



Tax Credit Scholarships: SB 542 & HB 1184

Education is a parent's serious duty. Schools do not replace parents, they complement them. - Pope Francis

Bill Summary

The purpose of this parental choice bill is to enable lower income parents to access educational choices through scholarship opportunities. Essentially, a Tax Credit Scholarship lets Texas insurance companies invest in the future of Texas by receiving an insurance premium tax credit from state taxes when they contribute to a nonprofit scholarship fund that awards K-12 scholarships to students with financial and academic need. These scholarships defray educational costs so parents can choose the best education for their children, in either public or private schools.

A tax credit scholarship works when insurance companies donate a portion of their tax liability to a qualifying nonprofit scholarship granting organization; the nonprofit scholarship organization then distributes scholarships to children who wish to enroll in private school or seek additional educational support services while remaining in public school. The children then use that scholarship to pay for a portion or all of their education.

This bill is NOT a voucher; there is no direct appropriation in the bill. It is simply a tax credit, just like state and federal governments have used for years to promote positive public policy. Every year, millions of Americans take advantage of tax credits to pay for their children's college tuition, for their child care expenses, for an Earned Income Tax Credit for low-income families, and countless other useful programs. Unlike vouchers, the courts have upheld that parental-

choice tax credits are not "public money."

This program is proven. It has been in place in Florida and Pennsylvania since 2001, and total there are 17 states that have adopted this program based on its proven success.

Because the scholarship amounts are for significantly less than the amount that the state is currently spending on education per student, there is an overall savings to the state. The Tax Credit Scholarship Program in Florida has saved over \$2 billion in state spending since its inception.

In addition to the state savings, local school districts maintain all of their local tax base yet will have fewer children to educate. Because the Texas program is capped at \$100 million, it is estimated that between 15,000 and 18,000 students will be able to participate, which is less than current enrollment growth in the Texas public school system, which adds about 80,000 new students each year.

Private schools in Texas strongly support this program and are ready to implement it. They have the capacity to implement it now, without opening new schools.

Student Eligibility

To qualify for the program, all students must have attended public school in the preceding academic year or be entering Kindergarten for the first time. In addition, families must meet one of the following eligibility criteria:

- Family income at or below 200% of free and reduced

