



ARIZONA STATE UNIVERSITY

**EPSL** | EDUCATION POLICY STUDIES LABORATORY  
Education Policy Research Unit

**\*\*\*NEWS RELEASE\*\*\***

from the **Education Policy Research Unit (EPRU)**

and the **Education Policy Studies Laboratory (EPSL)**  
at **Arizona State University**

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**STUDY FINDS LITTLE BENEFIT TO POOR  
FROM PRIVATE SCHOOL TAX CREDITS**

TEMPE, Ariz. – Backers of a 1997 Arizona law giving tax credits to encourage private school tuition grants promoted it as a tool to give the poor more educational choices, but in practice the law appears to mostly benefit people already enrolled in private schools, a new analysis shows.

A parallel program offering tax credits for extracurricular fees similarly favors the wealthy over low-income families, according to the analysis from the Education Policy Studies Laboratory at Arizona State University.

**LAW INEFFECTIVE AT REACHING POOR STUDENTS**

The report, by Education Policy Studies Lab researcher and Assistant Director Glen Wilson, *The Equity Impact of Arizona's Education Tax Credit Program: A Review of the First Three Years (1998 – 2000)*, found that: "Arizona's private school tuition tax credit is not achieving its goal of providing poor families opportunities to enroll their children

in private schools.” At the same time, it adds, “Funds from Arizona’s public school extracurricular tax credit are disproportionately going to wealthier schools.” The analysis notes that tuition is not the only barrier to private school for poor families. Fees for books and supplies, transportation problems, selective admission criteria that may operate against children living in poverty, and religious barriers also play a role in keeping the poor out of private schools, and aren’t addressed by the tuition grants provided through the tax credit program.

## TUITION TAX CREDITS ARE EXPENSIVE

The two programs are “expensive and inefficient at reaching low-income students.”

The study found that the average tuition tax credit grant made in 2000 – \$856 – covered slightly more than a fourth of the cost of the median private elementary school tuition charge of \$3,175, and less than one-fifth of the median private junior high or high school tuition. The relatively small size of grants, the report says, “suggests that few poor families will be able to move their children from a public school to a private school” as a result of the program.

The tax credit program has cost the state \$74 million in its first three years, a figure expected to rise to more than \$100 million at the end of the current fourth year.

The study calculates that for every dollar given out in tuition grants, as little as 19 cents in grant money went to students moving from public to private schools – meaning that 76 cents went to families whose children already were enrolled in private schools. Based on those projections, the study calculates, the program may have helped fewer than 3,900 poor students – 2 percent of the state’s projected population of poor public school students – attend private school, at a cost to the state of about \$15.5 million. In fact, the actual percentage of poor students helped is probably much smaller, the analysis states.

## RECOMMENDATIONS

The report recommends abolishing the tax credit entirely. Short of that, the report says, reporting requirements for School Tuition Organizations (STOs) should be strengthened to allow more detailed study of the tax credit’s effects. Moreover, the law should have a means test, making eligibility for the tax credit dependent on income.

The Education Policy Research Unit (EPRU) conducts original research, provides independent analyses of research and policy documents, and facilitates educational innovation. EPRU facilitates the work of leading academic experts in a variety of disciplines to help inform the public debate about education policy issues.

Visit the EPRU website at <http://www.educationanalysis.org>

The Education Policy Studies Laboratory (EPSL) at Arizona State University offers high quality analyses of national education policy issues and provides an analytical resource for educators, journalists, and citizens. It includes the Commercialism in Education Research Unit (CERU), the Education Policy Analysis Archives (EPAA), the Education Policy Reports Project (EPRP), the Education Policy Research Unit (EPRU), and the Language Policy Research Unit (LPRU).

The EPSL is directed by ASU Professor Alex Molnar.

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