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OUR MISSION

is to educate members and all South Carolinians about state and local public policy based on the traditional South Carolina values of individual liberty and responsibility, free enterprise and limited government.

Scholarship Granting Organizations

Learning from the Success of Pennsylvania's Educational Improvement Tax Credit

In 2005, South Carolina lawmakers narrowly rejected a broad and ambitious school choice plan that promised to kick-start the nation's lowest performing public K-12 system. Four years earlier, legislators in Pennsylvania adopted one of the key provisions of the defeated South Carolina bill: privately funded educational tax credits.

Data from the Pennsylvania experience clearly demonstrate that privately funded scholarships save taxpayers millions and promote system-wide academic achievement through the power of competition. They also facilitate greater business and community involvement in state and local educational issues.

The program provides a **state tax credit to corporations which donate to a Pennsylvania-based scholarship granting organization**. These nonprofits use the money to award scholarships to low-income students looking to attend private schools. Approved scholarship granting organizations now serve both the K-12 and Pre-Kindergarten student populations.

The tax credit is also provided to **corporations which support public schools through donations to Educational Improvement Organizations**, nonprofit groups that promote innovative programs in public schools.

As of the 2006-07 school year, Pennsylvania reports that **over \$260 million in corporate donations were pledged to scholarship and educational improvement organizations**. This money has provided scholarships for more than 20,000 children to attend private schools, and has affected tens of thousands of public school students who benefit from public innovation and reform projects.

Like all effective tax credits, **the key to this private voucher program is its relative simplicity**. Administration of the program is straightforward and inexpensive. Parents enjoy the freedom to apply their children's scholarships to any private school that meets basic state-defined criteria.

Since the passage of the original bill in 2001, Pennsylvania lawmakers have gone back to expand the program by raising caps on the total amount of statewide contributions allowed. They have also extended the original K-12 pool to include public and private Pre-Kindergarten students. The success of the Pennsylvania tax credits has been mirrored by a similar program in Florida (first adopted in 2001) and has inspired the development of Arizona's 2006 Corporate Tax Credits for School Tuition Organizations. In Florida, Scholarship Funding Organizations provided scholarships to more than 14,000 students attending 900 private schools in 2005-06.

Scholarships granting organizations have proved an effective and efficient way to offer choice to the parents of low-income children. South Carolina policymakers should re-examine the success in other states of what they rejected for South Carolina's poor children.

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