

SUBJECT: Louisiana New Start Education Tax Credit Program

DATE ADOPTED BY ADVISORY GROUP: November 12, 2009

COMMISSION ACTION: _____ **DATE:** _____

RECOMMENDATION: The governor and the Louisiana Legislature support and pass the Louisiana New Start Education Tax Credit Program which would (a) provide a \$4,000 refundable state income tax credit per child to parents who have a child attending a Louisiana public school that is deemed to be “academically unacceptable” by the Louisiana Department of Education and who assume the cost of their child’s education in a private or parochial school in Louisiana, and (b) provide a \$4,000 state income tax credit to any Louisiana taxpayer that donates \$4,000 to a nonprofit, scholarship-granting organization recognized by the Louisiana Department of Education which, in turn, uses the money to provide scholarships to families of children who are attending “academically unacceptable” schools in Louisiana and who elect instead to send their children to a private or parochial school in Louisiana.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
<p>The governor and the Louisiana Legislature support and pass the Louisiana New Start Education Tax Credit Program which would (a) provide a \$4,000 refundable state income tax credit per child to parents who have a child attending a Louisiana public school that is deemed to be “academically unacceptable” by the Louisiana Department of Education and who assume the cost of their child’s education in a private or parochial school in Louisiana, and (b) provide a \$4,000 state income tax credit to any Louisiana taxpayer that donates \$4,000 to a nonprofit, scholarship-granting organization recognized by the Louisiana Department of Education which, in turn, uses the money to provide scholarships to families of children who are attending “academically unacceptable” schools in Louisiana and who elect instead to send their children to a private or parochial school in Louisiana.</p>	<p>Legislature</p>	<p>To save money by providing a new mechanism to move children out of academically unacceptable schools.</p>	<p>Legislation</p>		

The Louisiana Streamlining Government Commission finds that:

1. The 2009 public school enrollment in Louisiana is approximately 650,290 children, down from 771,000 in the early 1990's.
2. For the 2009-2010 fiscal year, the Louisiana Legislature appropriated \$3,275,341,821 to Louisiana elementary and secondary public schools through the Minimum Foundation Program. According to Superintendent Paul Pastorek, this amounts to approximately \$6,300 per public school student.
3. Louisiana spends approximately \$10,500 per public school student in state, local and federal tax dollars, according to Superintendent Pastorek.
4. 55 of Louisiana's public elementary and secondary schools have been deemed to be "academically unacceptable" by the Louisiana Department of Education, which is 4.3% of all Louisiana public schools. Approximately 25,000 children attend these failing schools.
5. Louisiana has a state-financed private school tuition voucher program for Orleans Parish, which pays for students who are attending an "academically unacceptable" school to attend a private or parochial school of choice. Families can receive vouchers worth \$7,138 or the private or parochial school's tuition and fees through this program, whichever is less. Last year the average scholarship was worth \$3,900. 31 private and parochial schools participate in this program.
6. Arizona, Florida, Georgia, Iowa, Pennsylvania and Rhode Island all provide state tax credits for donations to nonprofit, scholarship-granting organizations that, in turn, distribute the money for nonpublic elementary and secondary school tuition assistance to families who need it.
7. Every child deserves the right to a decent education.

Therefore, the Louisiana Streamlining Government Commission recommends to the governor and the Louisiana Legislature that it support and pass the Louisiana New Start Education Tax Credit Program which would (a) provide a \$4,000 refundable state income tax credit per child to parents who have a child attending a Louisiana public school that is deemed to be "academically unacceptable" by the Louisiana Department of Education and who assume the cost of their child's education in a private or parochial school in Louisiana,

and (b) provide a \$4,000 state income tax credit to any Louisiana taxpayer that donates \$4,000 to a nonprofit, scholarship-granting organization recognized by the Louisiana Department of Education which, in turn, uses the money to provide scholarships to families of children who are attending “academically unacceptable” schools in Louisiana and who elect instead to send their children to a private or parochial school in Louisiana.

The Commission further finds that, if the parents of the 25,000 children who currently attend an “academically unacceptable” school in Louisiana take advantage of this tax credit program, the savings to Louisiana taxpayers would be \$57.5 million.