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Florida's Unheralded School Revolution

A scholarship program could produce a new era of choice

By **ADAM B. SCHAEFFER**

Two weeks ago Florida Gov. Charlie Crist vetoed a bill that would have ended teacher tenure and established merit pay. His action was widely criticized and effectively ended his primary race for the U.S. Senate as a Republican.

And yet last week, Mr. Crist signed an education bill that will dramatically expand the Florida Tax Credit Scholarship Program. It has attracted little attention, but this legislation could revolutionize K-12 education in the Sunshine State.

The tax credits support private school choice for low-income children by encouraging businesses to donate money for their education. A business's tax liability is cut by a dollar for every dollar it donates to a nonprofit scholarship organization. The nonprofits use the funds to help poor families pay private school tuition.

Currently, there is a \$118 million cap on the program. This year nearly \$100 million was donated in the program, which as of February translated into scholarships for 27,700 students. But the new law raises the caps on the value a scholarship (eventually to \$5,500) and on the total amount of money that can be donated in the program to \$140 million in fiscal year 2011.

It also allows the program to rise 25% annually and expands the tax base

against which credits can be taken. That used to be limited to corporate income and insurance premium taxes. Now credits can be taken against taxes on oil and gas production, self-accrued sales tax liabilities of direct pay permit holders, and alcoholic beverage taxes on beer, wine and spirits.

This change could prove dramatic: In 10 years the program could raise \$1.3 billion and support over 8% of Florida's students. In 15 years it could approach \$4 billion and support more than a quarter of the state's students. A girl born in Florida today might find that a third or more of her peers are being educated in private schools by the time she sets foot in high school.

But will the state's politicians and special interests allow that transformation to take place? Looking at how the reform legislation fared in the state's Republican controlled legislature, it seems the answer is already in. The bill passed both houses overwhelmingly, including support from 42% of Democrats and 52% of the legislative black caucus. (Nearly every Republican voted yes.) That is a remarkable turnabout for a program that received one Democratic vote when it was created in 2001. Why the shift?

Money is part of the answer. On average, public schools in the state spend over \$11,000 per student, far more than the scholarships. Therefore the state gains \$1.49 in savings for every \$1 it loses in tax revenue in the program, according to a 2008 fiscal analysis by the state Office of Program Policy Analysis & Government Accountability. The state

Senate Ways and Means Committee estimated the program's expansion will save \$20 million over the next four years.

But money is far from the only reason Democrats support this program. State Rep. Bill Heller, the top Democrat on the House Education Policy Council, wrote recently in the *St. Petersburg Times*, "To me, a scholarship option for poor, struggling schoolchildren is in the greatest tradition of our collective commitment to equal educational opportunity."

There is also clear evidence that many private schools outperform public schools academically. The first children to enter the Washington, D.C., voucher program, for example, now read more than two grade levels above students who applied for the program but didn't win the voucher lottery.

Researchers from Northwestern University will soon release a study on how competition from Florida's education tax-credit program is impacting the performance of children who remain in public schools. The preliminary evidence is that school choice lifts the performance of public-school students significantly.

Florida's scholarship program appears to be the first statewide private school choice program to reach a critical mass of funding, functionality and political support. As an ever increasing number of students in Florida take advantage of the scholarship program, other states will find it hard to resist enacting broad-based school choice.

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