



## MIRS Capitol Capsule

*"If you don't read us, you just don't get it!"*

News And Information About Michigan Government

### Mackinac Center Pitches Tuition Tax Credits

(SALT LAKE CITY) - The Mackinac Center's Joe LEHMAN told attendees at the National Conference of State Legislatures (NCSL) conference today that if they liked school vouchers, they'd love "universal tuition tax credit," which he framed as an even better school-choice alternative.

Speaking at the panel discussion "Vouchers or Tuition Tax Credits: Which Is The Better Choice for School Choice?" Lehman laid out the case for tuition tax credits, a way for private industry to donate to a poor child's education in a charter school or private school in exchange for a tax break.

But Michael Ogletree, of the Florida Education Association (FEA), said his home state is trying both vouchers and tuition tax credits and both are spinning into becoming unequivocal disasters, both ripe with abuse stemming from a lack of sufficient public accountability.

Lehman supported his statements with a Jan. 1997 Mackinac Center study authored by Patrick ANDERSON, Richard McLELLAN, Gary WOLFRAM and the late Joe OVERTON. He said tuition tax credits have a slight advantage over vouchers for a number of reasons, not the least of which is that they can better stand up in court.

The Arizona Supreme Court ruled that giving a corporation a tax break for donating to a cause, albeit some form of private education, is not government spending. Scholars across the board agree that tuition tax credits face fewer legal barriers than vouchers, Lehman said. If you pass it, they will sue, Lehman warned, but tax credits aren't actually taking state dollars and putting them into Christian or for-profit schools, which makes it more defensible in court.

The other advantage is that people and businesses that donate to education through tuition tax credits feel a connection to the program. They want to know that because of their money,

some child somewhere is getting a better education. That private interest doesn't happen through vouchers unless the child's parent is on the scene, which often times isn't the case, Lehman said.

As far as the state is concerned, both vouchers and tuition tax credits save taxpayers money because the cost of charter schools or private schools often are less than what the state ends up paying for public education, Lehman continued. With tuition tax credits, however, contributors get the added bonus of picking which institution they wish to support.

Contrary to what opponents claim, supporters of these alternative education devices say there is no fraud associated with either vouchers, which voters in Michigan overwhelmingly shot down, or tuition tax credits. Parents of college and pre-schoolers benefit from similar programs without problems.

"No one has yet to explain to me why thieves will be more attracted to K-12 education than pre-school or college education," Lehman said.

Ogletree followed up Lehman's remarks by saying scandal does happen and has happened in the five years since Florida tried a voucher system and three years since tuition tax credits came on the scene. He relayed stories of revoked charter schools reopening as private schools supported by state vouchers.

In Florida, several cases of theft and fraud were reported, including a case in which a bankrupt businessman with a history of racketeering charges received \$268,000 in voucher funds that did not get to children.

Vouchers ended up going to disabled kids who were being taught at home and to an Islamic school that the FBI later claimed was a base for terrorism. Voucher schools without licenses were allowed to operate.

On the tuition tax credit side, Ogletree said there was "no public accountabil-

ity standard" for these schools, and the state Legislature, despite cries from newspapers, the public, a Senate Task Force and Florida's Chief Financial Officer, is doing nothing about it.

Meanwhile schools that receive vouchers or money from the tuition tax credits can employ teachers with no experience as long as they have a specific skill in a particular area, which basically opens the door to about anyone, Ogletree said. The financial reporting requirements consist of a private school being open for one year or a statement from a certified public accountant claiming that the school is on good footing.

As a result, the Palm Beach Post has gone to town reporting on the scandals and embarrassments caused by state money being thrown around without adequate public oversight, including cases where scholarships meant for disabled students were going to schools where not one teacher was trained in special needs education.

"Mr. Lehman talked about 'burdensome regulations,'" he said. "From Florida's point of view, I don't think some of these things are burdensome ... At least we can be an example of how not to do things because our record is not a good one."

Responding to a question, third panelist Clive BELFIELD said he's seen five studies that examine whether tax credits or vouchers truly save states money. Four said there was a net loss and one said they didn't cost the state, but didn't raise money either. Belfield in his presentation also questioned the popularity of tuition tax credits, something Ogletree was happy to jump on.

In Fiscal Year 2002-03, more than 19,000 poor Florida students received the \$3,500 scholarships. Because of a falling lack of interest, that number has dropped to 11,000 students.