



SPREADING THE NEWS

FOR IMMEDIATE RELEASE: December 16, 2008

CONTACT: Jon East, 813-258-2700 x232, 727-420-6993, jeast@stepupforstudents.com
Jillian Metz, 813-258-2700 x231, 727-492-1213, jmetz@stepupforstudents.com

OPPAGA says scholarships save taxpayers \$39-million per year

TAMPA — A state research agency declared today that Corporate Tax Credit Scholarships for low-income students saved Florida taxpayers \$38.9-million last year. The report from the Office of Program Policy Analysis and Government Accountability (OPPAGA) marks the third straight independent analysis to declare that the program, passed into law in 2001, saves money for public education.

“We welcome OPPAGA’s findings,” said John Kirtley, Chairman of the Florida School Choice Fund and the Tampa businessman who helped create the program. “We certainly want taxpayers to know we are saving them money, and we hope that our partners in public education benefit from our savings. That said, our greater priority remains to provide the best possible education options for low-income children who have so few. We’re all judged by how well we provide for the least among us.”

The Tax Credit Scholarship program currently serves 23,234 students from households whose income meets federal guidelines for free and reduced lunch. OPPAGA was asked to determine the “net state fiscal impact” of expanding the program, and the report answered the question in its title: “The Corporate Income Tax Scholarship Program Saves State Dollars.” The reason for the savings is that the students receive scholarships to private schools that cost less than the amount the state would spend on the student in a public school. In 2007-08, according to OPPAGA, the average scholarship cost was \$3,412 as compared to a state cost of \$6,106 in public schools. The report estimated that at least 90 percent of the students currently on the scholarship would otherwise attend public schools.

The result, according to OPPAGA, is that for each \$1 lost through corporate tax credits, the state saves \$1.49 in general revenue.

“While the program reduces the amount of corporate tax revenues received by the state, it produces a net fiscal benefit,” the report stated. “This occurs because state education spending for students who receive scholarships is reduced by more than the amount of revenue lost.”

The Tax Credit Scholarship program was expanded in May by a strong bipartisan majority in the State Legislature that included a third of all Democrats, more than half the Black Caucus and all members of the Hispanic Caucus. Under the program, corporations can receive a dollar-for-dollar state income tax credit for money they contribute to state-approved scholarship funding organizations that then provide private school scholarships or transportation scholarships to out-of-district public schools.

- MORE -



Lawmakers raised the program cap this year from \$88-million to \$118-million and the scholarship limit from \$3,750 to \$3,950.

As the OPPAGA report noted, 64 percent of the participating students last year were African-American or Hispanic, and the average household of four income was \$25,543. Because the tuition reimbursement falls short of the average tuition rate at the roughly 950 participating schools, these same low-income families paid, on average, \$1,000 out of pocket to make up the difference.

Two previous examinations of the financial impact of Corporate Tax Credit Scholarships arrived at similar conclusions:

2003: Florida TaxWatch forecast a savings of \$25.6-million for 2003-04 and said the program would help alleviate the state's financial burden in reducing public-school classroom sizes. The report urged the Legislature to expand the program and argued that the greatest savings would come from reduced capital expenditures for new classrooms. It concluded: "The CIT Credit for Scholarships Program extends school choice statewide to children from low-income families, reduces overall the funding required to operate public education, and decreases public education expenditures, both relative to classroom space and teacher staffing requirements."

2007: The Collins Center for Public Policy issued a broad-ranging analysis that reported \$139.8-million in savings in the three-year period ending in 2004. It concluded: "The Corporate Income Tax Credit Scholarship Program did not have a negative impact upon K-12 General Fund Revenues for public education. In fact, K-12 General Fund revenues increased over \$2-billion during a three-year period while the state accrued \$139.8-million in actual revenues by saving the difference between the value of the \$3,500 scholarship and the value of K-12 per pupil revenue. These savings would allow the state to increase per pupil spending by an average of \$17.92 per year for the 2.6-million children in the public schools during this period."

Doug Tuthill, President of the Florida School Choice Fund and a former teachers' union president, said of the report: "OPPAGA makes a valuable point about how our program is a financial benefit for public schools, and I would hope this finally puts to rest the concerns that Corporate Tax Credit Scholarships somehow undermine public education. I have spent much of my career in public education, and we are partners in the pursuit to give all low-income students the kind of learning options they need to succeed."

The report is available online at: <http://www.oppaga.state.fl.us/>.

###