

Tax Credits and Deductions

The Texas Catholic Conference **supports tax credits or tax deductions for educational expenses.**

Currently, parents who choose to enroll their children in private schools are still required to pay into a state education system, yet they receive no assistance for their children to attend private schools. Creating a tax credit or deduction for these parents helps curb the cost of enrolling a child in private school and helps recognize and support the right of a parent to choose the appropriate educational setting for his or her child.

A Texas Bishop Speaks:

"Local or federal authorities have a responsibility to find creative ways to offer to low-income families the possibility to choose the best educational environment for children. Allowing Texas businesses to invest in their future workforce through tax credits for educational donations is one step in improving educational opportunities for all."



-Bishop Kevin Vann, Diocese of Fort Worth

Church Teaching

- ★ Parents have the right to freely choose schools or other means necessary to educate their children in keeping with their convictions. Public authorities must ensure that public subsidies are so allocated that parents are truly free to exercise this right without incurring unjust burdens. Parents should not have to sustain, directly or indirectly, extra charges which would deny or unjustly limit the exercise of this freedom. (*Holy See, Charter of the Rights of the Family*)
- ★ All men of every race, condition and age, since they enjoy the dignity of a human being, have an inalienable right to an education that is in keeping with their ultimate goal, their ability, their sex, and the culture and tradition of their country, and also in harmony with their fraternal association with other peoples in the fostering of true unity and peace on earth. For a true education aims at the formation of the human person in the pursuit of his ultimate end and of the good of the societies of which, as man, he is a member, and in whose obligations, as an adult, he will share. (*Pope Paul VI, Declaration on Christian Education*)
- ★ Parents have the right to educate their children in conformity with their moral and religious convictions, taking into account the cultural traditions of the family which favor the good and the dignity of the child; they should also receive from society the necessary aid and assistance to perform their educational role properly. (*Holy See, Charter of the Rights of the Family*)
- ★ Parents who have the primary and inalienable right and duty to educate their children must enjoy true liberty in their choice of schools. Consequently, the public power, which has the obligation to protect and defend the rights of citizens, must see to it, in its concern for distributive justice, that public subsidies are paid out in such a way that parents are truly free to choose according to their conscience the schools they want for their children. (*Pope Paul VI, Declaration on Christian Education*)

Resources

- ★ **National Catholic Education Association (NCEA)** The NCEA provides leadership and service to American Catholic Educators (www.NCEA.org)
- ★ **The Freidman Foundation for Educational Choice:** Freidman Foundation offers a complete list of what each state offers in school choice and tax credit programs. (www.edchoice.org/School-Choice/School-Choice-Programs.aspx)

The Texas Catholic Conference (TCC) is the association of the 15 Roman Catholic dioceses of the State of Texas, and is the Official Public Policy Voice of the Catholic Bishops of Texas.

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Tax Credits and Deductions for Education

Tax Credit or Education Expense Deduction Programs

The Texas Catholic Conference supports the right of parents to freely choose which schools their children attend. We therefore support tax credit or education expense deduction programs which defray the costs of education for parents who satisfy the state's compulsory education requirements by enrolling their children in private elementary and secondary schools. Introducing more competition into K-12 education in Texas would significantly improve public high school graduation rates. Competition provides a compelling and cost-effective method for improving the productivity of public schools, and would bring about a large reduction in the public costs associated with dropouts.

Other states, including Arizona, Florida, Georgia, Iowa, Indiana, Louisiana, Minnesota, Pennsylvania, Rhode Island, and Illinois offer tax credit programs to defray the costs of private education. These programs vary from personal tax credits to parents of children in public, private, or parochial schools, capped credits for families which cover tuition, books and fees, and corporate income tax credits for corporations that contribute to scholarship funding organizations.ⁱ

The Florida Tax Credit Scholarship Program saved the state of Florida \$36.2 million in Fiscal Year 2008-09.ⁱⁱ

While the Florida Tax Credit Scholarship Program reduces the amount of tax revenues received by the state, it produces a net fiscal benefit. This occurs because education spending for students receiving scholarships is reduced by more than the amount of revenue lost. The scholarship funding organizations collected \$82.2 million in contributions. The combined total of Fiscal Year 2008-09 contributions and contributions carried forward from the prior year was enough to fund 21,219 scholarships at the maximum amount of \$3,950 per student. The Florida Legislature Office Of Program Policy Analysis and Government Accountability estimates that 95% of these scholarships went to students who would have attended public school if not for the scholarship, avoiding \$118.4 million in education spending through the Florida Education Finance Program (FEFP).

Florida Tax Credit Programⁱⁱⁱ:

The Florida Tax Credit (FTC) Scholarship Program was established in 2001 to encourage private, voluntary contributions from corporate donors to non-profit scholarship funding organizations (SFOs)

Education Savings	
Number of Scholarships funded at maximum of \$3950 per student	21,2019
95% of scholarships (recipients who would have attended public school)	20,159
Savings per Scholarship	\$5,872
Total Educational Savings	\$118.4 million
Revenue Lost in Forgone Taxes	\$82.2 million
Net Savings to State of Florida	\$36.2 million

that award scholarships to children from low-income families. The program has since been expanded to include credits against the insurance premium tax for contributions to eligible non-profit SFOs, credits against severance taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine, and spirits beginning in the 2010-11 school year. A corporation can receive a dollar-for-dollar tax credit up to 75% of its state income tax liability. The maximum amount the state may award is \$140 million in credits for the 2010-11 fiscal year.

Scholarship Funding Organizations (SFOs) are responsible for the receipt and distribution of contributed funds to eligible students attending participating Florida private schools. Scholarships are awarded to low-income students to attend a private school or assist with transportation costs to attend a public school in an adjacent district. In 2010-11, the scholarships to attend an eligible private school will be worth \$4,106 for private school tuition and fees. During the 2009-10 school year, scholarships of \$106 million were awarded to a total of 28,927 students enrolled in 1,033 participating Florida private schools. Participation in 2009-10 reflected an enrollment increase of over sixteen percent (16%) from the 2008-09 school year.

(Last updated September 10, 2010, 82nd Legislative Session)

ⁱ The Friedman Foundation for Educational Choice. www.edchoice.org/School-Choice/School-Choice-Programs.aspx 16 August 2010.

ⁱⁱ Office Of Program Policy Analysis and Government Accountability. **Florida Tax Credit Scholarship Program Fiscal Year 2008-09 Fiscal Impact Memo.** www.floridaschoolchoice.org/information/ctc/files/OPPAGA_March_2010_Report.pdf. 10 September 2010

ⁱⁱⁱ Florida Tax Credit Scholarship Program Fast Facts: www.floridaschoolchoice.org/Information/CTC/files/ctc_fast_facts.pdf. 10 September 2010.