan is wrong on scholarship repeal effort

By Jason Bedrick February 19, 2013

In her budget address last week, Gov. Maggie Hassan pledged to repeal the nascent Opportunity Scholarship Act. The law grants tax credits to businesses that help low- and middle-income students afford independent and home

schooling.

If the governor's goal is saving money, as she claims, then she should oppose the repeal. The fiscal note prepared by the governor's own Department of Education states that repealing the law would actually cost the state half a million dollars over the next two years.

The law was designed to aid low- and middle-income families while saving money. The maximum average scholarship size is only \$2,500, significantly lower than the more than \$4,300 that the state allocates for each public school student, and vastly lower than the total public school spending figure of \$15,758 per pupil. Moreover, businesses receive tax credits for only 85 percent of their donations, so even assuming the maximum average scholarship size, the state saves nearly \$2,200 whenever a student switches out of the public school system – and the savings for local taxpayers are far larger.

The Josiah Bartlett Center for Public Policy estimates that the law would save the state \$8.3 million over the next four years. A repeal would eliminate those savings and increase costs.

High-income families already have school choice. They can afford to live in communities that have high-performing public schools or to send their children to independent schools. Low-income families have few, if any, choices besides their assigned local public school.

On the 2011 New England Common Assessment Program mathematics exam, eighth-grade public school students in Bedford and Windham scored 84 percent and 89 percent proficient and above respectively compared to 55 percent in Claremont and 42 percent in Stratford. Unsurprisingly, the median household income is \$121,452 in Windham and \$114,681 in Bedford compared to \$41,721 in Claremont and \$33,571 in Stratford.

But even in high-performing districts, we should not expect that any one school is capable of meeting all the needs of all the students who live nearby. Not all children thrive in the traditional classroom environment. Some students need extra support academically, socially or emotionally. Traditional public schools may work well for most children, but there is no school that is right for all children.

The overwhelming consensus of randomized controlled studies, the gold standard of social science research, have demonstrated that students attending schools of their choice perform as well or better than their public school peers. Moreover, a study of Florida's scholarship tax credit program also found a modest improvement in the academic performance of public school students in response to the increased competition.

Hassan also errs in her claim that the law "diverts taxpayer money" because she confuses private donations with government expenditures. In response to a challenge to Arizona's scholarship tax credit law, the U.S. Supreme Court ruled in 2011 that contributions to charitable organizations are private funds, whether or not they qualify for a tax credit or deduction.

The court held that the plaintiffs' argument improperly "assumes that income should be treated as if it were government property even if it has not come into the tax collector's hands." Every state court to consider a challenge to similar scholarship tax credit laws has ruled likewise.

Accepting the governor's reasoning would require holding that the federal deduction for charitable contributions "diverts taxpayer money" to churches and non-profits. As the Arizona Supreme Court noted, this tortured logic implies that "all taxpayer income could be viewed as belonging to the state because it is subject to taxation by the legislature."

The Opportunity Scholarship Act empowers low-income families to choose the education that best meets the individual needs of their children. In the process, the state saves money. If passed, the governor's hasty and ill-considered repeal would harm low-income children and taxpayers. It's hard to say whose interests the governor thinks she's serving, but it's certainly not going to help those kids and taxpayers to take away this promising and entirely voluntary option.

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