

Testimony before House Education Committee
HB 2400 – Corporate education tax credit scholarship program
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March 15, 2013

Chairman Kelly and members of the Committee:

The Kansas Chamber appreciates the opportunity to appear in support of HB 2400, a modest but very welcome effort to address an important school-aged population by providing a wider range of educational opportunities than they would otherwise have.

The father of school choice is, of course, Milton Friedman. Friedman taught us that while government may have a legitimate state interest in intervening in education for a variety of reasons, none of the reasons, including ensuring a minimal level of education for the population or enabling the children of the poor or disadvantaged to attend schools, requires government to actually operate the schools.

Starting with a program established by Golden Rule Insurance CEO J. Patrick Rooney in Indianapolis in 1991, countless individuals, companies and private foundations have set up privately funded scholarship programs to enable poor and often minority children to attend private schools, both parochial and independent. Founders of such programs believed that low-income families wanted school choice, that they could be trusted to choose wisely for their children if given the opportunity, and that the children of those parents would be welcome in quality private schools. The programs have stood the test of time and have proven all three of these points, along with data that suggests that choice resulted in higher achievement for the target population of students as well and improvements in the public schools where competition has challenged them to do better.

As an alternative to private voucher programs, another way to achieve the goal of expanding educational opportunities for this subset of children is to give tax credits, deductions, or some combination to taxpayers who contribute funds for this purpose. Several states allow parents and guardians to claim tax deductions. Other states allow such deductions for unrelated individuals. Florida and Pennsylvania’s tax credit programs give corporations a tax credit. Our data is somewhat dated but in Pennsylvania, e.g., in 2002, 722 companies had committed over \$16M to 96 scholarship-granting organizations and another nearly \$6M to 77 public school-improvement organizations. (See Walberg & Blast, “Education & Capitalism”, Hoover Institution Press, 2003).

President Bush, in 2002, proposed a federal tax credit that would cover 50% of the first \$5000 of expenses incurred by families who transfer children from failing public schools to different schools of choice, whether public or private. The plan was dropped during negotiations leading up to passage of No Child Left Behind.

Contributions by the private sector toward K-12 and higher education often go unnoticed, even though billions of dollars have been donated through philanthropic endeavors of companies themselves and the businessmen and women who run them. Those who question business's contributions to education need look no further than the names inscribed on the hundreds of education buildings that dot our landscape. Many are our members. We applaud this legislative proposal and look forward to partnering with the legislature to help provide this distinct population of students with a wider array of educational opportunities. They and their families will benefit and, in the process, we all will benefit.