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Arizona's Magic Private School Tax Credits Don't Work

By Daniel Luzer

Arizona was the first state in America to implement a tax credit for private education 18 years ago. School choice advocates loved this idea because it would decouple education from the state and allow for more competition. But it turns out it doesn't really work so well. According to this really interesting piece over at the *Arizona Republic*:

> A program that legislative budget staff in 1997 estimated would cost $4.5 million a year now tops $140 million. And that doesn't include $50 million in tax credits handed out separately for public-school extracurricular activities. Despite its explosive growth, the program has failed to keep its promise of primarily aiding special-needs and low-income students, and of expanding school choice. Meanwhile, as it grows, critics say, it is further depleting funding for public schools.

There are a few problems with this. In the first place, it's not really clear the program actually worked as it was intended. The way vouchers are supposed to work is that vouchers introduce competition in public education. Since schools have something to lose or gain as a result of the policy, they should be working harder and student performance should improve. That hasn't happened. Over the 20 years the state's education performance has gotten a little better, but that's also occurred in pretty much every state in the country. The state has seen no signification improvements, either for students in general or ethnic minorities, as a result of the private school fund. Another problem is that this fund is a way to avoid taxes. People or businesses can take care of their tax budgets by just dropping some money in the education slush fund. And that deprives the state of money it needs to operate.

> In fiscal 2014, the most recent year available, Arizonans claimed $84 million in individual tax credits. Corporations claimed another $39 million.

But that's a whole lot of money that they're not paying for other things, funds Arizona needs to operate other programs. The other, perhaps more serious, result, according to the article, is the state now essentially runs a tax scheme under which people and companies can avoid paying taxes (which pay for public schools) by contributing money into a fund that pays for a few people to pay for private schools.

> Only about 3 percent of the money is designated specifically for special-needs students. And 32 percent of the scholarship money given through the individual tax-credit programs goes to children of "low income" families, defined as those earning 185 percent of the federal poverty level, or $44,862 for a family of four.... The corporate tax credit for "low income" families has a more-generous definition — a family of four can earn as much as $82,996.

That's because private school enrollment in the state is actually going down, and public school enrollment is increasing. And meanwhile almost 70 percent of that fund is used to send the children of reasonably affluent people to "a school of their choice," even though many of them could just afford the tuition on their own.

This is how to kill public schools.

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