

## Florida Tax Credit Scholarship:

### *Let the evidence speak for the scholarship for low-income students*

by Jon East

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The learning option Florida created eight years ago for poor and struggling schoolchildren still gets caught up in some age-old political divisions over “public” and “private.” But as those distinctions begin to lose their relevance in a world of customized public education, what matters more is whether students are being helped. On that measure, the evidence is encouraging.

The Florida Tax Credit Scholarship is young and still has much to prove, but what we know at this point is that it has found an appreciative and growing audience, has measured up on its initial standardized tests, is saving tax money for other education options, and is attracting the poorest and lowest-performing students from district schools. What we have seen is that students like Antonio Trigo, a freshman at Miami Union Academy, are turning things around in their educational lives. Antonio, who was nearly failing in his previous school, now attends a school with a mostly Haitian enrollment and a 96 percent graduation rate, and he was named valedictorian of his eighth grade class and is testing two grade levels above his peers.

“It got to the point where I didn’t want to go to school at all, and I didn’t care about my future,” Antonio told an audience of students, educators and business people recently in Fort Lauderdale. “... I needed a change, and my grandmother knew it. She knew she had to do something to help me before it was too late in my life.”

The Tax Credit Scholarship is by no means the sole solution to the enormous challenges faced by economically disadvantaged children in Florida, only half of whom read

at grade level. But it is an alternative that deserves to be scrutinized without political rancor or bias. It grew out of a privately funded effort begun in 1998 by Tampa venture capitalist John Kirtley. In just three months, with little publicity, the Children’s Scholarship Fund of Tampa Bay received 12,500 applications from low-income families for 750 scholarships. By 2001, lawmakers responded by creating a statewide program.

Under the program, companies receive a dollar-for-dollar state corporate income or insurance premium tax credit for contributions to state-approved nonprofit scholarship organizations. Those organizations, in turn, must spend at least 97 cents of every dollar on scholarships for K-12 students whose household income qualifies them for free or reduced-priced lunch.

The scholarship, worth up to \$3,950 per year, is not based on the academic performance of a district school or the student. Rather, it is intended as a learning option for a group of students who typically have few. In that sense, it is just one more of the many ways in which public education customizes learning – an approach that includes magnet programs, career academies, fundamental schools, International Baccalaureate, online courses, college dual enrollment, charter schools, and McKay scholarships for disabled students. The point is to find the learning environment that works best for each child and, toward that end, the labels “public” and “private” are not particularly useful.

Florida TaxWatch research beginning in 2003 has

consistently noted the value of this program to the state and the taxpayers.

**PROGRAM GROWTH AND POPULARITY.** One measure of the Tax Credit Scholarship is its growing enrollment. In the past five years, at a time when school district and private school enrollment have been stabilizing, the scholarship has more than doubled the number of students it serves. It went from 10,549 students in 2004-05 to 27,717 in 1,017 different private schools in 2009-10.

These numbers alone do not tell the story, either. The maximum scholarship is so much lower than the average tuition – \$2,350 this fall – that most of these families are also digging money out of their own pockets in order to participate. Last year, the average household of four income was \$25,400, yet the average out-of-pocket payment for these families was roughly \$1,000.

This powerful attraction is also reflected in a recent survey conducted by the Friedman Foundation for Educational Choice. The telephone survey of 808 scholarship parents, conducted between July 6 and 16, 2009, found that 80 percent described themselves as “very satisfied” with the academic progress their children are making and with the individual attention their children now receive. Additionally, 76 percent said they were “very satisfied” with the quality of teachers and with their schools’ responsiveness to their needs. Overall, 97 percent of parents rated themselves as “satisfied” or “very satisfied” with their child’s academic progress.

**STANDARDIZED TEST RESULTS.** Each scholarship student is required by law to take a nationally recognized norm-referenced test approved by the Florida Department of Education (DOE). In 2007-08, the latest year for which test scores are available, 71 percent of the students took the Stanford Achievement Test, 20 percent the Iowa Test of Basic Skills, and 4 percent the Terra Nova. Students are also allowed, though not required, to take the Florida Comprehensive Assessment Test. But scholarship schools are prohibited from administering the FCAT, which means students have to find a local district school that will allow them to take the test with other students at the public school.

The lack of an FCAT requirement has remained a source of political conflict, though most educators embrace the validity of the Stanford and Iowa tests. Until recent rounds of budget cuts, in fact, the FCAT included a portion of the Stanford as a means of making national comparisons. A

related criticism is that the scholarship schools receive no rating comparable to the grades assigned to district schools (under the A+ state K-12 accountability system, which uses primarily the FCAT scores to compute the grades. Leaving aside the merit of such an approach, the logistical reality is that Tax Credit Scholarship students make up on average only 14 percent of the enrollment in their schools and a significant portion of those are in grades in which the FCAT is not given regardless. In most of the schools, the number of test-takers is so small as to render the results statistically unreliable.

The first test score gains for the Tax Credit program were released by DOE in June 2009. The researcher, University of Florida professor David Figlio, cautioned against sweeping conclusions because he said the baseline data was incomplete and the comparison district school group likely had higher incomes, which have historically correlated with higher test scores. That said, Figlio did report: “Test score gains for program participants are similar in magnitude to comparable students in the public schools.” He was more confident about the national comparisons. In 2007-08, scholarship students ranked at the 45th percentile in reading and 46th percent in math against a national sample that included students from all income levels. More to the point, the scholarship students, who tend to choose the option because they are struggling, recorded the same year-to-year gain as all students nationally.

“In other words,” the report stated, “the typical student participating in the program tended to maintain his or her relative position in comparison with others nationwide. It is important to note that these national comparisons pertain to all students nationally, and not just low-income students.”

**THE COMPARATIVE COST.** The Tax Credit Scholarship costs less than any other K-12 option that Florida funds. In 2007-08, the latest year for which full DOE financial data are available, the scholarship was roughly a third the average total public school per-student cost of \$11,017. In 2008-09, the maximum scholarship was \$3,256 less than the average McKay Scholarship, \$2,555 less than the average charter school student allocation, \$850 less than the K-8 virtual voucher program, and \$2,897 less than the legislatively adopted operating portion of the district education funding formula. Those numbers are just averages, too, and ignore the extra spending typically associated with low-income students. According to an analysis of 2007-08 DOE program cost data, high-poverty schools spent \$2,152 more per student than low-poverty schools.

Remarkably, some people still insist this option hurts

public schools financially. There is no evidence, none, for such a claim. Three independent groups, including Florida TaxWatch and the Florida's Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA), have concluded that the program saves money for public education. OPPAGA said in a report issued in December 2008 that the program saved \$38.9 million in 2007-08, money that is available for all other students.

The expressed concern is of one of fixed costs – that as one student leaves one public school classroom to attend a scholarship school, the public school still has to pay the teacher and keep the lights turned on. But that hypothetical lost student is just as likely, given the constitutional requirement limiting each class size, to help the school budget as to hurt it. More to the point, it is nearly impossible to parse such a claim. Individual classroom enrollments change for a myriad of reasons – families who move, students who drop out, school zones that change, students who leave for magnet or fundamental or career schools, or online courses, or special academic programs offered elsewhere. A 2009 Palm Beach district analysis of declining enrollment at Royal Palm Beach High School, for example, revealed 1,051 zoned students were attending other district schools through choice options. Charter schools, as one example, currently redirect more than four times as many students as Tax Credit Scholarships.

The other reality is that, as scholarship enrollment increases statewide, the program is also attracting large numbers of students from specific urban neighborhoods. There are 67 zip codes in Florida that now include at least 100 scholarship students each, 19 with at least 200 students and two with roughly 450 each. The 2009-10 DOE report showing that class sizes in public schools have inched upward statewide identified 72 schools that do not meet the required school-level target thresholds. Twenty-nine of these schools are in Orange, a county with 3,543 Tax Credit scholarship students. One of those schools, Hiawassee Elementary, has an attendance zone that straddles two zip codes containing a total of 634 K-5 students who attend Tax Credit schools. Clearly, those students would have a fiscal impact if they returned to the surrounding public schools.

**SERVING THE NEEDIEST.** When the scholarship was first created, some lawmakers were concerned that it might attract only the better-performing low-income students in district schools. Quite the opposite has occurred. The most poignant finding from the recent DOE report on test performance was the type of student who is choosing the scholarship. The researcher, Figlio, was able to analyze FCAT scores of students before they made the switch, and he

found a distinct pattern.

“Scholarship participants have significantly poorer test performance in the year prior to starting the scholarship program than do non-participants,” he wrote. “These differences are large in magnitude and are statistically significant, and indicate that scholarship participants tend to be considerably more disadvantaged and lower-performing than their non-participating counterparts.”

In other words, these students are poor and struggling, and their parents are often desperate. Three-fourths are children of color; three-fifths live in households with one parent. The average household income is barely 20 percent above the federal poverty level. These are precisely the students for whom public education is a solemn social compact, and they need every learning tool we can provide them. The Tax Credit Scholarship will not work for all of them, but the evidence to date suggests it can work for many.