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## Expanded tax credits best benefit education reform COMMENTARY Adam B. Schaeffer

THE PENNSYLVANIA House recently passed a significant expansion of the state's education tax credit program, which allows businesses to claim a tax credit for donations to scholarship funds for low-income children. It already supports choice for more children than any other program in the country, and this legislation will double the available funds. The program is so popular and successful, only four percent of legislators voted against expanding it.

While education tax credits command nearly unanimous support, the Senate's voucher bill is proving divisive for both lawmakers and voters. Senate Bill 1 expands the credit program, but also creates a large new voucher program.

Vouchers and tax credits differ in important ways, and Pennsylvanians deserve to have their representatives consider them one at a time.

The recent U.S. Supreme Court ruling in *ACSTO v. Winn* highlights crucial differences. Vouchers are grants of government funds, while tax credits are private funds. And only an expanded education tax credit program would respect the values and preferences of taxpayers by giving them control over how their education dollars are spent.

In upholding an education tax credit program in Arizona, the Court held that money spent as a credit against one's taxes is private money, not government spending like education vouchers. Other taxpayers aren't harmed by the choice of those claiming credits, because the government isn't spending collective tax revenue.

As [Justice Kennedy](#) explained, "a dissenter whose tax dollars are 'extracted and spent' knows that he has in some small measure been made to contribute to an establishment in violation of conscience.... (By contrast,) awarding some citizens a tax credit allows other citizens to retain control over their own funds in accordance with their own consciences."

A taxpayer challenging a voucher program would have standing under this decision. The Court would be forced to recognize, in the words of the majority, that the plaintiff "has in some small measure been made to contribute to an establishment in violation of conscience" and therefore had standing in court to proceed with the litigation.

At the state level there are greater threats to voucher programs.

In 2009, Arizona's Supreme Court ruled that voucher programs for disabled and foster children violated a state constitutional ban on aid to private schools because it was an expenditure of government funds. That same court previously upheld a state tax credit program because they aren't government funds. The status of vouchers as government money was key to the decisions overturning Colorado's voucher program in 2004 and Florida's in 2006.

Many other states have constitutional language and legal precedents that are likely to render voucher, but not tax credit, programs unconstitutional. And more than thirty states look hostile or uncertain on these grounds, including Pennsylvania.

Where voucher programs have been passed and still survive, they are more highly regulated because they use government, rather than private funds.

Taxpayers, after all, are compelled to finance in some small part all choices made under the program. The impulse to constrict those choices is therefore stronger and the rationale more persuasive.

Only education reform through tax credits can expand freedom for everyone; children, parents, and even the too-often overlooked taxpayers who foot the bill.

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