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Betsy DeVos Backs \$5 Billion in Tax Credits for School Choice

Erica Green

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Education Secretary Betsy DeVos on Thursday pitched a \$5 billion federal tax credit that would fund scholarships to private schools and other educational programs, throwing her weight behind what will be a difficult legislative undertaking to fund the Trump administration's signature education initiative.

Ms. DeVos will join Republican lawmakers in championing legislation that would allow states to opt into a program that provides individual and corporate donors dollar-for-dollar tax credits for contributing to scholarship programs that help families pay private-school tuition and other educational expenses. The federal program mirrors those already operating in more than a dozen states, like Arizona and Florida, where money flows to nonprofit organizations that fund private-school vouchers for low-income students. But the program would also allow states the flexibility to fund other programs, like apprenticeship, dual enrollment, after-school and remedial programs.

In an announcement Thursday, Ms. DeVos called it a "bold" proposal that gives "hundreds of thousands of students across the country the power to find the right fit for their education."

"The biggest winners will be America's forgotten children, who will finally have choices previously available only for the rich, the powerful and the well-connected," she said.

While the program is meant to offer a more politically palatable alternative to budgetary proposals by the Trump administration to create a national voucher program by diverting federal funding from public schools, public school advocates denounced it as a backdoor way to generate voucher dollars if states choose to primarily use the program for private school tuition scholarships.

JoAnn Bartoletti, the executive director of the National Association of Secondary School Principals, called the proposal "particularly tone deaf" as school leaders across the country struggle to retain teachers who are fed up with low pay and declining work conditions.

"Mobilizing behind a scheme to further starve public schools and nine in 10 American students of the resources they need is not only unresponsive but insulting, and it reflects this administration's persistent disdain for public education," she said.

The proposal also worried conservatives and Ms. DeVos's school choice allies, who believed it amounted to federal overreach.

The Heritage Foundation, which has advocated several voucher policy initiatives, said the program could invite further regulations, impede further tax overhauls and was out of the federal government's jurisdiction.

Neal McCluskey, the director of the Center for Educational Freedom at the libertarian Cato Institute, said the proposal sought to "skirt the control problem" by making it optional and swapping vouchers for tax credits, but still invited federal encroachment.

"The credit would spur people to demand their states participate, and as more schools benefited from federally connected scholarships, all schools would be financially pressured to use them," he said in a statement.

Under the program, individuals would be allowed to contribute up to 10 percent of their adjusted gross income, and they would be able to give to any program in the country. Businesses would be allowed to give up to 5 percent of their net taxable income. States would have full discretion to determine the programs and students eligible for the scholarships.

Senator Ted Cruz, Republican of Texas, and one of the sponsors of the legislation, the Education Freedom Scholarship and Opportunity Act, said the program respected both federalism and public education. He also said he believed that the program would help public schools because their programs would be eligible for the funds. Competition, he said, helps them improve.

"This legislation doesn't take one penny from any public school in America," he said. "What it does is add \$100 billion worth of new pennies to create scholarships and expand opportunities."

Representative Bradley Byrne, Republican of Alabama, will sponsor the legislation in the House, and said it answered President Trump's call in his State of the Union address to "pass school choice for America's children."

"This is the way Washington should get involved in education matters," he said.

Congressional Democrats swiftly rejected the legislation as a nonstarter.

Representative Robert C. Scott, a Virginia Democrat who is chairman of the House Education Committee, said Democrats were spending their energy on issues like reversing what he called the chronic underfunding of public schools.

"House Democrats will not waste time on proposals that undermine public education," he said.

In a statement, Senator Patty Murray of Washington, the senior Democrat on the Senate Education Committee, called the proposal "dead on arrival."

"Secretary DeVos keeps pushing her anti-public school agenda despite a clear lack of support from parents, students, teachers and even within her own party," Ms. Murray said. "Congress has repeatedly rejected her privatization efforts, and she should expect nothing less here."

On hand at the announcement Thursday were students who flourished in schools they attended with vouchers or tax credit scholarships.

"While education freedom changed my life, there are many, including some of my friends and family members, who are continually denied that right," said Walter Banks, who participated in the Ohio scholarship program and is now enrolled in college. "I still go and visit some of the

people that I grew up with, in prison, and we talk about some of the things we used to do, but because of a proper education I was able to escape that fate.”

Sam Myers, who has Down syndrome and also graduated from a private school through Ohio’s program, said, “School choice helped my dreams come true.”

“I have a job, I do things with my friends and family because of the skills I learned,” Mr. Myers said.

Mr. Cruz said he anticipated a political fight. He said he hoped to tap Democratic constituencies like blue-collar unions that are invested in issues like work force development with an additional \$5 billion in the bill that would fund similar scholarships for adult programs. He also promoted a last-minute amendment he proposed to the federal tax law passed by Congress in 2017 that expanded 529 college savings plans to cover expenses for private primary and secondary education. The amendment required a late-night, tiebreaking vote from Vice President Mike Pence.

Carl Davis, the research director for the Institute on Taxation and Economic Policy, noted that the new tax credit would be extremely generous in providing a 100 percent tax break, especially because the new tax law eliminated some incentives for charitable giving. “Now they want to put a supersized one back into the code,” he said, “but only if you donate to the cause they’ve cherry-picked for you: private K-12 schools.”