Tax credit scholarships save Floridians money

It is understandable that new forms of public education — whether they are magnet schools, charters, virtual schooling or dual enrollment — can cause anxiety. The conversation around the teachers union lawsuit to shut down the tax credit scholarship program for low-income children has produced a lot of heat but has shed very little light on the issue. And the issue underlying the lawsuit is allowing parents of disadvantaged students to choose the best educational option that permits their children to reach new levels of academic achievement.

The Florida Tax Credit Scholarship Program was established in law in 2001 to encourage private, voluntary contributions from corporate donors to nonprofit scholarship funding organizations that award scholarships to children from low-income families.

Here at TaxWatch, our mission is to provide fact-based public research with a focus on fiscal matters, including education policy. We weigh in on issues and decisions that could have a major impact on Florida taxpayers with an emphasis on research, not emotions. And the fact is that if the union prevails in shutting down the tax credit scholarship program, there will be major negative consequences of more than $1 billion in increased recurring and nonrecurring costs for taxpayers.

By law, the maximum scholarship that can be awarded in the program is $5,886 per year. Every time a student shows up at a district school, the state is required to send $7178 to the district. That means taxpayers save nearly $1,300 for each student who receives a scholarship. There are 97,826 children on the scholarship program. If the program ends, taxpayers will have to spend an additional $144 million every year to educate those children in public schools.

Beyond the prudent use of taxpayer money, there is a long-term cost to each family that benefits from the opportunity to pursue an appropriate quality education for their children. The average income of scholarship families is $24,000 for a household of four. They cannot afford to pay the tuition, and without the scholarship private schools in low-income areas will close and send nonscholarship children back to the districts’ public schools.

Many of the 97,826 scholarship children are in already overcrowded districts, and they are geographically concentrated. Osceola School District officials recently lamented their inability to create the 10,000 new spaces they are projected to need in the next five years, saying they hoped that new charter schools would provide some help. There are 3,604 tax credit scholarship children in Osceola County. How will they create spaces for them overnight if the lawsuit prevails?

If new spaces have to be created for only half of the returning students statewide — an optimistic assumption — it will cost taxpayers more than $1 billion, if we use the current estimate of $23,438 per station cost from the Florida Department of Education. And that doesn’t even account for the cost of buying land where necessary.

Even if taxes are raised or other state budget items are cut to provide these funds, there’s no way the districts can immediately create these spaces. It would mean operational chaos for the districts and parents and their children.

We can all respectfully disagree on the merits of empowering low-income parents to choose their children’s schools, but there should be no disagreement about the mammoth costs to taxpayers should the union prevail with the Florida Supreme Court.

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