



# CASE STUDY

NUMBER 19

February 2014



## Live Free and Learn: A Case Study of New Hampshire's Scholarship Tax Credit Program

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### I. INTRODUCTION

It has long been recognized that a democratic society requires an educated citizenry. Education not only confers benefits to the individual, such as higher income and greater life expectancy, but also to society. Education enhances civic engagement,<sup>1</sup> reduces crime,<sup>2</sup> and increases GDP.<sup>3</sup> However, different children have different educational needs and the international evidence suggests that the superior education systems are those that provide choice and competition.<sup>4</sup> For these reasons, policymakers have sought innovative methods of expanding educational opportunities, including scholarship tax credit (STC) programs.

An STC program grants tax credits to individuals and/or corporations who contribute to approved, non-profit scholarship organizations (SOs) that help low- and middle-income families send their children to the schools of their choice. There are currently more than 150,000 students participating in 14 STC programs operating in 11 states, including Arizona (individual, corporate, and special needs), Florida, Georgia, Indiana, Iowa, Louisiana, New Hampshire, Oklahoma, Pennsylvania (low-income and failing schools), Rhode Island, and Virginia.<sup>5</sup>

In order to facilitate a better understanding of how STC programs work in practice, this

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paper summarizes the available research on STC programs in general and presents a case study on New Hampshire's STC program in particular.

As discussed in Section II, the overwhelming consensus of high-quality research finds that educational choice programs improve student outcomes for both participants and those students who remain in their assigned district schools. This is one of many reasons that parents give for their extraordinarily high levels of satisfaction with educational choice programs, along with teacher quality, school responsiveness to parental needs, improvement in student behavior, and more. Moreover, fiscal impact studies have consistently found that scholarship tax credit programs produce these benefits while saving money for taxpayers.

In 2012, the New Hampshire Legislature passed the Opportunity Scholarship Act (OSA), the first scholarship tax credit program to allow scholarships to cover certain homeschooling expenses. Section III details the OSA's program design and outlines the legislative and legal challenges to the program.

The OSA's first-year implementation is discussed in Section IV, including the results of a survey of the parents of scholarship recipients. Since the OSA went into effect, the Network for Educational Opportunity, New Hampshire's first and so far only active scholarship organization, distributed \$128,340 in scholarships to 103 students for the 2013-14 school year. Ninety-one percent of those recipients are from families with income low enough to qualify for the federal "National School Lunch" program.

The survey found that 97 percent of parents of scholarship recipients are satisfied with their chosen private or home

schools, 68 percent noticed measurable academic improvement since receiving the scholarship, and 74 percent of private school parents reported that they would have been unable to afford tuition without the scholarship. These findings are consistent with previous research and demonstrate once again the promise of educational choice programs.

## II. RESEARCH ON EDUCATIONAL CHOICE

### Educational Choice Leads to Improved Student Outcomes

Few policies in the realm of education have been studied as extensively as educational choice. The research literature provides strong evidence that educational choice programs raise student performance.<sup>6</sup> Eleven of 12 random-assignment studies—the gold standard of social science research<sup>7</sup>—found that educational choice programs had a positive impact on the academic performance of some or all categories of participating students.<sup>8</sup> Only one study found no statistically significant positive impact. No gold standard study has found a negative impact. Other recent studies have found that educational choice programs produce higher graduation rates,<sup>9</sup> higher college enrollment,<sup>10</sup> and even increased civic-mindedness.<sup>11</sup>

Educational choice programs can also benefit district school students because they create an incentive for schools to compete for students. A recent study of Florida's STC program found that it had a small but statistically significant positive impact on the academic performance of district school students in response to the increased competition.<sup>12</sup>

A global literature review of studies comparing education systems that are

more market-like (*i.e.*, those with minimal regulations that are at least partially funded directly by the parents) against those with more centralized government control found that it is “the least regulated market school systems that show the greatest margin of superiority over state schooling.”<sup>13</sup> Among other outcomes, the more market-like education systems produced higher student achievement, greater parental satisfaction, and higher attainment levels than the more centralized education systems, on average.

### Families Are Highly Satisfied With Educational Choice

A chief measure of the success of educational choice programs is parental satisfaction. In a recent study of Georgia’s scholarship tax credit program by the Friedman Foundation for Educational Choice, 98.6 percent of respondents reported being “satisfied” or “very satisfied” with their chosen schools relative to their previous experience in an assigned district school.<sup>14</sup> In 2010, a survey commissioned by the Florida Department of Education found that 75.1 percent of families in their STC program said their schools were “excellent” and 20.3 percent said they were “good,” for a combined approval rating greater than 95 percent.<sup>15</sup> A 2009 Friedman Foundation study went further, asking scholarship recipients about their satisfaction regarding a variety of factors relative to their previous experience in the government district school system. The report found:

- 80 percent of the parents were “very satisfied” with the **academic progress** their children are making in their chosen independent schools, compared to 4 percent in their previous public schools.
- 80 percent were “very satisfied” with the **individual attention** their children received at their chosen schools, compared to 4 percent in public schools.
- 76 percent were “very satisfied” with the **teacher quality** in their chosen schools, compared to 7 percent in public schools.
- 76 percent were “very satisfied” with their chosen schools’ **responsiveness to their needs**, compared to 4 percent in public schools.
- 62 percent were “very satisfied” with the **student behavior** in their chosen schools, compared to 3 percent in public schools.<sup>16</sup>

That such high levels of scholarship recipients reported being more satisfied with their chosen schools than with their assigned district schools does not mean that public school parents in general are unsatisfied with their children’s school. However, this clearly demonstrates that district schools are not meeting the needs of a significant segment of the population. Educational choice programs allow such families to select educational alternatives that do meet their children’s needs.

Even where survey data is not available, the behavior of parents indicates a strong demand for educational choice. In Pennsylvania, for example, demand far exceeds available scholarships. Just a single scholarship organization, the Children’s Scholarship Fund Philadelphia, had to turn away more than 90 percent of the more than 125,000 scholarship applicants over the last 12 years.<sup>17</sup>

The Friedman Foundation study of Georgia’s STC program also sheds light on what parents value most about education. Not surprisingly, different parents prioritized different things. The study found:

The top five reasons why parents chose a private school for their children are all related to school climate and classroom management,

*The survey found that 97 percent of parents of scholarship recipients are satisfied with their chosen private or home schools.*



*The research literature provides strong evidence that educational choice programs raise student performance.*

including “better student discipline” (50.9 percent), “better learning environment” (50.8 percent), “smaller class sizes” (48.9 percent), “improved student safety” (46.8 percent), and “more individual attention for my child” (39.3 percent).<sup>18</sup>

What parents value can depend on the individual needs of their children or the circumstances they would otherwise face at their assigned district schools. For example, the parent of a student with learning disabilities might seek out a school that provides more individual attention while a parent whose child was bullied might seek a school with better student discipline. Likewise, when a parent’s child is assigned to an unsafe district school, safety naturally becomes

a top priority. By contrast, parents who live in areas where safety can be taken for granted are likely to place a higher priority on other matters. Educational choice programs allow parents to select the schools that best meet their child’s needs.

### **Scholarship Tax Credits Can Expand Choices While Saving Money**

The existing scholarship tax credit programs were designed to save states money. Though the tax credits decrease tax revenue, states save money for each child who switches out of the government school system. In each state, the average scholarship size is significantly less than the average per-pupil expenditure for public schools (Table 1). This means that SOs could award a considerable number

## **Testimonial: The Fader Family**

Like any mom, Tia Fader wants what’s best for her two girls, Leah (age 12) and Candace (age 7). When Fader discovered that her older daughter was being bullied, she reached out to the school for help but school officials failed to protect her daughter. The school officials would force the bullies to write apology letters but the bullying would not stop and Leah’s work suffered.

When she began exhibiting signs of depression, Fader pulled her daughter out of school for nearly a year. Tia spent several months in a private school, but it was a long drive and too expensive for Fader’s modest income. She spent several more months homeschooling her daughter until she was ready to return to public school to be with her friends again.

Leah “never fit the mold” and teachers seemed either unable or unwilling to work with her. “She never had anyone who cared about anything she did,” explained her mother, “because she never learned the same way.” After she failed two terms, the school wanted to give Leah remedial math instruction and discouraged her from taking a

language, claiming that she’d be “eaten alive.”

Fortunately, Fader heard about Pine Hill Waldorf and the Network for Educational Opportunity. The school would have been out of reach financially, but New Hampshire’s scholarship tax credit program made her dreams for her daughters a reality. “Because we’re low-income, I would not have had the opportunity to send my children to a school that mirrors my parenting style.”

With the aid of their scholarships, both her daughters are now thriving at their new school. Leah is at the top of her math class and she is learning two languages. “She used to be shy but she made two best friends in the first two days of school and she is even in the school play,” Fader said. “Her teachers care about her and she comes home and wants to do her homework. It’s just night and day!”

Fader’s younger daughter, Candace, did well in public school, but even she has shown improvement. “She skips up to me every day and says, ‘I just had the best day ever,’ and that’s all a mother ever wants.”

**TABLE 1: Comparison of Average Scholarship Size and Per-Pupil Expenditures in Public Schools**

State	Average Scholarship Size <sup>19</sup>	Public School Average Per-Pupil Expenditures (2009-10) <sup>20</sup>	Scholarship Size As Percentage of Public School PPE
Arizona (corporate)	\$1,861	\$9,273	20.1%
Arizona (individual)	\$2,077	\$9,273	22.4%
Florida	\$3,664	\$10,283	35.6%
Georgia	\$3,494	\$10,684	32.7%
Indiana	\$880	\$10,704	8.2%
Iowa	\$1,031	\$11,590	8.9%
New Hampshire	\$1,246	\$13,963	8.9%
Pennsylvania (low-income)	\$990	\$14,531	6.8%
Rhode Island	\$2,727	\$15,322	17.8%

This chart uses the most recent data available from the Friedman Foundation for Educational Choice (column 2, except for New Hampshire), the Network for Educational Opportunity (NH average scholarship size) and the National Center for Education Statistics (column 3). Column 4 is based on the author's calculations. The chart excludes Arizona's STC program for special needs students and the STC programs in Louisiana, Oklahoma, Virginia, and Pennsylvania's failing-schools program, which only recently launched or have yet to launch. Table includes the most recent data available in each category.

of scholarships to families already sending their children to independent schools and the state would still break even.

Researchers have calculated the fiscal impact of the three oldest and largest STC programs and each study found that they saved money by decreasing government expenditures more than the decreased tax revenue.

**Arizona:** In 2009, Baylor University economist Charles North estimated that Arizona's STC program reduced expenditures between \$99.8 million and \$241.5 million.<sup>21</sup> Even under the study's most conservative assumptions, the state saved nearly twice as much as the \$55.3 million in forgone revenue.<sup>22</sup>

**Florida:** In an official report in 2010, the Florida Legislature's nonpartisan Office of Program Policy Analysis and Government Accountability (OPPAGA) estimated that Sunshine State taxpayers saved \$32.6 million, which is approximately \$1.44 in state education funding for every forgone dollar of corporate income tax revenue.<sup>23</sup> OPPAGA's estimate used census data to account for children who would have attended an independent school even in absence of the program. While Florida's state government collected \$82.2 million less in tax revenue as a result of the tax credits, the state reduced its expenditures by \$118.4 million.

**Pennsylvania:** A 2011 study by the Commonwealth Foundation estimated

***District schools are not meeting the needs of a significant segment of the population. Educational choice programs allow such families to select educational alternatives that do meet their children's needs.***

that Pennsylvania saves \$512 million a year as a result of its STC program, while reducing tax revenue by only about \$40 million.<sup>24</sup> Though the study did not take into account students who would have attended independent schools anyway, there still are very likely substantial savings because the average scholarship size is only \$990, less than 7.5 percent of the then-\$14,531 average cost-per-child in Pennsylvania district schools

(Table 1). Moreover, a majority of scholarship recipients in Pennsylvania come from low-income households, which cost more to the state and are less likely to attend independent schools without financial assistance.<sup>25</sup>

While there have not been formal evaluations of the fiscal impact of other STC programs, Florida's experience in particular suggests that savings are likely.

## Testimonial: The Burke Family

Being the proud parents of twins (later in life) we have experienced the full spectrum of public education. Our daughter was blessed with exceptional intellect and spent years in elementary school not understanding why she had to conform to the pace of her other classmates. Our son was learning at a non-typical pace and was diagnosed as "learning disabled" in the second grade.

As parents with limited financial resources we had no choice but to accept the mandates of our public school system. Yet, as parents who questioned the lack of alternative educational options for our children, through due diligence, we were able to locate a small independent school for our daughter that had a most generous scholarship program. Even with this, we had to make major financial sacrifices to allow her to attend.

Her twin brother continued in public school through junior high and started his freshman year at a large regional high school. Even though he received the available support from the Special Education Department, he was overwhelmed. After having struggled through his first year, he begged us not to send him back for his sophomore year.

His Individual Educational Plan prepared by the Special Education Department stated that he needed the benefit of "hands-on education." Unfortunately, the regional school could not provide this. Again we searched for an alternative school for him and found a small independent school that would work within our financial abilities. During his first year, he flourished. He

became confident and realized that he could do as well as others as a result of the hands-on teaching methods of his new school.

Everything looked so promising. However, things took a turn for the worse as a result of an industrial accident that left me disabled and our financial condition became dire. We knew that we would not be able to send the twins to their respective schools and dreaded the thought of having to explain it to them.

We desperately sought funding options yet conventional bank loans were out of the question. During our search for a remedy, we discovered the scholarship program that the Network for Educational Opportunity offers and promptly applied. We have been most fortunate to have been awarded scholarships for the twins that allowed us to work out financial arrangements with their schools, allowing them both to complete their senior year.

The twins have flourished at their respective schools. Our daughter has obtained high honors and plans to be a veterinarian. Our son has become a respected member of the student body and is well liked by his fellow students and faculty. He plans to be a writer and is already completing his first novel with the support and encouragement of the school.

We hope that readers will help any way they can to allow others in need of financial assistance the opportunity to find the best educational opportunities for their children.

-The Burke Family

As noted in Table 1, Florida's STC program is the least likely candidate for realizing savings because it offers the maximum possible tax credit (100 percent), has both the largest average scholarship size, and the highest ratio of scholarship size to average public school per-pupil expenditures.<sup>26</sup> STC programs in seven of the other 10 states offer only partial credits, as low as 50 percent in Indiana and Oklahoma.

### III. NEW HAMPSHIRE'S SCHOLARSHIP TAX CREDIT PROGRAM

#### The Opportunity Scholarship Act

In 2012, the New Hampshire Legislature enacted the Opportunity Scholarship Act<sup>27</sup> (OSA), a pioneering scholarship tax credit program that moves beyond "school choice" to "educational choice." Whereas voucher programs and previous scholarship tax credit programs have provided a choice among private schools, the OSA was the first STC program in the nation to allow scholarships for homeschoolers to cover certain educational expenses.

The OSA grants tax credits to corporations worth 85 percent of their donations to non-profit scholarship organizations that are registered with the New Hampshire Secretary of State's office. (Some states also grant tax credits to individual donors, but New Hampshire has no personal income tax.) Tax credit rates in other states range from 50 percent in Indiana and Oklahoma to 100 percent in Arizona, Florida, Georgia, and Louisiana.<sup>28</sup>

Scholarship organizations may use no more than 10 percent of the tax credit-eligible contributions for administrative expenses. Scholarship organizations must disburse the remainder as scholarships

in the year that the credits are claimed. Starting in the second year of the program, scholarship organizations may carry forward up to 10 percent of their unused eligible contributions.

Scholarship organizations have the prerogative to set their own eligibility criteria and to decide how to prioritize the allocation of scholarships, within certain guidelines. The OSA requires that all scholarship recipients be between the ages of 5 and 20 and have an annual household income no greater than 300 percent of the federal poverty guidelines,<sup>29</sup> which was \$70,650 for a family of four in 2013. According to the most recent data provided by the U.S. Census Bureau, New Hampshire's median household income is \$64,664.<sup>30</sup>

Additionally, in the first two years of the program, the scholarship organizations must allocate at least 70 percent of scholarship funds to "switchers" who attended a public school in the previous school year. Starting in the third year of the program, this requirement is phased out by 5 percentage points each year. Any student who initially receives a scholarship as a switcher continues to count toward the required percentage of switchers in subsequent years. Moreover, the law requires that at least 40 percent of the switchers qualified for the U.S. Department of Agriculture's "National School Lunch" program (185 percent of the federal poverty guidelines) in their final year of public school.

Scholarship organizations also have the discretion to determine the amount of each scholarship, but the law requires that the average of all scholarships granted to students attending private schools must be no greater than \$2,500 in the first year. The maximum average scholarship for homeschooling families is one quarter of

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*“As parents with limited financial resources we had no choice but to accept the mandates of our public school system.”*

the private school maximum average, which is \$625 in the first year. The minimum scholarship for special needs students is 175 percent of the maximum average scholarship size. Starting in the second year of the program, the maximum average scholarship amounts will be adjusted annually using the U.S. Bureau of Labor Statistic’s Consumer Price Index for All Urban Consumers, Northeastern Region.

Most states cap the total value of each scholarship to ensure that the program saves the state money by reducing expenditures by more than the reduction in tax revenue. By capping the average scholarship amount, New Hampshire simultaneously ensures that the program will produce savings for the state while granting scholarship organizations greater flexibility than in other states to tailor scholarship amounts to the specific needs of specific families. The cap on the average amount allows scholarship organizations to grant smaller amounts to families that only need a little additional support in order to give larger amounts to families that are in more dire financial straits due to illness, unemployment, or other factors.

The OSA also caps the total number of tax credits available to \$3.4 million in the first year and \$5.1 million in the second year. In subsequent years, whenever the total amount of credits claimed exceeds 80 percent of the available credits, the amount of credits available in the following

year increases by 25 percent. Therefore, for example, if the amount of credits claimed in year two exceeds \$4.08 million, the amount of credits available in year three will be \$6.375 million. This “escalator” provision, which is similar to the statutes in Arizona and Florida, allows the program to grow over time to meet demand.

### Repeal Effort and Lawsuit

The New Hampshire Legislature passed the OSA by overwhelming majorities, overriding the governor’s veto in the process. However, when the composition of the New Hampshire Legislature changed dramatically in the wake of the 2012 election, opponents of the OSA sought to repeal the law. In late February 2013, the New Hampshire House of Representatives voted 188 to 151 to repeal the law.<sup>31</sup> However, two months later, the New Hampshire Senate blocked the repeal with a 13-11 vote. Two senators who had voted against the original bill also voted against the repeal, explaining that the program should be given the opportunity to prove itself, noting that hundreds of students had already applied for scholarships.<sup>32</sup>

Simultaneous with the repeal effort, the OSA faced a legal challenge. In January of 2013, the American Civil Liberties Union and Americans United for the Separation of Church and State sued the state, claiming that the law violated the New Hampshire Constitution’s “No Aid” provision, which prohibits the public funding of parochial schools.\* The New Hampshire Attorney General’s office and the Institute for Justice, a civil liberties law firm that represented NEO and parents seeking scholarships under the OSA, both defended the OSA in court. They argued that the New Hampshire courts should follow the precedent that the United States Supreme Court set in *ACSTO v. Winn*

#### Quick Facts

Tax Credit Value	85% of corporate donation
Recipient Maximum Eligible Income	300% of federal poverty line
Maximum Average Scholarship	\$2,500 (homeschoolers: \$625)
Maximum Year 1 Tax Credits	\$3.4 million

\*The provision states that the legislators and public officials should “cherish the interests” of education, “[p]rovided, nevertheless, that no money raised by taxation shall ever be granted or applied for the use of the schools or institutions of any religious sect or denomination.” New Hampshire Constitution, Section II, Article 83.



(2011), which held that private money does not become public money until “it has come into the tax collector’s hands.”<sup>33</sup>

Moreover, they argued that even a voucher program that clearly used government funds to aid low-income families would be constitutional under New Hampshire precedent because the program has a secular purpose and any money used at a religious school arrives there in an *indirect* manner that is *incidental* to the choices of parents. In 1955, the New Hampshire Supreme Court declared that a voucher program for students attending nursing school was constitutional even though some students may choose to attend religiously affiliated schools:

Our state Constitution bars aid to sectarian activities of the schools and institutions of religious sects or denominations. It is our opinion

that since secular education serves a public purpose, it may be supported by tax money if sufficient safeguards are provided to prevent more than incidental and indirect benefit to a religious sect or denomination. We are also of the opinion [...] that members of the public are not prohibited from receiving public benefits because of their religious beliefs or because they happen to be attending a parochial school.<sup>34</sup>

Unfortunately, in a flawed and unprecedented decision in June of 2013, a trial court in New Hampshire banned scholarship organizations operating under the OSA from issuing scholarships to students for use at religious schools.<sup>35</sup> The decision relied on the dissent in *Winn* and the dissent of the Arizona Supreme Court in *Kotterman v. Killian* (1999), as well as a selective reading of New Hampshire

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## Testimonial: The Harris Family

The Harris family knows very well that no one school is right for every child. When they first moved to New Hampshire from Georgia more than five years ago, Mr. Harris got a job teaching advanced mathematics as a public school teacher and eight of their 10 children, now ages 6 to 20, spent between one and five years in public school. However, the public schools often failed to meet their needs. Now, Mrs. Harris homeschools five of their 10 children (ages 6 to 12) and tutors other children on the side. Two of their children are in college and three attend a boarding school in Connecticut.

In some cases, the public school lacked a program for gifted students but the Harrises did not want to move their children up a grade, as the school suggested, for social reasons. One daughter is homeschooled due to health issues and another “was like a zombie, she had no joy in school.” The Harrises also had concerns about negative social influences.

The Harrises always strove to give each of their children the education that was right for them, but that was

often financially difficult, especially on a teacher’s salary. (The Harris children qualify for the federal “National School Lunch” program.) The children attending boarding school received scholarships, but the remaining tuition and travel expenses, including visits, were still significant. To save money, Mrs. Harris bought the bare minimum homeschooling supplies. Though it was frustrating for her children, she even had them write on separate papers instead of in the workbooks so that they could be re-used.

When the Network for Educational Opportunity awarded the Harrises scholarships for their five homeschooled children, they described it as a “blessing,” especially because knee surgery for one child this year had involved thousands of dollars in out-of-pocket expenses. “I can’t tell you the excitement that I felt when I just placed my huge order of homeschool materials,” wrote Mrs. Harris, “For the first time in our homeschool career, I didn’t cringe at the thought of purchasing curriculum! I could get workbooks for my children to write in!”

*The “escalator” provision allows the program to grow over time to meet demand.*

precedent. Prior to this decision, every court to consider a challenge to a scholarship tax credit program had found them to be constitutional, even if some parents choose to send their children to religious schools. The decision is being appealed to the New Hampshire Supreme Court.

#### IV. YEAR ONE OF THE SCHOLARSHIP TAX CREDIT PROGRAM

##### Implementation of the Opportunity Scholarship Act

The Opportunity Scholarship Act took effect on January 1, 2013. In the first year, only one scholarship organization, the Network for Educational Opportunity (NEO), distributed scholarships. At the beginning of the 2013-14 school year, NEO awarded \$128,340 in scholarships to 103 students from 62 families out of a total of 1,006 applications.<sup>36</sup> Nearly half of the scholarships (46 percent) were granted to students to attend secular private schools while slightly more than half of the scholarships (54 percent) were

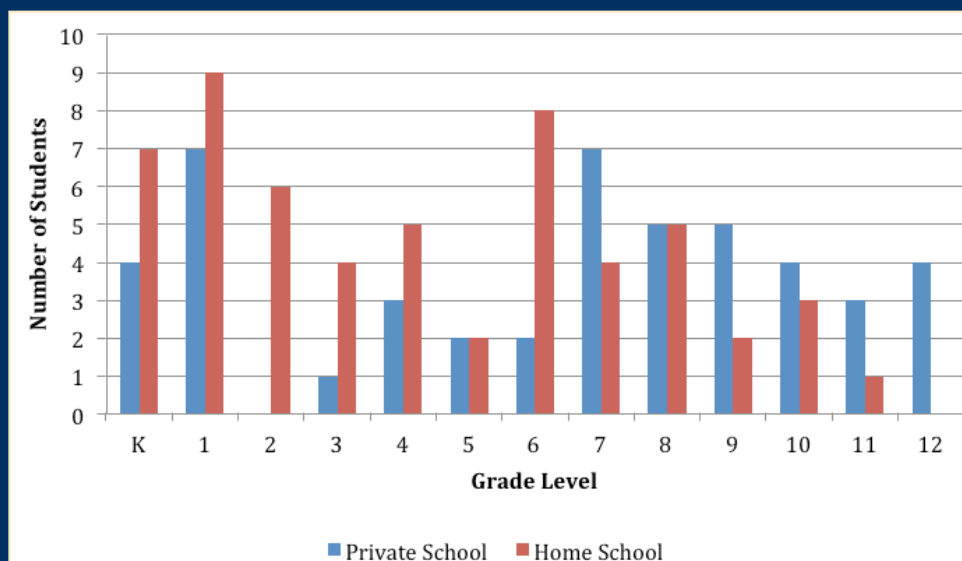
for homeschooling expenses, including books, homeschool curricula, educational software, museum/aquarium visits, and sewing lessons.<sup>37</sup> Scholarship recipients attended all K-12 grade levels with a plurality (15.5 percent) attending first grade (Figure 1). Recipients were nearly evenly divided by gender with 53 females and 50 males.

Though the law allows recipients to earn up to 300 percent of the federal poverty line, scholarship families are overwhelmingly lower income. More than 91 percent of scholarship families had an annual household income below the threshold necessary to qualify for a free or reduced price lunch under the federal “National School Lunch” program, which is 185 percent of the federal poverty guidelines (\$43,568 for a family of four). Moreover, 73 percent of scholarship recipients had an annual household income less than 130 percent of the federal poverty guidelines (\$30,615 for a family of four), which would qualify for a free lunch under the federal program (Table 2 and Figure 2).<sup>38</sup>

“We prioritized scholarships based on highest financial need, taking into consideration both income and family size,” explained Kate Baker, executive director of NEO, “There were many more families than we could help this year. We look forward to growing the organization so that we can help even more children get the education that’s right for them.”

Scholarship recipients were more racially diverse than the general population in New Hampshire. Non-Hispanic whites make up 91.9 percent of

FIGURE 1: Scholarship Recipient Grade Level



**TABLE 2: Free or Reduced Price Lunch Status of Scholarship Recipients**

Scholarship Recipients	Qualifies for Free Lunch	Qualifies for Reduced Price Lunch	Does Not Qualify for Free or Reduced Price Lunch	Total
<b>Secular Private School</b>	32 (31.1%)	7 (6.8%)	8 (7.8%)	47 (45.6%)
<b>Home School</b>	43 (41.7%)	12 (10.7%)	1 (1.0%)	56 (54.4%)
<b>Total</b>	75 (72.8%)	19 (18.4%)	9 (8.7%)	103 (100%)

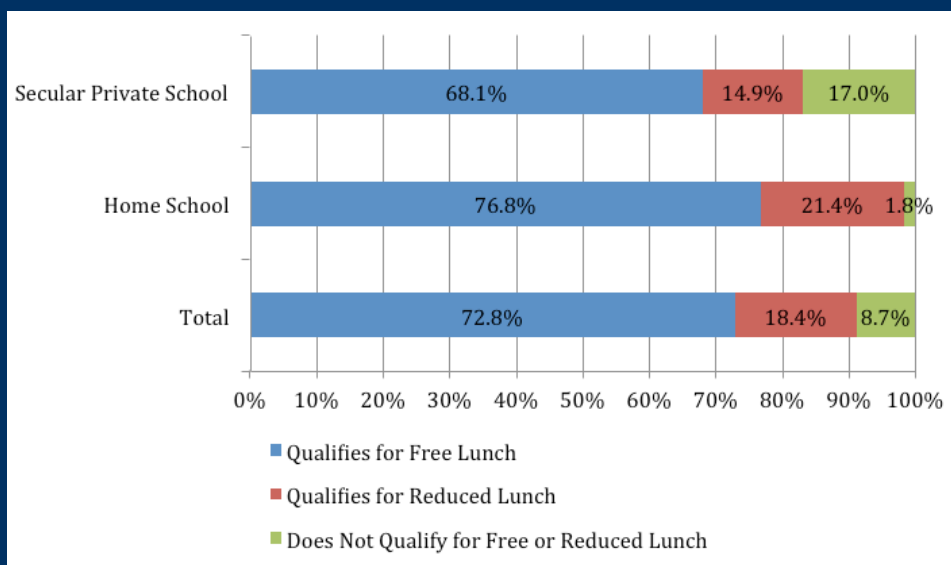
New Hampshire<sup>39</sup> but only 84.5 percent of scholarship recipients. Non-Hispanic blacks were overrepresented at 4.9 percent of scholarship recipients compared with 1.4 percent of the state population. Scholarship recipients were 2.9 percent Asian, 1.9 percent Hispanic, and 1.9 percent multi-racial compared with a general population that is 2.4 percent Asian, 3.0 percent Hispanic, and 1.5 percent multi-racial.

But for the lawsuit and repeal effort, NEO would likely have raised even more money and certainly would have issued more scholarships. Both efforts to eliminate the OSA generated an uncertainty about the future of the program that made fundraising difficult. “Businesses were enthusiastic about the opportunity to invest in education, but many were concerned that the program would disappear before we were able to distribute scholarships,” Baker lamented. To be

eligible for a tax credit, the donations had to be reported to the Department of Revenue Administration by June 15. In addition, fighting to keep the program alive in the legislature and the courts diverted resources away from fundraising and promoting the program.

The lawsuit had an even greater negative impact because the lower court’s flawed

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**FIGURE 2: Income Levels of New Hampshire Tax Credit Scholarship Recipients 2013-14**


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ruling prohibited NEO from issuing scholarships to students who wanted to attend religious schools. Because the law required that 70 percent of donations go to “switchers” in the first year, and because most of the switchers wanted to attend religious schools, the outcome of the lawsuit greatly impaired NEO’s ability to fund low-income students. Though nine corporations had donated a total of \$235,000, NEO was only able to distribute \$128,340 to scholarship recipients as a result of the trial court decision. Moreover, because the law did not allow carrying over funds in the first year of the program, NEO had to refund \$96,660. NEO kept only \$10,000 for administrative costs, well under the 10 percent of donations that the law allows.<sup>40</sup>

According to Baker, had the program functioned as the legislature had intended, NEO would have been able to provide at least 216 scholarships using their funding formula.<sup>41</sup> That is more than twice the 103 scholarships that NEO actually issued. If the New Hampshire Supreme Court follows its own precedent and the United States Supreme Court’s precedent,

the scholarship program is likely to more than double in size in the next year, even holding all else constant.

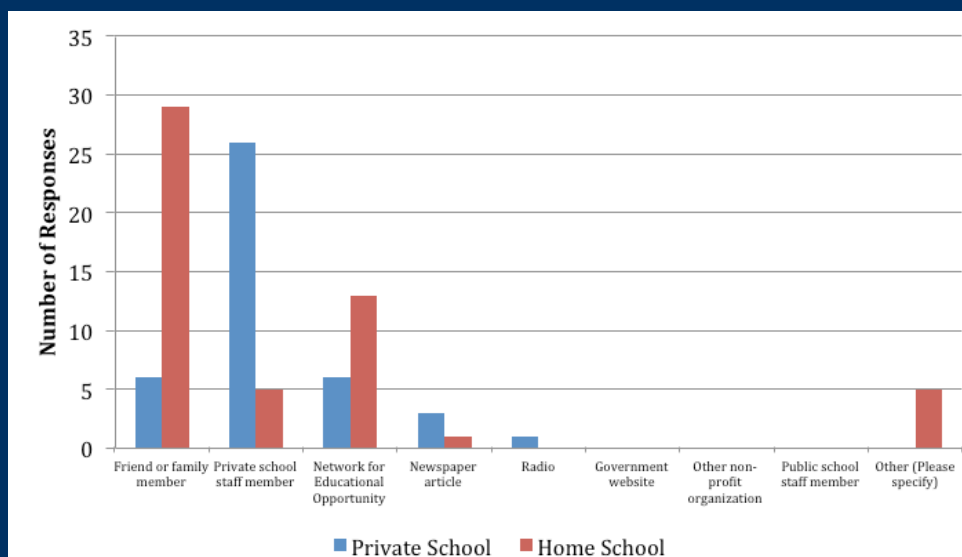
Likewise, no matter how the court rules, the end of the court and legislative battles means that NEO will be able to spend more time on fundraising and promoting the program. NEO will start with a base of previous donors and the uncertainty about the future of the program will have dissipated. It also is possible that new scholarship organizations will form to provide for even more students. These factors make it highly likely that the scholarship program will experience tremendous growth in the next year.

### Survey of Scholarship Recipients

This section contains the result of a survey of the parents of scholarship recipients conducted online in mid-October 2013.<sup>42</sup> The Opportunity Scholarship Act requires all scholarship organizations to conduct a survey of the parents of scholarship recipients. The survey includes specific questions regarding parental satisfaction with their current and (where applicable) previous schools, the student’s academic achievement since starting participation in the STC program, their ability to afford private schooling without the program, and the amount they spent on education beyond the scholarship. This survey fulfilled the Network for Educational Opportunity’s obligation by including the legally mandated questions, among others. The law mandated a minimum response rate of 90 percent. The survey had a response rate of 92.2 percent (95 of 103 scholarship recipients).

Before applying for scholarships, potential

FIGURE 3: “How did you find out about the scholarship program?”





recipients must know that the program exists. Because the government does not administer the program, it relies on the efforts of the scholarship organizations and word of mouth. The survey results indicate that most homeschoolers (55 percent) found out about the program through a friend or family member while most parents of private school students (62 percent) found out through a private school staff member. The second-largest source for both groups (25 and 14 percent, respectively) was the scholarship organization itself, tied with friends and family for private school parents. About 5 percent of all recipients heard of the program from newspaper articles or the radio while an additional 5 percent, which answered “other,” heard through a homeschooling group or Facebook (Figure 3).

The vast majority (73.7 percent) of scholarship recipients indicated that it was very easy, easy, or somewhat easy to apply for a scholarship. Only 1.1 percent said that it was very difficult and 12.6 percent reported that it was somewhat difficult.

Homeschooling families appeared to have more difficulty, with about 21 percent saying that it was somewhat or very difficult compared to less than 5 percent of private school families who said it was somewhat difficult to apply (Figure 4).

The Opportunity Scholarship Act required scholarship organizations to ask recipients to report how much money they spent on students to attend school beyond what the scholarships covered, not including “expenses related

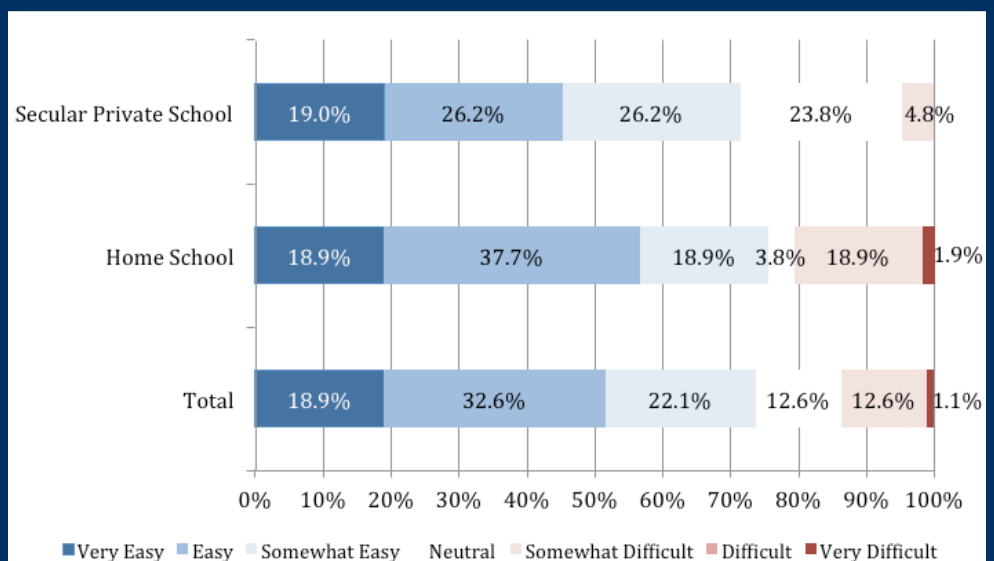
to participation in athletic programs, transportation expenses, extracurricular activities or clothing.” The median amount that private school scholarship recipients spent beyond the amount of their scholarships was \$3,575. Four families spent nothing beyond the scholarship while the most any one family spent was \$37,000 beyond the scholarship. The second-highest amount was \$14,100. A plurality of families spent between \$1,001 and \$2,000 more than their scholarships (Figure 5).

The OSA also required scholarship organizations to ask recipients to state whether they agreed or disagreed with the following three statements using a five-point scale:

1. My child would have been unable to attend the school of his or her choice without the education tax credit program.
2. I am satisfied with the school my child is attending as compared to the school my child attended prior to

*More than 91 percent of scholarship families had an annual household income below 185 percent of the federal poverty guidelines.*

FIGURE 4: “How easy or difficult was it to apply for a scholarship?”



the availability of the education tax credit program.

3. My child has seen a measurable improvement in academic achievement.

The vast majority (73.8 percent) of private school parents reported that they would not have been able to send

their children to the schools of their choice without the scholarship program. Only 14.3 percent disagreed while 11.9 percent were neutral (Figure 6).

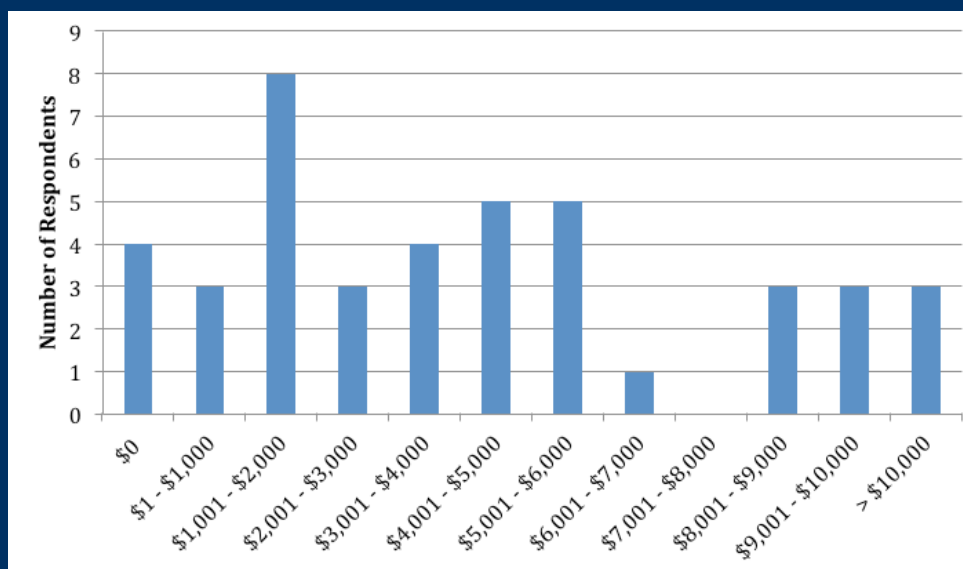
Only 16 scholarship recipients attended a public school in the previous year and used the scholarship funds to switch to a private or home school and of those, 14 responded to the survey.<sup>†</sup> All of the respondents reported greater satisfaction with their current school with 78.6 percent answering that they strongly agree (Figure 7).

- In addition to the required questions, the survey asked respondents to describe their level of satisfaction with the school their children used in the year before enrolling in the scholarship program. Some of the responses included:

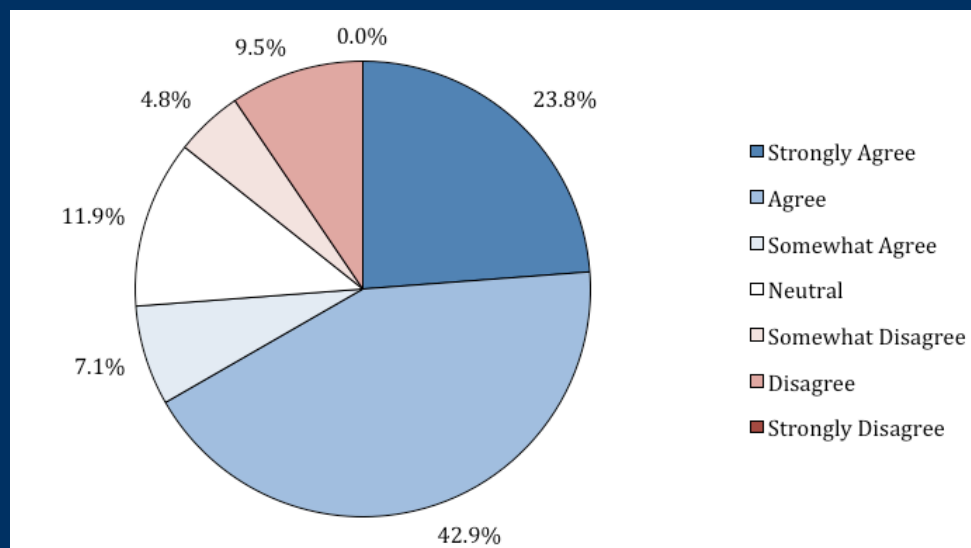
- I was not very satisfied, it was not a good fit for him and the distance was much [too] far.

- I wish I had known about the scholarship program earlier. My daughters were bullied for 4 months in a public school and the school expected my 5 year olds to defend themselves. There was not enough protection. For example, another 5 year old [told] my daughters to “get out of town” and [pushed] them around. The school [brushed] it off [and that] did not settle with me. It upsets me so much that I felt like I had no other option or choice but to continue to bring them there. I’m so happy now that I know there are programs

**FIGURE 5: Out of Pocket Expenses Paid by Families**



**FIGURE 6: “My child would have been unable to attend the school of his or her choice without the education tax credit program.”**



<sup>†</sup> There were 15 “switchers” confirmed with the New Hampshire Department of Education. In addition, there was one student who attended a public school in the 2012-13 school year but whose student identification number was not submitted in time to verify.

like this out there. Thank you!

- The school did the best they could to provide a challenging educational environment for my son, despite their limited resources.
- I was disappointed with the local public middle school. It did not adequately challenge or support my son, who has even said [...] that he has to try much harder now at his new school and he doesn't feel he was prepared for the workload. Also, his school last year didn't allow him to take all honors as we requested and didn't offer a full year algebra class, so we had to utilize [an online class] to prepare him for high school math.
- We were very dissatisfied with the public high school my son was attending.
- My daughter's middle school was small and she did okay. Her public high school option was large with large classes and I worried that she would fall into the cracks there. She is quiet and an average student. She would have only gotten attention at this high school if she was very smart or very low academically.
- I was to the point of disgust with our public school system. Finding an alternative was a MUST for my children.
- I am very disappointed in our public school system in Franklin, NH. The NEO made homeschooling a reality for my children and it has

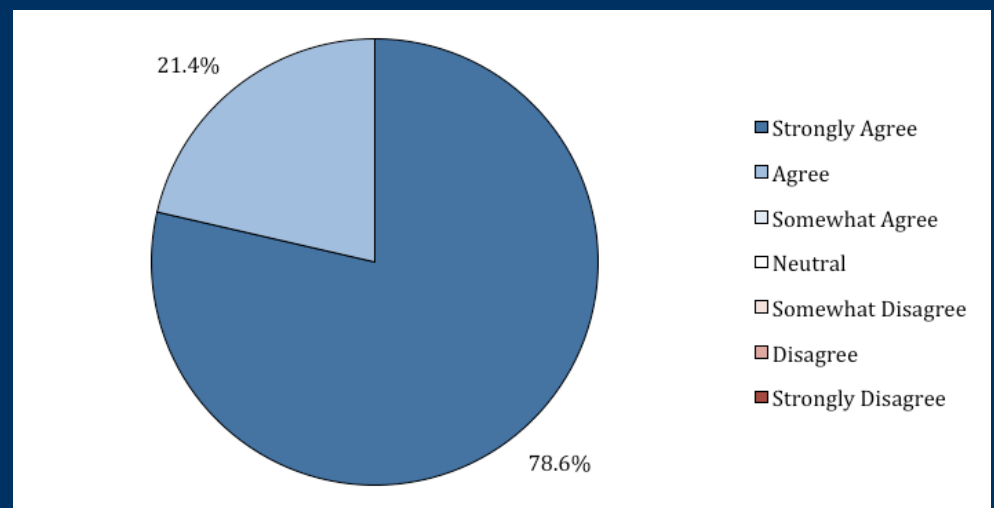
made a HUGE difference in their academic performance.

Despite being only a couple months into the 2013-14 school year, 68.4 percent of families reported that there has been a measurable improvement in their child's academic performance since participating in the program. Only 1.1 percent somewhat disagreed while 30.5 percent were neutral. Slightly more homeschoolers (71.7 percent) reported seeing an improvement relative to private school families (64.3 percent) (Figure 8).

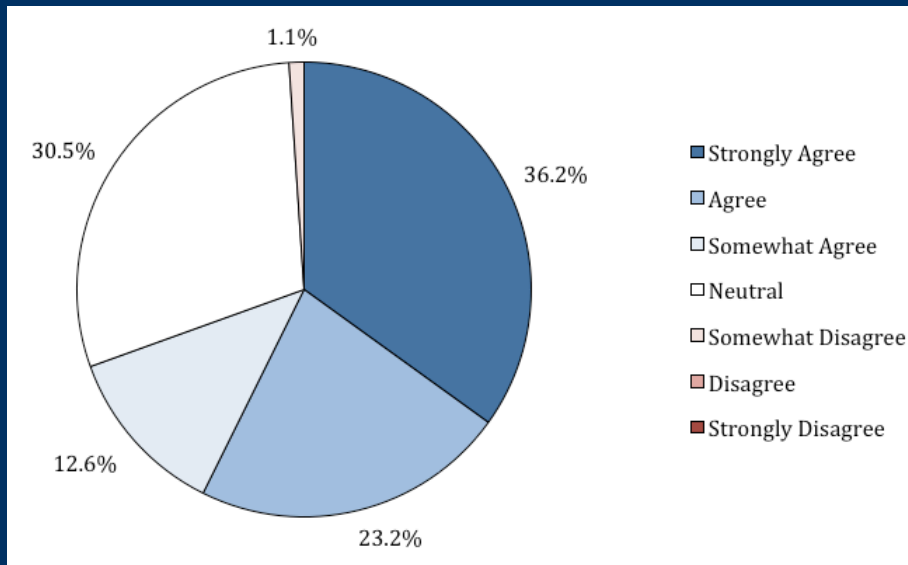
It is possible for parents to be more satisfied with their child's current school than their previous school and for the child to show academic improvement yet still be dissatisfied overall. Therefore, the survey asked another question about parent satisfaction beyond what the law required. The overwhelming majority (96.8 percent) expressed satisfaction with their child's current private or home school, with 89.5 percent reporting that they are very satisfied. Only 1.1 percent reported being somewhat dissatisfied while none reported being simply dissatisfied or very dissatisfied

*The scholarship program is likely to more than double in size in the next year.*

**FIGURE 7: "I am satisfied with the school my child is attending as compared to the school my child attended prior to availability of the education tax credit program."**



**FIGURE 8: “My child has seen a measureable improvement in academic achievement since participating in the scholarship program.”**



• [My son] is thriving and the school is the perfect fit for his needs to continue to improve as a student and individual.

• I feel like the private school saved my daughter. After being bullied and harassed so severely in public school I made the choice to move her, no matter the sacrifices I had to make to afford it. She is accepted, loved, and thriving at her new school.

• We are thrilled with the improvement we have seen in our son both academically and socially.

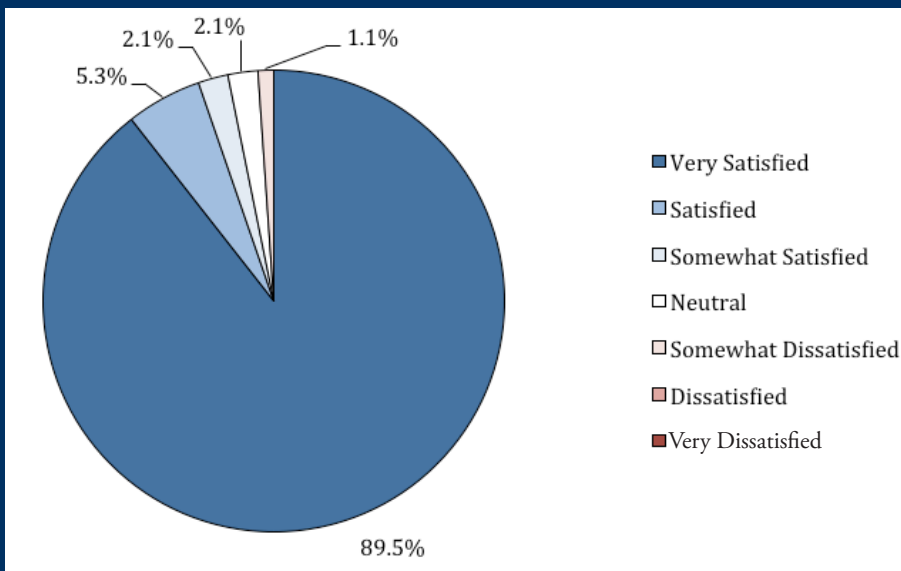
• This school is incredible. My daughter has already shown improvement in confidence and is becoming more outgoing. She is participating more in classes as they are small. Her teachers are all connected to her in many ways as advisors or coaches. She feels part of a community at this school. She is taking courses like Mandarin and getting an A. This would not have been possible in the public school option. I am extremely happy and grateful that my daughter is at this school. I have cried more than once as I watch her reach new highs.

• [We are] very happy to have [our daughter] attend. [She] was unable to last year and she was looking forward to getting back to school.

• My son is immersed in a challenging and rigorous academic program. He is thriving and very happy in his new school.

• Our school has always tried very hard to make it possible for my daughter to attend, but with a modest income and growing basic family expenses (such

**FIGURE 9: “How satisfied are you with the [private/home] school that the scholarship student presently attends?”**



and 2.1 percent were neutral (Figure 9).

The survey further asked respondents to describe their level of satisfaction with the school their child currently attends. The following include some of the responses from private school families:



as housing, heating, transportation and fuel costs) continuing at a private school has been increasing difficult and stressful. I am grateful that in combination with the Network for Educational Opportunity, we somehow have managed to enroll my daughter for this year's school term, which would have been impossible without the help our school and that of the additional funding from the Network.

- This school has been a lifesaver for my child. She is noticeably different and improved both socially and academically. Public school did not work for her. This school has been a miracle for our family.
- The current school provides a much more challenging and supportive academic structure with teachers that expect results. My son meets with an advisor weekly and it is a much better social atmosphere.
- My child has ADD and he is getting a lot more help than he would have gotten at a public high school.
- [My child's school] is a wonderful alternative to the public middle school [that our son] attended in the past. I feel [my child's school] is home schooling for those who are not able to provide it for their family. They offer a unique environment that celebrates the student's individuality.
- We adore [my child's] school. It is the perfect blend of academics, physical, emotional, cognitive development all integrated into one school and philosophy, and our daughter is thriving there. [She is] happy, healthy and challenged.
- I LOVE [my child's] school. The staff, curriculum, practical life, and discipline strategies/ procedures are exemplary. I am thrilled to be part of this school community.
- The school has an exceptional experiential based philosophy that works well with my child.
- We are extremely satisfied with the private school he is attending. It is a dream come true for us to be able to have him there at this time in his life.
- My child is being challenged to excel in all areas. I am delighted that she has the opportunity to attend this school.
- I am very satisfied and so filled with gratitude that my daughter can attend the school that I feel meets her in the best way for her to develop and meet her full potential. It is a very well rounded program, strong academically with a very extensive exposure to literature, math and science but also rich in the arts, producing very confident, talented and responsible young people with a love of learning and a desire to make a positive difference in the world.
- [My child's school] is becoming known for its academic excellence. This school is competitive in choices for college placement but also creates an educated student for any field of employment. I highly value this school's ability to educate mostly any child with positive results.
- I am extremely satisfied with his current school, he comes home and excitedly shares what he is learning.
- My child has excelled in this program, I am more than highly satisfied.

*The vast majority  
(73.7 percent)  
of scholarship  
recipients  
indicated that  
it was very  
easy, easy, or  
somewhat easy  
to apply for a  
scholarship.*

*The vast majority (73.8 percent) of private school parents reported that they would not have been able to send their children to the schools of their choice without the scholarship program.*

The only negative responses included:

- They need more organization to the school.
- There is a lot of disorganization at the school right now that we are not happy with.

The following include some of the responses from homeschooling families regarding their level of satisfaction:

- We were able to build a homeschool curriculum based upon our child's needs and learning style. We are very satisfied with the result.
- Because we received funds from the Network for Educational Opportunity, we were able to afford an excellent curriculum for our son's first grade year. We are enjoying a rich and productive school year so far, and we look forward to the days and weeks to come.
- I find our home school to be very well-rounded, fun and has the added benefit of developing strong family bonds.
- These funds allowed us to obtain better and more books and materials used in home schooling, which has made the planning easier for mom, and the learning more fun, in depth, and interesting for the student. We are very satisfied with what has been made available to us and the fact that we can continue in home based education for our family.
- We are very pleased to have the incredible privilege of teaching our child at home. The scholarship program has enabled us to purchase the additional classes that we desired to strengthen his education.
- I am satisfied with [the state's virtual learning program], added curriculum, and other classroom learning opportunities that my child is able to attend outside the home.
- I love the [state's virtual learning] program, and it is making a profound difference in allowing my children more options for classes even at the middle school level.
- We use a mix of textbooks, workbooks and online curricula for our homeschool. Our child is reading above grade level and loves to do school!
- [The scholarship funds] allowed for enrollment in an online classical school. The emphasis on history and literature based curriculum meets her interest and need to be more challenged academically. It also allows us the opportunity for this to take place as a home school. We are very satisfied with this approach.
- The materials purchased through this grant have been extremely helpful in meeting my son's educational needs, which are atypical.
- I am very pleased with the materials that we were able to purchase due to this grant. They are well suited to her learning styles and are helping her to be successful.
- He is homeschooled and participates in outside classes as well as a co-op. I am very satisfied with these options he has.
- I love being able to teach my daughter at home using a curriculum of my own choosing that focuses on our values as a family.

The survey also asked families whether there was anything they would like to change about the scholarship tax credit program, besides increasing funding. In

addition to those who did not answer, 23 respondents with a child attending a private school wrote that they would not change anything. The following are some of the responses from the remaining private school families:

- I would like public support, more visibility and advertising, celebration of the program, support and investment for families who are struggling and doing everything possible to provide the right thing for their child.
- More publicity.
- More notification of area towns about availability.
- I would like to see it expanded to all eligible students & awareness and support of it increased.
- I have to sign a contract for tuition in February! It would be nice to find out if we got a scholarship a little earlier so I can see if I can keep her in her school.
- I believe that the scholarship monies should be able to go to any school even if they have a religious affiliation.
- The timing of the scholarship makes it a little challenging but hopefully the level of funding will remain about the same each year. The tuition process is finished by May and parents are not made aware of the amounts they will receive from the scholarship program until late July. This means parents have to just hope and pray.

Though the question asked what scholarship recipients would like to see changed besides an increase in funding, a few respondents nevertheless took the opportunity to state that they would like to see more generous scholarships:

- I would like the funding limits to be raised significantly.
- Of course the increase in funding would make it not a “token” program but a real help in helping families make the right choice without extreme financial stress. The scholarship has helped a little bit. Our son would not be able to attend for much longer. We have refinanced out house twice to purchase this education.

Among homeschooling families, the timing of the program and the difficulty of the application process were the most frequent complaints:

- It would be helpful if we had more time between the initial award notice and when we had to have all of our receipts sent in. I was late in sending in my information due to how long it takes me to put together all of my curriculum orders. I have four children, and generally purchase curriculum as I go along through the year, for both financial as well as organizational reasons. Our total award for the family was \$1,000, and I found it very difficult to come up with this amount of money in the time allotted.
- Timing – knowing you will receive the funds and then time to go purchase the materials, because I would not buy some of the stuff if we didn’t get the scholarship. Can’t afford to.
- Given our financial situation, it was challenging to “front” the money to make the purchases for the scholarship and then submit receipts. I fully understand your reasoning, I just wanted to express this thought.
- It would be great if it was not a reimbursement program OR if people

*All of the scholarship recipients who attended a public school in the previous year reported greater satisfaction with their current school.*

*The overwhelming majority (96.8 percent) expressed satisfaction with their child's current private or home school.*

would at least be advised in advance that it is in fact a reimbursement program so that they can be better prepared for saving receipts etc.

- [I wish] that the scholarship be distributed earlier in the summer.
- It would be better if the application process were simpler.
- The format for filling out the financial information is not tailored to the scholarship and a bit challenging in completing and making contact with, however, I know that [NEO is] aware of this.
- I wish that you used the [School and Student Services (SSS)] financial aid application by [the National Association of Independent Schools]. It was a pain to do a separate one for [NEO] when most private schools require the SSS. It cost extra money when people already are lower income and it is a pain to have to complete two separate [financial aid] applications.
- I think parents with children who attend religious schools should be able to apply for the scholarship as well.
- Let it go towards out of state schools as well. The best option for our children in high school is a boarding school in CT, so that should be an option for us.

There were also 14 homeschooling respondents who wrote that they would not change anything about the program, including the following:

- I think that the program is awesome. I don't think there is anything I would change.
- No it is well-managed and has great communication.

- No. It is a wonderful resource that has enabled us to expand the curriculum and resources used in our home school.
- No, I am very grateful for a little extra help.
- I think that the program seems to be pretty fair, but as you say, increased funding would be nice.
- I think the program is excellent and would definitely recommend this program to friends and others who are looking for an alternative to failing public schools.

## CONCLUSION

Families participating in New Hampshire's pioneering scholarship tax credit program report near-universal levels of satisfaction because it enables them to choose the best educational fit for their children. Whatever parents are seeking for their children—improved academic performance, more engaged teachers, social acceptance, freedom from bullying, special needs programming, and so on—they are more likely to find it if they have more than one choice. Policymakers across the country who are seeking to expand the educational choices available in their state should look to New Hampshire as a model.

### About the Author:

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## APPENDIX: SURVEY QUESTIONS

1. Which grade does the scholarship student currently attend?
2. What is the age of the scholarship student?
3. What is the gender of the scholarship student?
4. Has the scholarship student ever been diagnosed with a learning disability?
5. What is your family's total household size (including one's spouse and all dependents)?
6. What is the race/ethnicity of the scholarship student?
7. How did you find out about the scholarship program?
8. How easy or difficult was it to apply for the scholarship?
9. Please indicate your level of agreement with the following statement: "My child has seen a measurable improvement in academic achievement since participating in the scholarship program." [The following two questions were asked to private school families only.]
- 9a. Please indicate your level of agreement with the following statement: "My child would have been unable to attend the school of his or her choice the without the education tax credit program."
- 9b. Excluding the education tax credit scholarship, how much did you pay out of pocket for your child to attend school this year? Do not include fees or expenses related to participation in athletic programs, transportation expenses, extracurricular activities, or clothing.
10. Did the scholarship student attend a public school in the 2012-13 school year? [If "Yes" to last question, then continue to 10a and 10b. If "No" then skip to question 11.]
- 10a. Please indicate your level of agreement with the following statement: "I am satisfied with the school my child is attending as compared to the school my child attended prior to the availability of the education tax credit program."
- 10b. Please describe your level of satisfaction with the school your child used in the year before enrolling in the scholarship program in the space provided below.
11. How satisfied are you with the private/home school that the scholarship student presently attends?
12. Please describe your level of satisfaction with the private/home school the scholarship student currently attends in the space provided below.
13. Besides increasing funding, is there anything you would like to change about the scholarship tax credit program?

*Families participating in New Hampshire's pioneering scholarship tax credit program report near-universal levels of satisfaction because it enables them to choose the best educational fit for their children.*

# NOTES

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<sup>2</sup> Lochner, Lance, and Enrico Moretti. "The Effect of Education on Crime: Evidence from Prison Inmates, Arrests, and Self-Reports." University of California at Berkeley. October 2003. View online here: <http://emlab.berkeley.edu/~moretti/lm46.pdf>.

<sup>3</sup> Hanushek, Eric A., Paul E. Peterson, and Ludger Woessmann. "Endangering Prosperity: A Global View of the American School." The Brookings Institution. 2013.

<sup>4</sup> Coulson, Andrew J. "Comparing Public, Private, and Market Schools: The International Evidence," *The Journal of School Choice*, Volume 3, Issue 1. 2009.

<sup>5</sup> The Friedman Foundation for Educational Choice. 2013. "The ABCs of School Choice." View online here: <http://www.edchoice.org/CMSModules/EdChoice/FileLibrary/965/The-ABCs-of-School-Choice---2013-edition.pdf>.

<sup>6</sup> This section draws on studies of both STC programs and voucher programs. Researchers have conducted scores of studies on voucher programs, but STC programs have received little attention. Because of their design, it is easier to study and draw conclusions from voucher programs. Voucher programs are often designed such that when the number of applicants is greater than the number of available vouchers, the vouchers are distributed by lottery. This allows researchers to conduct random assignment studies, the "gold standard" of social science research. STC programs, by contrast, are not centrally administered and different scholarship organizations handle oversubscription differently (e.g., considering merit or financial need). However, while significantly different in administration, the effect of both voucher programs and STC programs is essentially the same: students receive money to attend the school of their parents' choice. Hence, it is possible to draw conclusions about the effect of STC programs from stud-

ies of voucher programs, though it is important to interpret the results cautiously.

<sup>7</sup> Random assignment studies are the "gold standard" because they compare two groups that are almost exactly similar except for the "treatment." In this case, the studies compare students who applied for a voucher and won the voucher lottery against students who applied for a voucher but lost the voucher lottery. Because the lotteries were random, the only important difference between the two groups was the offer of a voucher. Therefore, any observed difference in performance between the two groups can be interpreted as being caused by the "treatment" of winning the voucher lottery.

<sup>8</sup> Forster, Greg. "A Win-Win Solution: The Empirical Evidence on School Choice." Friedman Foundation for Educational Choice. April 17, 2013. View online here: <http://www.edchoice.org/Research/Reports/A-Win-Win-Solution-The-Empirical-Evidence-on-School-Choice.aspx>.

<sup>9</sup> Peterson, Paul E. "Graduation Rates Higher at Milwaukee Voucher Schools." *Education Next*. January 10, 2011. View online here: <http://educationnext.org/graduation-rates-higher-at-milwaukee-voucher-schools/>.

<sup>10</sup> Brown Center on Education Policy & Harvard's Program on Education Policy and Governance, Chingos & Peterson. "The Effects of School Vouchers On College Enrollment: Experimental Evidence from New York City." August 2012. View online here: [http://www.hks.harvard.edu/pepg/PDF/Impacts\\_of\\_School\\_Vouchers\\_FINAL.pdf](http://www.hks.harvard.edu/pepg/PDF/Impacts_of_School_Vouchers_FINAL.pdf).

<sup>11</sup> Wolf, Patrick J. "Civics Exam: Schools of choice boost civic values." *Education Next*. Summer 2007. <http://educationnext.org/civics-exam/>.

<sup>12</sup> Figlio, David and Cassandra Hart. "Does Competition Improve Public Schools?" *Education Next*, Winter 2011. View online here: <http://educationnext.org/does-competition-improve-public-schools/>.

<sup>13</sup> Coulson, Andrew J. "Comparing Public, Private, and Market Schools: The International Evidence." *The Journal of School Choice*, Volume 3, Issue 1. 2009.

<sup>14</sup> Kelly, James P., and Benjamin Scafidi.

"More Than Scores: An Analysis of Why and How Parents Choose Private Schools." Friedman Foundation for Educational Choice. November 13, 2013. View online here: <http://www.edchoice.org/Research/Reports/More-Than-Scores--An-Analysis-of-Why-and-How-Parents-Choose-Private-Schools.aspx>.

<sup>15</sup> Figlio, David. "Evaluation of the Florida Tax Credit Scholarship Program: Participation, Compliance, Test Scores and Parental Satisfaction." University of Florida. June 2010.

<sup>16</sup> Forster, Greg, and Christian D'Andrea. "An Empirical Evaluation of the Florida Tax Credit Scholarship Program." Friedman Foundation for Educational Choice. August 2009. View online here: <http://www.edchoice.org/Research/Reports/An-Empirical-Evaluation-of-the-Florida-Tax-Credit-Scholarship-Program.aspx>.

<sup>17</sup> Children's Scholarship Fund of Philadelphia website. "Program Description." View online here: <http://www.csphiladelphia.org/about-us/program-description>.

<sup>18</sup> Kelly and Scafidi. Page 1.

<sup>19</sup> Average scholarship size data for New Hampshire collected from the Network for Educational Opportunity. Data for all other states from The Friedman Foundation for Educational Choice. 2013. "The ABCs of School Choice." View online here: <http://www.edchoice.org/CMSModules/EdChoice/FileLibrary/965/The-ABCs-of-School-Choice---2013-edition.pdf>.

<sup>20</sup> National Center for Education Statistics, Digest of Education Statistics. 2011. "Total and current expenditures per pupil in fall enrollment in public elementary and secondary education, by function and state or jurisdiction: 2007-08." View online here: [http://nces.ed.gov/programs/digest/d11/tables/dt11\\_193.asp](http://nces.ed.gov/programs/digest/d11/tables/dt11_193.asp).

<sup>21</sup> North, Charles M. "Estimating the Savings to Arizona Taxpayers of the Private School Tuition Tax Credit." Baylor University. November 2009. View online here: <http://www.azpolicy.org/sites/azpolicy.org/files/downloads/ArizonaSTOTaxCreditCMNorth.pdf>.

<sup>22</sup> Butcher, Jonathan. "Giving Arizona Children Better Opportunities In Education: A Case Study of the Nation's Oldest Tax Credit Scholarship Program." Show-Me Institute

Case Study. January 2014.

<sup>23</sup> Office of Program Policy Analysis and Government Accountability. "Florida Tax Credit Scholarship Program: Fiscal Year 2008-09 Fiscal Impact." March 1, 2010. View online here: [http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0868\\_1rpt.pdf](http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0868_1rpt.pdf).

<sup>24</sup> LeFevre, Andrew. "A Decade of Success: Pennsylvania's Education Improvement Tax Credit." Commonwealth Foundation. Policy Brief, Vol. 23, No. 8. August 2011.

<sup>25</sup> Pennsylvania Legislative Budget and Finance Committee. "Pennsylvania's Tax Credit Programs." June 2010. Page 31. View online here: <http://lbfc.legis.state.pa.us/reports/2010/49.PDF>.

<sup>26</sup> Bedrick, Jason. "The Continuing Debate Over Scholarship Tax Credits." *Education Next blog*. March 8, 2013. View online here: <http://educationnext.org/the-continuing-debate-over-scholarship-tax-credits-2/>.

<sup>27</sup> Senate Bill 372, New Hampshire General Court, 2012. View online here: <http://www.gencourt.state.nh.us/legislation/2012/SB0372.html>.

<sup>28</sup> DeGrow, Benjamin. "A Scholarship Tax Credit Program for Colorado." Independence Institute. February 2013. View online here: [http://education.i2i.org/wp-content/uploads/2013/02/IP\\_2\\_2013\\_a.pdf](http://education.i2i.org/wp-content/uploads/2013/02/IP_2_2013_a.pdf).

<sup>29</sup> U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. "2013 Poverty Guidelines." View online here: <http://aspe.hhs.gov/poverty/13poverty.cfm>.

<sup>30</sup> United States Census Bureau. 2013. "State and County QuickFacts: New Hampshire." View online here: <http://quickfacts.census.gov/qfd/states/33000.html>.

<sup>31</sup> Evans-Brown, Sam. "N.H. House Votes to Repeal School Choice Tax Credit." New Hamp-

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<sup>32</sup> "N.H. Senate rejects attempt to repeal education tax credit program." *Fosters Daily Democrat*. April 20, 2013. View online here: [http://www.fosters.com/apps/pbcs.dll/article?AID=/20130420/GJNEWS\\_01/130429958/-1/FOSNEWS](http://www.fosters.com/apps/pbcs.dll/article?AID=/20130420/GJNEWS_01/130429958/-1/FOSNEWS).

<sup>33</sup> *Arizona Christian School Tuition Organization v. Winn*, 131 S. Ct. 1436 (2011).

<sup>34</sup> *Opinion of the Justices*, 99 NH 519 (1955).

<sup>35</sup> See: Bedrick, Jason. 2013. "NH Court: You Can Choose a School So Long as It's Secular." *Cato at Liberty Blog*. June 17. View online here: <http://www.cato.org/blog/nh-court-you-can-choose-school-so-long-its-secular>. See also: Bedrick, Jason. 2013. "New Hampshire Court's School Choice Decision Was Flawed and Unprecedented." *Cato at Liberty Blog*. June 24. View online here: <http://www.cato.org/blog/new-hampshire-courts-school-choice-decision-was-flawed-unprecedented>.

<sup>36</sup> Data provided by the Network for Educational Opportunities.

<sup>37</sup> Email from Kathleen Lauer-Rago, operations director of the Network for Educational Opportunities. October 22, 2013.

<sup>38</sup> U.S. Department of Agriculture. "Child Nutrition Programs; Income Eligibility Guidelines." 78 *Federal Register* 61 (29 March 2013). p. 19179. View online here: [http://www.fns.usda.gov/cnd/Governance/notices/iegs/IEG\\_Table-032913.pdf](http://www.fns.usda.gov/cnd/Governance/notices/iegs/IEG_Table-032913.pdf).

<sup>39</sup> United States Census Bureau. 2013. "State and County QuickFacts: New Hampshire." View online here: <http://quickfacts.census.gov/qfd/states/33000.html>.

<sup>40</sup> Email from Kate Baker, executive director of the Network for Educational Opportunity. October 30, 2013. In addition, 120 individuals

donated about \$150,000 that did not qualify for tax credits in order to cover NEO's administration costs.

<sup>41</sup> Email from Kate Baker. October 31, 2013. There were 88 applicants who qualified as "switchers" under the Opportunity Scholarship Act. By law, 70 percent of the donations raised must go to switchers. That would have been \$164,500 of the \$235,000 raised. At \$2,500 maximum per scholarship recipient on average, that amount would have covered approximately 66 switchers with \$70,500 remaining for other students. NEO gave \$10,800 to 54 homeschoolers and averaged \$625 per pupil for existing private school students. Using that average, they could have awarded scholarships to approximately 96 non-switcher private school students for a total of approximately 216 students.

<sup>42</sup> Survey conducted via Kwiksurveys.com, an online survey builder, Oct. 8-24, 2013.

## Acknowledgements:

*The author wishes to thank Kate Baker and Kathleen Lauer-Rago of the Network for Educational Opportunity for the invaluable assistance they provided. Their professionalism and transparency is commendable and their dedication to expanding educational opportunities for those most in need is inspirational.*



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