DOCUMENTS REVIEWED:	"The Fiscal Impact of Tax-Credit Scholarships in Montana," "The Fiscal Impact of Tax-Credit Scholarships in Georgia," and "The Fiscal Impact of a Corporate & Individual Tax-Credit Scholarship Program on the State of Indiana."
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Summary of Review

The Friedman Foundation for Educational Choice has published multiple reports advocating for states to adopt policies that award tax credits to donors who fund private school vouchers. The three most recent reports focus on Indiana, Georgia, and Montana. For each state, the reports conclude that the policies would reduce government expenditures and make the educational finance system more efficient. This review looks at the Indiana, Georgia, and Montana reports and finds those conclusions highly suspect, pointing out that the reports present unsubstantiated claims and fail to adequately consider short- and long-term costs of such tax-credit schemes.

I. INTRODUCTION

After the U.S. Supreme Court ruled that the Cleveland voucher program did not violate the First Amendment of the federal Constitution, many proponents of private school choice expected voucher programs to sprout throughout the country.[1] Seven years later, however, we have not seen such an outpouring.[2] Instead, the attention of many school choice advocates, and the legislators they hope to influence, has shifted to education tax credit programs, which have steadily expanded at the state level and been the focus of several federal bills.[3]

In particular, six states have adopted a type of tax credit policy recently labeled "neovouchers," which accomplish the main goals of conventional vouchers but do so in a way that may have political and legal advantages.[4] These policies currently exist in Arizona, Pennsylvania, Florida, Rhode Island, Iowa, and Georgia. They provide a non-refundable tax credit to individuals or corporations contributing to non-profit "School Tuition Organizations" (STOs). The STOs then distribute the money in the form of vouchers—often called "scholarships" in the state laws—to requesting families.

A recent series of reports sponsored by the Friedman Foundation outlines proposals for education tax credit programs in Georgia,[5] Montana and Indiana and are part of a wider series of reports that examine similar tax credit proposals in Kentucky, Florida, New Mexico and Utah. In *The Fiscal Impact of Tax-Credit Scholarships in Montana*[6] and *The Fiscal Impact of Tax-Credit Scholarships in Georgia*,[7] Brian Gottlob asserts that a tax credit policy will result in a more efficient and effective education

system, both by saving taxpayer dollars when students transfer to private schools and by providing more students with the opportunity to enroll in presumably more effective private schools. David Stuit's *The Fiscal Impact of a Corporate & Individual Tax-Credit Scholarship Program on the State of Indiana* offers a similar analysis.[8]

This review describes and analyzes the methods and findings of the reports. Particular attention is focused on the claims made by the authors concerning the calculations of proposed savings linked to tax credit programs and the assumptions linked to the projected response of the supply side of choice (the capacity of private schools) and demand side of choice (parents who seek expanded school choice options).

II. FINDINGS AND CONCLUSIONS OF THE REPORTS

The two reports authored by Gottlob contend proposed tax credit voucher programs in Montana and Georgia would result in a net gain of revenues for local school districts ($2,759 for Montana; $6,600 for Georgia) for each student who exits public school. Gottlob asserts that the projected savings would be realized because local and state per-pupil revenues vary in the degree of sensitivity to drops in enrollment (as explained in more detail later in this review). He also asserts that when a student exits a public school to enroll in a private school, the district loses a portion of state and federal per-pupil revenues, but the full portion of local funding remains in district schools.

The reports then present some calculations for the cost of an STO tax credit program

and describe how the total fiscal impact on the state depends largely on the number of students who choose to participate, the size of the voucher provided, whether the voucher will be means-tested with income eligibility, and the level of contributions that are made to STOs. For example, the Georgia report projects that a program providing $50 million in voucher funding, with income eligibility levels set at 200 percent of the free and reduced-price lunch threshold, and distributing vouchers of $3,500, would result in a net fiscal benefit of $94 million for local school districts and a savings of $6 million for the state.[9] Mr. Gottlob stresses that further fiscal benefits would be realized if income eligibility thresholds were increased and higher-income families (who, he claims, have a projected higher demand for private schools) would be eligible to participate.[10] The report concludes that a tax credit voucher program is a more efficient method of distributing state and local revenues for education, compared to increasing state aid to public schools only. Specifically, he calculates that for every dollar of additional state aid, spending only increases by 44-64 cents in Montana and 53 cents in Georgia, based on his claim that local governments have a propensity to reduce local spending when state aid increases.

The third report, authored by Mr. Stuit, analyzes a proposed STO tax credit program in Indiana that would provide $5 million in tax credits to businesses and individuals who contribute to the program.[11] Taxpayers would receive a credit of 50 cents for every dollar donated to Scholarship Granting Organizations (SGO). Eligibility for the program would be limited to students whose household income is at or below 200 percent of the federal free and reduced-price lunch program threshold and restrict students who are enrolled in private schools, with the exceptions of students who enter private schools in grade K.

The report concludes that Indiana could realize a net savings of up to $4.7 million in the first year of the program if vouchers in the amount of $500 were distributed to 19,000 eligible students. (As explained later in this review, that is a very unlikely scale of growth for private schools.) By year five of the program, the report estimates that savings to the state could reach $17.6 million, based on a demand level the report calls moderate (with average vouchers of $1,500). Mr. Stuit explains that a larger voucher, in the amount of $5,000, would increase demand for private schooling for low-income public school families, but the program's $5 million overall tax credit cap would limit the number of vouchers (and recipient students) to only 1,900 students, and accordingly limit the larger estimated savings to the state—which depends on a high number of transferring students. Stuit's estimates assume a minimal price elasticity of tuition, thus preserving the existing average private school tuition of $6,486.

III.   THE REPORTS' RATIONALE FOR THEIR FINDINGS AND CONCLUSIONS

The Gottlob and Stuit reports make three key claims to support the conclusion that tax credit voucher programs in Montana, Georgia and Indiana will result in positive fiscal impacts on state and local education budgets, while expanding school choice options to parents: (a) revenues have low sensitivity to enrollment declines, while expenditures have high sensitivity to enrollment declines; (b) a pent-up demand for publicly funded private school choice exists; and (c) the nature and degree of positive net effects on state and local revenues will depend on corporate and individual contributions to the tax credit

voucher programs, the demand for vouchers, and the supply and amount of vouchers available. Each of these claims is explained below.

Enrollment, Revenues and Expenditures

The Georgia and Montana reports rely on the claim that education revenues sent from the state to local districts vary with enrollment, while local education revenue does not. For Montana, the report states that 83.3% of school revenues from state sources are calculated by enrollment, while 16.7 % (made up of state categorical aid and portions of the guaranteed tax base equalization revenues) is not sensitive to enrollment changes.[12] Also, Montana schools receive state aid based on a three-year average enrollment basis, which results in a buffer or funding stability of state revenues when enrollment drops occur. Thus, the report calculations assume that a per pupil decline in local district enrollment eventually results in a loss of 83.3% of state revenues for that pupil, but an increase in per-pupil revenues available to students who remain enrolled in the district -- but only on a short-run basis.

Similar calculations are presented for Georgia, where 90% of state revenues are stated to be based on enrollment.[13] The report calculates that when a student leaves a district, the loss in state revenues amounts to $3,931 (about 90% of the average state portion of funding), while the district retains $421 (the portion of state funding not dependent on enrollment), as well as $3,603 (the entire portion of local funding) and most of the $627 from federal sources. The report does acknowledge that the remaining local school revenues may be short-run and are dependent on local government decisions on how to allocate the residual revenues.

Importantly, the Montana report explains that increases in state education revenues do not necessarily result in a corresponding increase in school district expenditures. When the state increases revenues, local districts can respond by decreasing the local portion of revenues allotted for schools by lowering tax rates or by redirecting local tax revenues to other public services. The report estimates that between 1996 and 2007, each additional dollar in state revenue for schools only resulted in 44 to 66 cents of expenditures by schools, a result of a decreased allocation of local revenues for schools. This calculation is central to the report's claim that the education financing system is inefficient and that a tax credit program funding private school tuition is a more efficient system. That is, state increases in funding are an inefficient way of channeling money to education, since local decision-makers can subvert that aim by either lowering local taxes or moving that revenue to another need. The Georgia report makes a similar argument and estimates that between 1999 and 2007, schools only spent 53 cents of each additional dollar in state revenues they received.

The Indiana report explains that funding dependent on student enrollment is distributed in a Basic Grant appropriation, which makes up 94% of Indiana's total school funding (approximately $6,218 in state aid per pupil). In addition, the state employs a "declining enrollment adjustment" in the education funding formula that essentially buffers public schools from a drop in revenues due to declining enrollments. Specifically, the state calculates a five-year rolling average of enrollment counts, compares this average to actual enrollment, and then provides districts with funding for whichever is larger. Districts with large enrollment fluctuations are therefore guaranteed a more consistent

basic grant appropriation. The report's estimates of savings under the proposed tax credit program over a five-year period are presented in scenarios that assume a moderate level of demand, both with and without the "declining enrollment adjustment." The scenario with the provision realizes a non-revenue-neutral program in the first two years that actually results in a significant cost to the state (estimated at $2.9 million) but then transforms into $17.6 million savings in the fifth year, assuming a transfer of at least 3,138 students with an average voucher amount of $1,500. Without the provision in place, the report's estimate yields a more inflated $29.5 million in savings to the state, with $1,000 vouchers. This savings is for the first year of the program but would level down to $16.6 million during the fifth year, when more students who entered private schools in grade K would be accounted for in the program (an issue explained in greater depth later in this review). Both of these scenarios assume a high number of transfers at a very modest voucher amount, equivalent to less than 25% of the average private school tuition of $6,486.

Private School Choice Demand

The three reports all use varying voucher values to calculate estimates of potential demand for private schooling under a tax credit voucher program that employs means testing linked to income. No effort is made to empirically survey how many families would actually transfer to private schools if a voucher were offered or to otherwise derive evidence-based estimates. The Stuit report on Indiana assumes that demand for private schooling will be high among eligible low-income families and that large savings to the state will be realized, even with modest voucher amounts. The two Gottlob reports contend that expanding

eligibility to higher-income families—who presumably have a higher demand for private schooling based on their ability to afford tuition—would increase the demand for vouchers.

Contributions, Voucher Supply and Voucher Demand

The calculations of estimated positive fiscal benefits in all three reports are highly dependent on programs that would raise sufficient revenues through corporate and individual contributions, which would then fund a large enough supply of vouchers. In addition, the report reasons, a program that expands the thresholds of eligibility to higher-income families will increase the demand for vouchers and result in greater savings for the states.

IV.   THE REPORTS' USE OF RESEARCH LITERATURE

The use of reliable research literature in the two Gottlob reports (Georgia and Montana) is very limited, and the validity of the literature that is used is highly suspect. They primarily rely on similar reports, most from the same author and from similar advocacy organizations (e.g., the Cato Institute and Goldwater Institute), to justify their methods and findings. This insular approach further calls into question the validity of the new reports' conclusions.

In several sections where research literature could have informed some of these reports' estimates, the author is explicit in stating that key calculations are based on assumptions and projections. Moreover, in the few instances where reputable research is cited, it is not put to good use. The reports cite research studies to support claims but make no effort to unpack the specific elements from the literature that might

bolster those claims. These reports also fail to discuss or even acknowledge important questions that existing research literature has raised and are relevant to the reports' contents. Specifically, school finance equity literature reports on how efforts to equalize local tax burdens have resulted in state resources supplanting local revenues. Other research examines the supply of private school vacant seats that actually exist and the challenges of taking private school choice policy to scale, and still other research examines the presumed quality and effectiveness of private schools, both in school choice programs and in general.[14]

The use of research in the Stuit report (Indiana) is more thoughtful and does attempt to mobilize and explain how the literature supports claims made in several sections of the report. However, the research literature is not mobilized methodically, and it is unclear whether existing research findings can fairly be used to validate the report's estimates and conclusions. For example, while the report warns readers that findings from past studies that have calculated the elasticity of tuition prices should be "interpreted with caution" given their many shortcomings, it then relies on findings from these very studies to calculate an estimated tuition elasticity for Indiana in the context of the proposed tax credit program . An accurate estimate of tuition elasticity in the context of a program that might increase demand for private schooling demands a real assessment of private school operators. For example, such an assessment might include a survey of a random sample of operators that would focus on how their schools would respond to an increase in demand for private schooling. Specifically, such research should directly investigate whether schools plan, or wish, to accommodate more students; whether current capacity could accommodate new students; and whether increased demand would require new capital construction and at what cost.

V. REVIEW OF THE REPORTS' METHODS AND VALIDITY OF THE FINDINGS

Measuring Equity of Resources and Calculating Expenditures

A large and growing research base explores school finance disparities and analyzes new policies associated with finance adequacy. The two Gottlob reports neglect this vast school finance literature, which could have helped explain the specific policy context in which finance equity formulas have evolved in both states. Consider, for example, the reports' claim that local expenditures for education decrease when the state increases its portion of revenues distributed to schools. Mr. Gottlob offers the rationale that local districts respond to increased state funding by reducing (supplanting) locally raised revenues. Both of these states, however, have finance formulas that employ a Guaranteed Tax Base (GTB) policy to reduce local tax efforts (that is, local taxes devoted to education) and increase equity and revenues for schools in lower-property-wealth districts as compared to those in higher-property-wealth districts.[15] A further disaggregation of these specific data by district type (rather then state averages) is important in order to fully understand whether the claimed difference in revenues compared to expenditures actually exists across all districts, or is a result of progressive tax base equalization applied to low-property-wealth districts in Montana and Georgia. It is irresponsible to make sweeping claims about district response without first disaggregating to determine which districts did in fact supplant local revenues with the new state revenues.

**Supply of Private School Seats
and Demand for Private Schooling**

The three Friedman Foundation reports fail to consider several key factors concerning supply and demand in the context of policies that expand publically funded private school choice options. Specifically, the proposals do not account for whether a sufficient supply of vacant seats exists in the current private school stock and, if not, whether the tax credit voucher is sufficient to prompt private school suppliers to engage in capital improvement and build new schools that will accommodate transferring students. The Gottlob reports completely neglect the available-seat issue, while the Stuit report offers only some loose calculations based on a pair of unsupported and very unlikely assumptions. Gottlob estimates that 3,188 new private school seats will be needed to meet the initial demand for private schooling. Then he accounts for the loss of enrollment in Indiana's private schools over the last decade (which he reports as having resulted in an average loss of 14 students in each of the 588 operating private schools in the state) to calculate the existing supply of empty seats. He notes that an influx of 3,188 students would amount to only a 3% increase in school enrollment, which equates to an average 7 additional students per private school—only half of the recent loss—and he concludes that private schools have abundant seating capacity. In short, this loosely calculated figure assumes an even distribution of supply and more importantly, an even distribution of demand across the diverse regions of the state. Both assumptions are highly improbable.

A review of existing research would have informed all three reports, allowing a useful and precise calculation of the supply of vacant private school seats. For example, in 1999 a ballot initiative known as Proposition 38 in California proposed a publically funded voucher in the amount of $4,000 for all students in the state. Research on the potential effects of Proposition 38 revealed that only 32,000 vacant seats existed among 42,000 California private schools (limiting participation in the voucher program to only 0.5% of California's existing 6 million students).[16] In addition, the Catholic Diocese, which operates the majority of private schools in California, reported that "although it would be possible to shift current tuition subsidies toward new construction, a $4,000 voucher would still be insufficient to provide for both capital and educational costs."[17] Similarly, in Minnesota the Catholic Conference reported that Catholic schools could, in response to a voucher or tax credit in the range of $12,000 to $14,000, only begin to increase the supply of available seats through capital expansion.[18] Also important is the fact that expansion limitations may be self-imposed by private schools that have restrictive growth policies in order to respect and preserve a school's mission.[19]

In calculating the demand for private schooling, none of the three reports relies on surveys that could account for actual pent-up demand, nor do they use as reference points student take-up rates in recent tuition tax credit and voucher programs in other states. Instead, they assume that if a voucher for private school tuition is made available to low-income families, their pent-up demand will lead to high take-up rates regardless of the voucher amount. For instance, the Georgia and Montana reports calculate demand using a factor that expediently makes the case for the specific number of students who *must* transfer in order for the policy to have a positive fiscal impact on state revenues. Specifically, the factor is linked to several parameters that the author assumes would be operational in the

proposed tax credit policies. First, he concludes that a tax credit policy that limits eligibility to low-income students would correspondingly be limited in its potential to yield positive fiscal effects. Second, he contends that an increase in positive effects would only be realized if higher-income families, who presumably have a higher demand for private school because of their increased ability to afford tuition compared to low-income families, were eligible. Whatever readers may think of these broad assumptions, nothing in the reports allows for a true calculation or accurate prediction of the existing demand for private schooling.

Moreover, estimations of demand in all three reports are inconsistent with reliable research that has analyzed tax credit polices and found that substantial tax credits may increase demand for private schooling, but schools would likely respond by raising tuition.[20] Instead, the Friedman Foundation reports seem to pay attention to only part of supply/demand pressure. Further, other research has shown that demand is dependent on the amount of the tax credit benefit and the elasticity of tuition, and both factors determine affordability. For example, research on the Minnesota tax credit program (which is different in form than the neovoucher approach but still informative in terms of supply and demand behavior) revealed that during a period of over 30 years, significant increases in the amount of a tax deduction benefit for private school tuition did not result in increased demand for private schooling. There were no significant spikes in enrollment in the years after the increases were implemented, and private school enrollment actually declined over the same period.[21] Such findings provide robust evidence calling into serious question the unsubstantiated method by which all three of the Friedman reports calculate projected demand.

**Estimating Fiscal Impact
and Beneficiaries**

Claims of savings of public revenues as a result of vouchers and tax credit policies often rely on exaggerated estimates of the number of students who would transfer to private schools and allows advocates to calculate a net savings.[22] The Montana report, for instance, estimates that 2,471 public school students would have to participate in the tax credit voucher program in order for the state to break even and offset the cost of the tax credit (an increase of over 20% of the existing private school population[23]). In Georgia, the break-even estimate would require that 12,778 public school students participate (an increase of 9% of the existing private school population). These estimates are based on eligibility requirements that include both low-income and higher-income families, which according to the reports are necessary in order to ensure sufficient demand. As noted above, the calculations assume that a supply of available seats is currently available in private schools, an important factor that the reports do not sufficiently assess.

It should be noted that the substantial (and unsupported) estimated growth in private school enrollment detailed above would still not yield the positive fiscal impact that the reports claim without real growth in supply in response to the estimated greater demand for private schools.

The Indiana report concludes that the program's target efficiency, linked to meeting the projected demand for private schooling among low-income parents, would require an average voucher of $5,000. However, this substantial voucher amount would limit the overall savings. The report estimates that a program with $5,000

vouchers would result in a loss to the state of $2.9 million and $700,000 during the first two years of operation, respectively. By the fifth year of operation, however, when the costs of the "declining enrollment adjustment" begin to decrease, the report estimates that the program would yield a savings of $6.4 million, with vouchers distributed to fewer than 1,600 public school transfer students and an estimated 400 private school students who entered the program at grade K. The author assumes that a $5,000 voucher would cover approximately 75% of average private school tuition in Indiana ($6,350). Setting aside the possibility that tuition prices would increase as a result of the influx of new students, the report concludes that $5,000 is sufficient to entice low-income families to transfer to private schools. Furthermore, the highly inflated cost saving figures estimated at upwards of $17.6 million (taking in to account the "declining enrollment adjustment") is based on a $1,500 voucher (equivalent to 24% of the average private school tuition) distributed to 3,138 public school transfer students plus 3,195 private school students who entered the program at grade K.

This highlights an important oversight in the reports. Calculations of overall differences in public expenditures depend, in part, on two key terms: the number of students who switch from public to private schools in response to the availability of the neovouchers (the "switchers"), and the number of families who receive neovouchers but would have attended private school even without the incentive (the "non-switchers"). As mentioned earlier, the report says that Indiana's per-pupil state aid is $6,218. Assuming that this is the full public expenditure, then each switcher receiving a neovoucher in the amount of $5,000 saves the state $1,218. But each non-

switcher costs the state $5,000, since that student would not have attended public school even without the tax credit policy.

Even with a provision limiting eligibility to students who are switchers or are just starting schools (enrolling in kindergarten), the cohort of students entering kindergarten will include non-switchers who would have attended private school kindergarten even without the incentive. This cohort will move into 1st grade the next year, eventually (over a 12-year span) encompassing the entire private school population. Any calculation of effects on public expenditures must seriously address this phenomenon.[24]

Unfortunately, the reports for Georgia and Montana make no mention whatsoever of the non-switcher costs; their estimates are apparently based only on switchers. The Indiana report, in the scenario offered without the "declining enrollment adjustment," does seem to consider the non-switcher costs but makes no effort to detail the assumed numbers or proportions of switchers and non-switchers used to estimate a $29.5 million savings in the first year and $16.6 million savings in the fifth year of operation. (The report does, however, state that these estimates are based on a $1,000 voucher, which amounts to less than 16% of the average private school tuition, meaning that there is a lesser incentive for switchers, while non-switchers are simply receiving a $1,000 public subsidy for a decision they would have made anyway.) However, it is clear that a high number and high percentage of public school students would need to transfer by year five in order to yield the inflated state expenditure savings number.

These calculations of positive fiscal impacts on the states are based on very questionable estimates of projected savings. The figures

are dependent on the portion of revenues that the state would recapture or save when public school students exit and enroll in private schools, in addition to costs associated with providing vouchers to private school students—the non-switchers—including those (in Indiana) who entered the program at grade K. They are also dependent on the unsubstantiated estimate that individual and corporate contributions to the tax credit voucher funds would reach $50 million (in Georgia) and $10 million (in Montana and Indiana). And, again, these factors depend heavily on a poorly estimated demand for private schools and of the supply of private school spaces.

Lastly, the Georgia and Montana reports include the contention that local portions of school revenues are not sensitive to enrollment drops and remain available to school districts even after enrollment declines. They assert that local revenues are not lost or adjusted when public school enrollment declines and that the districts reap a fiscal benefit because the revenue that funded the exiting students remains available in local budgets. However, in most cases school districts and local school boards that govern districts do not have discretion over how local tax revenues are allocated. It is not clear whether local governments would choose to leave residual revenues in school district budgets or reallocate local revenues to other public services.

VII. USEFULNESS OF THE REPORT FOR GUIDANCE OF POLICY AND PRACTICE

Expanding the quality and increasing the efficiency of schools for all families are important policy goals for legislatures, educators and parents. The three Friedman reports argue that tax credit voucher policies are an effective way to pursue these goals. But the reports do not adequately consider the short-term and long-term costs to the state.

Policymakers should be cautioned to look beyond the seductive promises of increased fiscal savings and efficiency, which are unsubstantiated and inaccurately estimated in these reports. Instead, policymakers should seek more balanced and empirically robust assessments that would allow them to make informed decisions about how to proceed with effective school reform polices.

Notes and References

[1] *Simmons-Harris v. Zelman*, 72 F.Supp.2d 834 (N.D. Ohio 1999), aff'd, 234 F.3d 945 (6Cir. 2000), reversed, 536 U.S. 639 (2002).

[2] Depending on whether one counts plans that have been declared in violation of state constitutions (in Florida, Colorado, and Arizona), six new voucher programs have been successfully implemented since Zelman: Washington D.C.'s Opportunity Scholarship Program (WOSP), Utah's Carson Smith Scholarships for Students with Special Needs (USSSN), Georgia's Special Needs Scholarships, Louisiana's Student Scholarships for Educational Excellence Program, Ohio's Autism Scholarship Program and the Educational Choice Scholarship Pilot Programs.

[3] Welner, K. G. (2008). *NeoVouchers: The emergence of tuition tax credits for private schooling*. New York: Rowman & Littlefield.

[4] Welner, K. G. (2008). *NeoVouchers: The emergence of tuition tax credits for private schooling*. New York: Rowman & Littlefield.

[5] Tax credit legislation was proposed and enacted in Georgia in late 2008, following the publication of the Friedman report.

[6] Gottlob, B. (2009, Feb. 5). *The Fiscal Impact of Tax-Credit Scholarships in Montana*. Indianapolis: Friedman Foundation for Educational Choice.

[7] Gottlob, B. (2008, Feb. 19). *The Fiscal Impact of Tax-Credit Scholarships in Georgia*. Indianapolis: Friedman Foundation for Educational Choice.

[8] Stuit, D. (2009, April 22) *The Fiscal Impact of a Corporate & Individual Tax Credit Scholarship Program on the State of Indiana* . Indianapolis: Friedman Foundation for Educational Choice.

[9] Gottlob projects that a program with similar factors in Montana would result in a net fiscal benefit of $7.5 million for local school districts and a savings of $1 million for the state, after year three of operation when the state would no longer provide a fiscal buffer to district's who lose enrollment.

[10] The law that Georgia ultimately adopted does not, in fact, include a means-testing provision, meaning that higher-income families are eligible. See

Welner, K. G. (2008). *NeoVouchers: The emergence of tuition tax credits for private schooling*. New York: Rowman & Littlefield.

[11] Although that bill did not survive, Indiana's governor recently proposed a similar tax credit plan. See

"Governor proposes new state scholarship tax credit," *Brazil Times* (June 4, 2009). Retrieved June 11, 2009, from http://www.thebraziltimes.com/story/1544996.html.

[12] The average pupil funding in Montana is calculated at $10,135 and is comprised of 47.9% state sources, 39.1% local sources and 13% federal sources.

[13] The average pupil funding in Georgia is calculated at $8,582 and is comprised of 50.7% state sources, 42% local sources and 7.3% federal sources.

[14] See

Baker, B. D. and Green III, P. C. (2005). Tricks of the Trade: State Legislative Actions in School Finance Policy That Perpetuate Racial Disparities in the Post-Brown Era, *American Journal of Education*. May 111(3), 372-413

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Reschovsky, A. (1994). Fiscal equalization and school finance. *National Tax Journal*, March 47(1), 185-97

[15] Also known as a "district power equalizing" program. A GTB program attempts to equalize the tax base per pupil of all districts and to guarantee the same level of tax base from which to draw local revenues. This approach is designed to provide relief of tax effort for low-property-wealth districts.

[16] Fuller, B., Huerta, L. A., & Ruenzel, D. (2000). *A costly gamble or serious reform? California's school voucher initiative—Proposition 38*. Berkeley, CA: Policy Analysis for California Education, University of California.

[17] Huerta, L. A. (2000, October 19). Proposition 38 makes promises it cannot keep. *San Francisco Chronicle*, Opinion-Editorial, p. A3.

[18] Huerta, L. A. & d'Entremont, C. (2007). Education tax credits in a post-Zelman era: Legal, political and policy alternative to vouchers? *Educational Policy*, January/March 21(1), 73-109.

[19] Huerta, L. A. & d'Entremont, C. (2007). Education tax credits in a post-Zelman era: Legal, political and policy alternative to vouchers? *Educational Policy*, January/March 21(1), 73-109

[20] See

Darling-Hammond, L., Kirby, S. N. & Schlegal, P. M. (1985.) *Tuition tax deductions and parent school choice: A case study of Minnesota*. Santa Monica, CA: The RAND Corporation

Wilson, G. Y. (2000). Effects on funding equity of the Arizona Tax Credit Law. *Education Policy Analysis Archives*, 8(38). Retrieved April 2, 2009, from http://epaa.asu.edu/epaa/v8n38.html

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Gemello, J. M. & Osman, J. W.. (1982). *Analysis of the choice for public and private education*. Washington DC: Institute for Research on Educational Finance and Governance.

[21] Huerta, L. A. & d'Entremont, C. (2007). Education tax credits in a post-Zelman: Legal, political and policy alternative to vouchers? *Educational Policy*, January/March 21(1), 73-109.

[22] See also Goldwater Institute (2003). *The Arizona scholarship tax credit: Providing choice for Arizona taxpayers and students*, Policy Report #186, Phoenix, AZ: The Goldwater Institute.

Michos, L & Aud, S. (2006). *Spreading Freedom and Saving Money: The Fiscal Impact of the D.C. Voucher Program*, White Paper, Washington D. C. :Cato Institute

[23] These estimates were calculated by the reviewer using NCES private school enrollment figures. See National Center for Education Statistics (2006). *Digest of education statistics*, Retrieved March 29, 2009 from http://nces.ed.gov/programs/coe/.

[24] See Welner, K. G. (2008). *NeoVouchers: The emergence of tuition tax credits for private schooling*. New York: Rowman & Littlefield.