



MEMORANDUM IN SUPPORT

Educational Choice for Children Act

S.4416 by Senator Bill Cassidy (LA) and Senator Tim Scott (SC)
H.R.8137 by Representative Jackie Walorski (IN-2) and Representative Burgess Owens (UT-4)

Summary

This [legislation](#) entitled the *Educational Choice for Children Act* would expand K-12 education freedom and opportunity for up to two million or more children throughout the nation. It would do so by providing through the federal tax code a charitable donation incentive for individuals and businesses to fund scholarship awards for students to cover various expenses related to K-12 public and private education, including tuition and other supplemental supports, amounting to \$10 billion on an annual basis.

Provisions

This [legislation](#) would expand educational freedom and opportunity by the following provisions:

- **Tax Credit.** A new non-refundable credit against federal taxes would be allowed on a dollar-for-dollar basis for charitable donations to non-profit scholarship granting organizations, applied in the following manner:
 - Up to 10 percent of an individual income taxpayer's adjusted gross income or \$2,000, whichever is higher; and
 - Up to five percent of a corporation's taxable income.
- **Scholarship Granting Organizations (SGO).** SGOs must be a not-for-profit entity pursuant to section 501(c)(3) of the Internal Revenue Code and have as its exclusive purpose the award of scholarships for eligible expenses to multiple students and offer more than a single school from which to choose. SGOs may use up to 10 percent of donations for administration expenses, must conduct annual audits by an independent certified public accountant, and must verify household income for scholarship recipients.
- **Eligible Use of Scholarships.** Individual SGOs may determine the individual amount of and use for scholarship awards, which may include tuition, fees, curriculum needs, technology, special education services, and other expenses consistent with permissible expenses pursuant to section 529(e) of the Internal Revenue Code for qualified tuition programs.
- **Eligible students.** Students who would be in any elementary or secondary education setting, including homeschool, are eligible to receive a scholarship, provided they reside in households with incomes at or below 300 percent of the [median income level](#) in the respective metropolitan or non-metropolitan area as [determined](#) by the U.S. Department of Housing and Urban Development pursuant to section 42 of the Internal Revenue Code.
- **Volume Cap.** Up to \$10 billion in tax credits are available on an annual basis to taxpayers and would be divided equally between individual and corporate donors. Each state would be given an annual minimum \$20 million allocation for donations made to resident SGOs, from the \$10 billion in tax credits.
- **Administration of credits.** The tax credits would be administered by the U.S. Treasury Department, which is directed to establish a web portal and provide credits to taxpayers who would apply for them on a first-

come, first-serve basis, similar to most state tax credit scholarship programs. The federal Department of Education would have no role and is unmentioned in the legislation.

- School and SGO autonomy. Legislative language is included to prohibit governmental control, mandates or encroachment over SGOs that receive contributions or schools that educate student scholarship recipients. Faith-based schools also can fully participate as they cannot be excluded from enrolling student scholarship beneficiaries.

Need

This legislation would address several acute issues with K-12 education in the United States, including:

- Inequality. The lack of sufficient high-quality K-12 education highlights an ongoing inequality in our nation despite billions of dollars in added spending on an annual basis. This legislation would enable parents of millions of students from low-income to middle-class families choose educational opportunities in similar manner as children from wealthy households.
- Parental rights. Parents would have an affordable educational alternative for their children in lieu of unnecessary district school closures, mask-wearing, or other whimsical, unscientific mandates imposed by unaccountable education bureaucrats and politically powerful teacher union leaders. Parents also need not subject their children to objectionable curriculum that undermines their values and patriotism, nor their authority over their children's medical or mental health needs.
- Learning loss. Too many district schools have shown persistently low academic outcomes, which were exacerbated during the pandemic resulting in further learning loss. Numerous studies have documented that school choice has improved academic outcomes for students. A list of studies is here.

Public Support

Scientifically sound polling on a variety of school choice issues has consistently shown robust majority support across race, ethnicity and political affiliation. In February 2022, for example, the polling firm OnMessage, Inc. polled 1,000 likely voters and documented the percentages of support-to-opposition for school choice among Democrats (60-27), Republicans (83-8), Independents (67-17), African-Americans (71-16), Latinos (72-15), and adults with school-age children (79-13). Additional, more specific school choice polling results from this survey can be found here.

Benefits

Enactment of this legislation to provide tax credit incentives for individuals and corporations would empower parents to access the highest quality and most suitable K-12 education for their children, including in non-district school settings or to supplement their district public education with various educational supports. Up to two million or more students would benefit nationwide, depending on the average scholarship award.

This limited government approach of using a federal scholarship tax credit would respect federalism and the role of states and school districts to properly administer and oversee education and set policy. This legislation furthermore contains no federal mandates and directives on states, localities, and school districts by any federal agency, including the U.S. Department of Education, which would be given no role or responsibilities.

This legislation would respect and ensure the freedom and autonomy of participating independent and faith-based schools and scholarship granting organizations.

For more information, please contact Info@InvestinEducation.org.