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Tax credits, not vouchers, are keeping school choice a viable option

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Editor's note: Gordon Meriwether's column will resume July 9.

Many school choice supporters are discouraged after having suffered a series of setbacks on the voucher front, ranging from the loss of Utah's nascent voucher program last year to the recent death sentence handed to the D.C. Opportunity Scholarship program. A rambling and inaccurate article in the normally supportive City Journal got the chorus of naysayers rolling more than a year ago with the cry "school choice isn't enough."

The bright spot for vouchers in recent years has been the success of special-needs programs. Yet the Arizona Supreme Court ruled recently that school vouchers for disabled and foster children violate the state constitution, which forbids public money from aiding private schools.

Naturally, the pessimists and opponents of choice are forecasting the death of the voucher movement. They're wrong, because there never was a voucher movement to begin with. It has always been movement for educational freedom, and it is still going strong.

Over the past several years, there has been a gradual shift in focus from vouchers to an alternative mechanism: education tax credits. Illinois, Minnesota and Iowa already provide families with tax credits to offset the cost of independent schooling for their own kids. Florida, Pennsylvania, Arizona and three other states provide tax credits for donations to nonprofit scholarship organizations that subsidize tuition for lower-income families.

The fundamental difference between these programs and vouchers is that while vouchers use public money, credits do not. Credits are targeted tax cuts, and no public dollars are spent with them. That single distinction is the reason Arizona's Supreme Court struck down two voucher programs in March, but upheld the state's scholarship donation tax credit program in 1999.

In fact, tax credit programs have withstood every lawsuit raised against them. Since 1995, seven tax credit programs have been passed and all are still in operation. Four voucher programs (in Florida, Colorado and now two in Arizona) have been struck down by the courts in that same time.

This does not mean that credits are invulnerable. Arizona credits just received a temporary setback from the

9th Circuit Court of Appeals that is sure to be reversed by the U.S. Supreme Court, as is the case with so many other 9th Circuit Court decisions. Vouchers have certainly enjoyed some important legal victories, but vouchers' use of government funds opens them up for attacks to which credits are far less susceptible.

Credit programs have not simply survived, they have thrived. Scholarship donation programs now support more than three times as many low-income children as do voucher programs, though they are generally of more recent vintage. Direct K-12 education tax credits are benefiting hundreds of thousands of families, albeit in more modest dollar amounts.

However, these are not the only reasons that supporters of educational freedom have increasingly begun to favor credits over vouchers. Credits better preserve the autonomy of independent schools, and they extend choice and accountability to taxpayers as well as parents. Taxpayers get to choose to participate in credit programs as well as pick the recipient organization for their funds if they do. In addition, credits command increasingly bipartisan political support.

So while advocates of educational freedom regret that vouchers have been under heavy fire in many states, tax credit programs can be created or expanded to accommodate the children formerly served by vouchers.

Schaeffer is an adjunct senior fellow with the Education Reform Initiative at the Virginia Institute for Public Policy, and a policy analyst at the Cato Institute's Center for Educational Freedom.

Reader Reactions

Posted by (Questioner) on June 25, 2009 at 10:19 am

The bigger lie is calling this issue "choice." Vouchers and tax credits are not about expanding parents choices, it's about getting the rest of us to subsidize (through our taxes) their private choices.

It's an odd position for someone who claims to be a libertarian to take. (Adam's day job is at the Cato Institute.) I thought they were all about individual responsibility. So if you want private school for your kids, go for it. Just get your hand out of my pocket.

And for those of you who are going to jump in and say you're just getting your own money back, guess again. That's not how our tax system works. If it were, I'd get back all my money that's been wasted on two wars I never wanted. We pay taxes as the price of living in a civilized society, and elect folks to make decisions about how it should be spent. We have decided that we all benefit from making sure everybody else's kids get a good education. (Ponder for a moment the consequences if it were every family for themselves before you reject that.) So our elected representatives then allocate our money to support a public school system that's supposed to achieve that objective. If it's failing to do that, then we need to figure out where the problem is and fix it - not abandon it and the children who are counting on us.

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Posted by (rjma) on June 25, 2009 at 8:11 am

"School Choice" is probably the most dishonest term in the public sphere today. Surely the purveyors of it are proud of themselves. After all, who could object to "choice"?

And to say that tax credits don't use any tax money is equally dishonest. Of course it does. It is money that would otherwise be available to the public.

Funny too how the writer never mentions the word religion. After all, that is exactly what the goal is. To use

public money to help promote religion. Well not every private school is religious, but the majority are.

So quit using this dishonest terminology and say what you really mean.

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