

Policy Tip Sheet



POLICY ANALYSIS FROM
THE HEARTLAND INSTITUTE

Nebraska Should Enact Opportunity Scholarships

Problem

Parental choice in education is virtually nonexistent in Nebraska. It is one of a minority of states that does not provide families with any education choice programs, nor does the state allow the existence of public charter schools. The Cornhusker State does allow **open enrollment** for public schools, albeit with caveats, and a student is only allowed only one transfer prior to their graduation from high school. If parents make the wrong choice on transfer, there is nothing to be done.

For the overwhelming majority of Nebraska children, they will simply be stuck attending the neighborhood public school where they are zoned to, whether that school is a good fit for them or not, or whether that school is unsafe for them. An educational choice program, such as tax-credit scholarships (TCS), can help alleviate this problem and allow more Nebraska children to attend a school that best suits their unique education needs.

Policy Points

1

Programs Are Popular

With 23 different programs in 18 states and more than 1.2 million scholarships granted, TCS programs are the most popular form of private school choice in the country.

2

Save Tax Dollars

The nation's 10 largest TCS programs have saved state governments, state and local taxpayers, and school districts between \$1.7 billion and \$3.4 billion through 2014. Between \$1,750 and \$3,300 per child.

3

Provide Better Attainment Outcomes

Students participating in Florida's TCS Program—the country's largest TCS program—are **99 percent more likely to enroll** in a four-year college and 56 percent more likely to graduate than their public school peers.

4

Provide Many Other Benefits

Choice programs **benefit public school students** by increasing competition, **decrease segregation**, and **improve civic values and practices**.

5

Private Schools are Safer

Private school students are **less likely** to experience problems such as alcohol abuse, bullying, drug use, fighting, gang activity, racial tension, theft, vandalism, and weapon-based threats.

6

May Help Mental Health

There is a **strong causal link** suggesting private school choice programs improve the mental health of participating students.

Policy Solution

Nebraska policymakers should enact **Opportunity Scholarships**, a TCS program for low-income students. These programs allow qualifying families to pay for tuition and fees at private and parochial schools, as well as at a public school located outside of the student's school district, using scholarships provided by donors, who, in return, receive tax credits.

Under the program, nonprofit organizations, after receiving approval from the state, would be eligible to grant scholarships to children from families whose household incomes are less than 200 percent of the level necessary to qualify for the federal free and reduced-price lunch program.

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Contact Us

For more information, contact The Heartland Institute at 312/377-4000 or by email at governmentrelations@heartland.org.

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Policy Solution Continued

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Beginning in 2020, individuals, married joint-filers, partnerships, limited liability companies, estates, and trusts would donate to these nonprofits in exchange for a 50 percent tax credit for their income tax liability for that year. Also, “any amount of the tax credit that is unused may be carried forward and applied against the taxpayer’s income tax liability for the next five years

immediately following the tax year in which the credit is first allowed.”

The total cap on donations would be \$10 million for 2020, when the program would take effect. However, Nebraska’s Department of Revenue could increase this cap by 125 percent annually if donations exceed 90 percent of the capped limit, or 100 percent if donations do not exceed 90 percent of the capped limit for that year.

Additional Resources

The 123s of School Choice

<https://www.edchoice.org/wp-content/uploads/2019/04/123s-of-School-Choice.pdf>

This report from EdChoice is an in-depth review of the available research on private school choice programs in America. Areas of study include: private school choice program participant test scores, program participant attainment, parent satisfaction, public school students’ test scores, civic values and practices, racial/ethnic integration and fiscal effects.

School Choice Fallacies: Disproving Detractors’ Allegations Against Tax-Credit Scholarship Programs

<https://www.edchoice.org/wp-content/uploads/2017/08/2017-7-Tax-Credit-Brief.pdf>

This report from Martin Lueken and Michael Shaw at EdChoice examine tax codes to address claims alleged by school choice detractors, such as: Tax-credit scholarship programs lead to “profit,” “double-dipping,” “get-rich schemes,” and “tax shelters” for donors.

The Effects of the Florida Tax Credit Scholarship Program on College Enrollment and Graduation: An Update

https://www.urban.org/sites/default/files/publication/99728/the_effects_of_the_florida_tax_credit_scholarship_program_on_college_enrollment_and_graduation_0.pdf

In this update to a 2017 Urban Institute study, authors Matthew Chingos, Tomas Monarrez, and Daniel Kuehn find students participating in the Florida Tax Credit Scholarship Program are 99 percent more likely to enroll in a four-year college, and 56 percent more likely to graduate, than their public school peers.

The Tax Credit Scholarship Audit: Do Publicly Funded Private School Choice Programs Save Money?

<https://www.edchoice.org/wp-content/uploads/2017/03/Tax-Credit-Scholarship-Audit-by-Martin-F.-Lueken-UPDATED.pdf>

In this audit, EdChoice Director of Fiscal Policy and Analysis Martin Lueken updates previous work examining the fiscal effects of private school choice programs on state governments, state and local taxpayers, and school districts. This audit looks at 10 tax credit scholarship programs operating in seven states between 1997 and 2014. These 10 programs serve 93 percent of all students participating in tax credit scholarship programs nationwide.

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