

FLORIDA TAX CREDIT SCHOLARSHIP



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OFFICE OF POLICY AND PUBLIC AFFAIRS

TAX CREDIT SCHOLARSHIP FINANCIAL COSTS

Every study shows the scholarships save state tax money

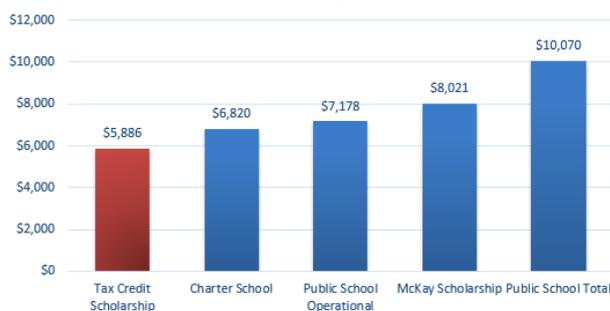
The tax credit limit: The state sets a limit each year on the total amount of tax-credited contributions corporations can make to scholarship funding organizations. For 2017-18, that cap is \$699 million. The cap in future years will increase by 25 percent if at least 90 percent of the cap is raised in any given prior year. Otherwise it remains the same from year to year.

Source: <http://floridarevenue.com/dor/tips/tip16adm-02.html>

Taxes lost, expenses cut: The money that is lost to the State Treasury through these tax credits must be spent, by law, on students who for the most part would otherwise be attending traditional public schools. So it is erroneous to talk about losses as though the tax credit is used to pay for business investment, economic development or Habitat for Humanity. With this credit, money not spent on scholarships must be returned to the Treasury (a one-year 25 percent carryover is permissible.)

Source: Florida Statutes 1002.395(6)(j)2

Florida education spending per student 2016-17



The basic math: Various independent studies on the cost of the scholarship program have employed some sophisticated levels of modeling, but the basic math is this: The scholarships for elementary school this year cost \$6,420, which is only 88 percent of the operational amount public schools would spend on the same student through the Florida Education Finance Program (FEFP). In turn, the FEFP operational amount typically covers only 71 percent of the total state and local spending per student each year.

Source:

http://www.flsenate.gov/PublishedContent/Session/2016/Appropriations/Documents/2016_FEFP_Conference_Report_.pdf

The independent findings all point to savings: At least seven different independent analyses of the Tax Credit Scholarship have found that it saves tax money that can be used to enhance traditional public schools. Most observers consider the Florida Office of Program Policy Analysis and Government Accountability to have offered the most definitive study to date, and it found that the state saves \$1.49 for every \$1 lost in revenue. That study is now nine years old, but the Consensus Revenue Estimating Conference projected two years ago that the scholarship saved \$57.9 million in 2012-13.

Sources: <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0868rpt.pdf>
<https://www.stepupforstudents.org/wp-content/uploads/2015/09/2012-revenue-estimating-conference.pdf>

This doesn't consider construction savings: If all scholarship students returned to public schools, one can only guess as to the impact. While some public schools currently have empty classroom seats, enrollment is picking up again and scholarship students are concentrated in urban areas where many schools are full. The concentrations of scholarship students are so great that 274 different zip codes this year have more than 100 scholarship students each, 31 zip codes have more than 500 each, and five have more than 1,000 each. If districts had to build schools to accommodate only half of these students, the capital cost alone would exceed \$1.1 billion (using state Department of Education cost estimates).

Source: <https://www.stepupforstudents.org/wp-content/uploads/0078083-2013costconstructionreports-1.xls>

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