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## **SC budget advisers: School choice could cost \$133M**

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Budget advisers say private school choice would eventually cost the state \$133 million, not save money as advocates predict, but the new information didn't stop legislators Wednesday from advancing the measure to use tax credits to help parents send their children to private schools.

After several meetings, a Senate panel voted 5-1 to move the debate to the full Education Committee. The vote did not signify the subcommittee approved the bill.

Still, supporters called the move a victory.

"The closer we get to an up-or-down floor vote, the more excited we get," said Neil Mellen, spokesman for South Carolinians for Responsible Government, which has pushed the idea since its 2003 creation. "The further down the road we go the better."

The idea has died repeatedly in the Republican-controlled Legislature since former Gov. Mark Sanford rolled out the first plan in 2004. Sen. Phil Leventis, a Sumter Democrat and opponent, argued the latest version needed further study in subcommittee, particularly after the state's chief economist had time for only cursory remarks on an inch-thick report.

But Sen. Wes Hayes, the panel's chairman, said senators know where they stand on an issue that keeps resurfacing in the Legislature.

Advocates say it's about empowering parents to select the school that's best for their child. Opponents say taxpayer money should not be directed to private schools, which don't have to accept all students.

The basics of the latest proposal are the same: Parents who can afford to foot the tuition upfront could claim a credit on their state income taxes, while poor parents could apply for a scholarship for their child. The people and businesses that donate toward those scholarships take the tax credit. Homeschoolers could also take a \$1,000 credit toward the cost of instructional supplies.

Significant changes include eligibility and that the tax credit or scholarship amount varies by district a re-tooling that advocates said would save taxpayer money and prevent districts from taking a hit.

The maximum amount would be half of whatever the state spends on a public school student in that district, which statewide would average \$2,417 next school year.

Only parents of students entering kindergarten or transferring out of public school could initially benefit. Parents of children already in private school could not get a tax break for several years, and then only a reduced credit, projected in the report to be \$400 in 2014-15.

Budget advisers estimate the measure would save the state \$2.1 million in the first year, but cost \$6 million in the second, as revenue lost due to tax credits exceeds how much the state would save with fewer students to pay for in public schools. The state's net loss would increase yearly to \$133.4 million in 13 years, when all students would be eligible.

Districts would receive an estimated \$66 million less from the state initially, and \$115 million by 2023-24, the report said.

Advocates question those figures.

Andrew Coulson, an education director of the Washington-based Cato Institute, said he predicts far more students will transfer from public to private schools, meaning the state will dole out less to districts. He and South Carolinians for Responsible Government also contend the report doesn't estimate any savings to districts for educating fewer students.

"Districts do reduce spending when enrollment goes down," said Coulson, with the group that advocates for limited government and free markets, which could work up a separate report on the bill's impact.

He said eight states nationwide have similar tax credit and scholarship programs for private schools, though South Carolina's tax credit would be smaller. All of those programs cap the number of students who can participate, and at least one tailors its program to poor students, so he could not reference another state as an example for his student transfer estimate.

Leventis said he found it ironic that a group that advocates for free markets is pushing for government subsidies of private education.

Harry Miley, testifying on behalf of public school groups, said districts will only see marginal savings, noting they won't see entire classrooms transfer. If that happened, then there would be noticeable savings, he said.

"If two students leave a classroom, the cost to the school district doesn't change that much," said Miley, former chairman of the Board of Economic Advisors under two Republican governors.

He urged for more analysis of a bill estimated to reduce state revenue to districts by more than \$1 billion over 13 years.

A House subcommittee took testimony later Wednesday from opponents of the measure. In its second meeting on identical legislation, panelists grilled those testifying, including a high school teacher who said his school lost 40 teachers last year due to budget cuts.

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