



# FLORIDA TAX CREDIT SCHOLARSHIP PROGRAM

*Prepared by ExcelinEd – 2018*

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Education choice ensures that families can choose an educational environment that best fits their unique needs. In Florida, education choice has become the norm, thanks in large part to the Florida Tax Credit Scholarship Program—the largest of its kind in the nation and an integral part of a student-centered education system.

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## OVERVIEW OF EDUCATION CHOICE IN FLORIDA

There are approximately 3.7 million PreK-12 students in Florida. In the 2016-17 school year, 46.4 percent of those students [attended a school of choice](#) via Florida Tax Credit Scholarships, Gardiner Scholarships, McKay Scholarships, magnet programs, open enrollment public schools, charter schools, private schools, career and professional academies, home education, full-time virtual instruction and more.<sup>1</sup> That means nearly 1.7 million PreK-12 students in Florida attended a school other than the one to which they are residentially assigned. Families are actively choosing educational environments that work best for them.

## FLORIDA TAX CREDIT SCHOLARSHIP PROGRAM

Created in 2001, the Florida Tax Credit Scholarship (FTC) program awards children from low-income families a scholarship to attend a private school of their choice. The FTC is the largest program of its kind in the country, serving more than 106,000 low-income students in the 2017-18 school year.

### Program Demographics

- To participate, students must have family incomes that do not exceed 260 percent of the federal poverty rate (\$65,260 for a family of four). The average household income of participating students was **\$25,360** in 2018.
- 57 percent of participants live in a single-parent household.
- In the FTC program, 26 percent of participants are white, 38 percent are Hispanic and 30 percent are black. (In Florida public schools, 38 percent of students are white, 33 percent are Hispanic and 22 percent are black.)<sup>2</sup>
- The average FTC scholarship value is \$6,011. On average, the state spends \$7,407 per-pupil for public school students (not including federal and local funds).<sup>3</sup>

### Funding

Scholarship amounts are determined by a student's grade level and family income. Maximum scholarship amounts in 2018-19 are \$6,519 for grades K-5, \$6,815 for grades 6-8 and \$7,111 for grades 9-12. Scholarship amounts are gradually reduced as a family's income increases, with full scholarships awarded to students with family incomes at up to 200 percent of the federal poverty rate and half scholarships awarded to those with family incomes up to 260 percent.

Tax-credit scholarships are not the same as traditional vouchers. While the end result is the same—a scholarship to attend private school—tax-credit scholarships are funded differently. Rather than using public funds, tax-credit scholarship programs incentivize individuals and businesses to donate private funds to nonprofit organizations that provide tuition scholarships to eligible students.

In Florida, businesses receive a dollar-for-dollar, 100 percent tax credit for contributions to non-profits that award tuition scholarships. The credit can be applied against several taxes, including the corporate income tax, insurance premium tax, oil and gas tax, alcoholic beverage excise tax and more.

The annual cap for contributions in 2018-19 is \$873 million.<sup>4</sup> To keep up with demand, the cap increases by 25 percent when 90 percent of the donation cap is met in the previous year.



## WHAT DOES THE RESEARCH ON FTC SHOW?

All participating students must take a nationally-normed or state standardized test with results sent to the state. From there, the state contracts with university-based researchers in Florida to analyze the results and submit an annual report to the legislature. The most recent annual report on the program shows that for the tenth year in a row, [participating students made academic gains](#).<sup>5</sup> Researchers also find that participating students are more likely to come from lower-performing schools, with higher rates of violence, compared to their peers who are eligible but choose not to participate in the program. Further, FTC students had lower math and reading scores in their public schools prior to participating in the program.<sup>6</sup> Despite these disadvantages, participating students tend to make academic gains similar to *all students* nationally (not just low-income students) in both reading and math.

In addition to the annual state-mandated analysis, the FTC program has been widely studied by researchers across the country.

- **Students in Public Schools See Academic Benefits:** A study by researchers at Northwestern University found that [public school students living in areas with more private school options saw test-score gains](#) at higher rates than students living in areas with fewer private options nearby after the FTC program was created.<sup>7</sup> These findings are consistent with [31 of 33 empirical studies](#) nationwide that show improved academic outcomes of students who remain in public schools after education choice programs are implemented.
- **Findings on Long-Term Outcomes, College Enrollment:** In addition to positive short-term outcomes, there are demonstrated long-term benefits of private education choice. A 2017 Urban Institute study on Florida's Tax Credit Scholarship Program shows participating students are 15 percent more likely to enroll in college than their public school peers.<sup>8</sup> Participating students who spent more than four years in the program were 43 percent more likely to attend college.<sup>9</sup>
- **Private Education Choice Programs Are Fiscally Efficient:** [Studies](#) on education choice's financial impact on taxpayers and school districts find that most choice programs save money. The nonpartisan Florida Office of Program Policy Analysis and Government Accountability found in 2008 that the state saved \$1.49 for every \$1 in forgone tax revenue through the Florida Tax Credit Scholarship Program.<sup>10</sup> Additionally, Florida's Consensus Estimating Conference projected that the program [saved](#) the state \$57.9 million in 2012-13.<sup>11</sup>

<sup>1</sup> Gibbons, Patrick R. "Options on the rise: 1.7 million Florida students choose." <https://www.redefinedonline.org/2018/01/chanqing-landscapes-2016-17-school-choice/>

<sup>2</sup> Florida Department of Education Student Enrollment Data School Year 2017-18. Retrieved July 2018. <https://edstats.fldoe.org/SASWebReportStudio/qotoReportSection.do?sectionNumber=1>

<sup>3</sup> Florida Education Finance Program. 2018-19 Second Calculation. July 2018. <http://www.fldoe.org/core/fileparse.php/7507/urlt/18192ndCalc.pdf#page=5>

<sup>4</sup> Florida Department of Education. <http://www.fldoe.org/schools/school-choice/k-12-scholarship-programs/ftc/>

<sup>5</sup> Kisa, Zahid, Melissa Dyehouse, Toby Park, Brian Andrews-Larson, and Carolyn Herrington. Learning Systems Institute at Florida State University. "Evaluation of the Florida Tax Credit Scholarship Program Participation, Compliance and Test Scores in 2016-17." July 2018. <http://www.fldoe.org/core/fileparse.php/5606/urlt/FTC-Report1617.pdf>

<sup>6</sup> Hart, Cassandra. "Contexts Matter: Selection in Means-Tested Voucher Programs." <http://journals.sagepub.com/doi/abs/10.3102/0162373713506039>

<sup>7</sup> Figlio, David N., and Cassandra M.D. Hart. "Competitive Effects of Means-Tested School Vouchers." <http://www.nber.org/papers/w16056>

<sup>8</sup> Chingos, Matthew M., and Daniel Kuehn. "The Effects of Statewide Private School Choice on College Enrollment and Graduation." <https://www.urban.org/research/publication/effects-statewide-private-school-choice-college-enrollment-and-graduation>

<sup>9</sup> "Florida Tax Credit Scholarships Send More Students to College, Save Taxpayers Money." <https://www.excelined.org/news/florida-tax-credit-scholarships-send-students-college-save-taxpayers-money/>

<sup>10</sup> Office of Program Policy Analysis & Government Accountability. "The Corporate Income Tax Credit Scholarship Program Saves State Dollars." <http://www.oppaqa.state.fl.us/reports/pdf/0868rpt.pdf>

<sup>11</sup> FL Consensus Estimating Conference, 2012 <http://www.edr.state.fl.us/Content/conferences/revenueimpact/archives/2012/pdf/page540-546.pdf>