Low-income students gaining with tax credit scholarships, study finds

By GRAY ROHRER
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Growing participation in the Florida Tax Credit Scholarship Program is being accompanied by modest academic improvement among the state’s lowest-performing students, according to a new study. And education reformers point to deeper long-term benefits.

“There may be positive effects on FTC Scholarship Program participants in terms of reading and mathematics test-score gains,” reports Northwestern University researcher David Figlio.

“These differences, while not large in magnitude, are larger and more statistically significant than in the past year’s results, suggesting that students may be gaining ground over time,” Figlio said.

The 10-year-old FTC program, which awards K-12 scholarships to low-income families, has grown to 34,550 students. The scholarships, ranging from $500 transportation grants to public schools to $4,011 scholarships at private schools, are funded through tax credits received by Florida companies.

According to the Northwestern study, scholarship participants tend to be among the lowest-performing students at the public schools they are leaving. They are more likely to be black and from lower-income families.

Unlike previous years, many of the newest participants come from higher-performing schools — about 49.6 percent of them from A-graded campuses.

Figlio reported that the typical student in the program scored at the 45th percentile in reading and the 46th percentile in mathematics, essentially unchanged from previous years.

“The typical student participating in the program tended to maintain his or her relative position in comparison with others nationwide,” Figlio said.

But there were ups and downs. About 10.8 percent of students participating in the program lost 20 or more percentile points in reading relative to the nation as a whole between 2008-09 and 2009-10, while 8.7 percent of program participants gained 21 or more percentile points in reading over the same period, Figlio said.

In good news for public education, the study found test-score gains at public schools were “mildly larger” than those at private schools.

The Thomas B. Fordham Institute, a Washington, D.C.-based education-reform think tank, hailed Florida’s outreach to low-income and low-performing students.

“Florida’s Tax Credit Scholarship Program serves a particularly needy subset of the state’s students. FTC participants are significantly lower-income and lower-performing than the average student qualifying for free or reduced-price lunch,” said Fordham research fellow Tyson Eberhardt.

“Yet this year’s FTC participants maintained their performance on norm-referenced tests (like the Stanford Achievement Test or Iowa Test of Basic Skills) relative to students nationally, regardless of income.”

With just 37 percent of Florida’s black teenage boys graduating from high school and only 53 percent of economically disadvantaged children reading at grade level, FTC is seen as a cost-effective ticket to academic success.

“What makes this scholarship so valuable is that it focuses on children who historically have been at the bottom of the achievement chart, and it provides them a learning option they could never afford at a cost that results in a savings for taxpayers,” said Dominic Calabro, president and CEO of Florida TaxWatch.

Adds Eberhardt: “This report offers a solid boost for the tax-credit crowd — especially important in this year of school choice.”

Robert Sanchez, of the James Madison Institute, said Figlio’s finding of marginal academic improvements “is not the sole virtue of the program.

“[FTC] also empowers parents whose economic circumstances had previously left them unable to seek out...
the best options for their children. Moreover, in many instances, in addition to academics, there are other factors that may well motivate caring parents to appreciate having a choice of school for their kids,” noted Sanchez, who is policy director of the Tallahassee-based free-market think tank.

“These additional factors may range from a school’s reputation for order and discipline to its location and, thus, the convenience of transportation to and from the school -- not only for the students on a daily basis, but also for the parents in the event of an emergency or the need for a parent-teacher conference. Some parents also appreciate the emphasis on ethics and character found in some faith-based schools that they could not afford without scholarship aid,” Sanchez observed.

“It should also be noted that the advent of school choice, in tandem with the testing and other accountability measures initiated under Governor Lawton Chiles and enhanced under Governor Jeb Bush, has brought about impressive improvements in Florida’s public schools — including the schools from which Florida Tax Credit Scholarship recipients have departed.

“It’s a pertinent reminder that school choice exists to improve public education, not to wreck it,” Sanchez concluded.

Patricia Levesque, executive director of Bush’s Foundation for Florida’s Future, said, “The research is clear, Florida’s Tax Credit Scholarships are brightening the futures of thousands of Sunshine State students. Because of this program, more low income students are improving and learning.”

Doug Tuthill, president of Step Up For Students, a nonprofit scholarship organization that helps administer the FTC scholarships, said of Figlio’s report:

“We are always careful not to read too much into a single year’s worth of test data, but this trend is certainly encouraging. We have known the scholarship is attracting students who were having serious academic problems, and these findings suggest they are indeed getting back on track. That’s good news for all of us in public education.”

The report also was greeted with support by newly appointed Florida Education Commissioner Gerard Robinson.

“The upward trend demonstrated in the report illustrates that scholarship students are keeping pace with, and sometimes exceeding, their public school peers in both reading and mathematics. I look forward to continuing to offer support to a program that provides our lower-income families with learning options they historically could not access,” Robinson said.

The tax-credit scholarship program was established in 2001 to provide an income tax credit for corporations that contribute money to nonprofit Scholarship-Funding Organizations that award scholarships to students from families with limited financial resources. In 2009, the program was expanded to provide credits against the insurance premium tax for contributions to eligible non-profit SFOs. In 2010, the program was expanded to provide tax credits against severance 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.

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