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School tax credit battle is back

Panel moves school choice bill to full Senate

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The Legislature's fight is on over whether to grant tax credits to parents who send their children to private school.

And new questions are being raised on whether the tax credits plan would financially help or hinder local school districts.

A new report from the state's budget advisers says the tax credits would eventually cost the state \$133 million annually. Bill proponents say that dollar figure is wrong.

Despite the disagreement, the bill advanced Wednesday. A subcommittee of senators, split on the issue, voted to move it on to the full Senate Education Committee for debate.

A House subcommittee also discussed the bill Wednesday but did not take a vote. They are expected to do so next week.

School choice bills have become a regular occurrence in South Carolina since the first one was rolled out in 2004 by then-Gov. Mark Sanford. Gov. Nikki Haley has indicated she would sign into law one that makes it to her desk.

This year marks the fourth attempt by school choice advocates, headed by South Carolinians for Responsible Government, to get one through a Republican-controlled Legislature starkly divided on whether it would improve the state's education system.

This year's bill would provide state income tax credits to parents who send their children to private schools. Parents who home-school their children could also take a credit of up to \$1,000 annually to offset school supplies they purchase. Poor kids could apply for scholarships to pay for their private school tuition. Individuals and businesses would make donations to fund those scholarship programs and, in return, receive state tax credits.

Bill advocates say this year's retooled bill will not only give parents the much-needed right to choose the school that best fits their students' academic needs but will also improve the quality of public schools, forced to compete with private schools for students.

"This is matter of parental liberty and justice," said Kathleen Carper, president of the S.C. Association of Independent Home Schools who home-schools her children. "When you must send your child to a school that does not meet that child's needs, that is wrong."

Critics of the bill say it's just another attempt to siphon money away from cash-strapped public schools and send it to private schools who can pick and choose which students they want to accept.

School Choice

Here's a look at a school choice bill being debated in House and Senate committees:

- South Carolinians who send their students to private schools would be eligible for a tax credit equal to half of the amount the state spends on a public school student in that district. This school year, that would range from nearly \$1,800 to nearly \$4,700. Parents of home-schooled students could receive a \$1,000 annual tax credit to offset instructional supplies.
- Poor students — students who qualify for Medicaid or receive free/reduced lunch — would receive scholarships also limited in size to half of the state's per-student funding level in their local public school. Individuals, organizations and businesses would fund the scholarships by making donations and receiving a tax credit in return.
- Tax credits for parents would be phased in. Parents of students in kindergarten would be eligible for the tax credits next school year as would parents who transfer their students to private schools from public schools. Parents who already send their students to private schools would not be eligible for tax credits until 2015 and would only receive a reduced tax credit of about \$400.

Jeff Collins, a Richland 2 teacher, told House subcommittee members Wednesday, about increasing class sizes in his district, programs being eliminated and teachers losing their jobs because of state budget cuts.

"I urge you not to take money out of public schools and give it to private schools at taxpayers' expense," Collins said.

A new report by state budget advisers, released Wednesday, found the tax credit plan would, long term, be a financial drain for the state.

While the state would save more than \$2 million in the bill's first year of implementation, it would cost \$6 million the second year as the state loses money because of the tax credits. By 2023-2024, the state's loss would be more than \$133 million, according to the report.

School districts would also receive less money from the state — \$66 million the first year and \$115 million by 2023-2024, according to the report.

Bill advocates say the report makes several broad assumptions that are not accurate. Also, they say the report does not take into account money local school districts will save when some of their students transfer to private schools.

"The local school districts will be saving large amounts of money over time," said Andrew Coulson, an education policy expert with the Washington D.C.-based CATO Institute, who spoke on behalf of the bill at the Senate meeting. "Research shows that districts do reduce spending when enrollment goes down."

Under the bill, the maximum tax credit parents receive would be half of the amount the state spends on a public school student in that district. (Districts receive different amounts from the state based on their local property values and student populations.)

The statewide average tax credit would be \$2,417 next school year.

Under the bill, school districts will continue to receive part of their current per-student state money after some students have left the public school for a private one. Federal and local school funds would not be impacted.

But Harry Miley, former chairman of the state Board of Economic Advisors who spoke against the bill during Wednesday's Senate subcommittee meeting, said the savings to school districts would be minor.

"If you have a class of say 22 students and two students or four students leave (to go to a private school), the school district does not save (much) money," Miley said.

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