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## School Choice: What Nebraska can learn from Arizona

By Dick Clark

This week is [National School Choice Week](#), so it is natural to spend time discussing innovative education policy options that could allow Nebraska to better equip students for their futures. School choice is one of the hottest topics in the public policy world today. In 2011, forty-two state legislatures entertained legislation to create or expand educational vouchers or tax credit programs, and at least nine states enacted one or more of these school choice bills.<sup>[1]</sup> Few issues impact children more dramatically than education. Education policy is not just a question of outcomes for children and the adults that they become, but also the economic and workforce development that is necessary for domestic businesses to compete in the modern market. And with the vast number of individuals employed in the education field both in the public and private sectors,<sup>[2]</sup> and the enormous amount of money involved,<sup>[3]</sup> debates over education policy questions are anything but academic.

But what is “school choice”? Generally, the term refers to any program that gives parents more options with regard to where and how their children are educated. This very broad label most often refers to various types of voucher programs, education-related tax credits and savings plans, open public school enrollment policies, or charter school initiatives. “School choice” may also refer to the development of magnet schools or reductions in government regulation of homeschooling.

### ***The Arizona Experiment***

Since the 1990s, Arizona has served as a sort of school choice laboratory, testing numerous innovative strategies to try to improve its education system. Arizona’s first modern school choice venture was a charter school law that was enacted in 1994.<sup>[4]</sup> By the 1999–2000 school year, 5.3 percent of the Arizona students not enrolled in private schools were attending charter schools.<sup>[5]</sup> Public elementary schools in Arizona that faced<sup>[6]</sup> charter school competition showed statistically significant improvements in productivity and achievement.<sup>[7]</sup> Unsurprisingly, the public schools most likely to draw competition from charter schools were those that had sub-par achievement and productivity trends. Rather than accelerating the decline of these already failing schools as opponents predicted, charter school competition in Arizona seemed to bring about the most marked improvements in those schools that were in greatest need of reform.<sup>[8]</sup>

In 1997, the Arizona legislature created a tax credit program giving taxpayers the option to donate up to \$500 to private nonprofit scholarship groups in exchange for a “dollar for dollar” tax credit.<sup>[9]</sup> Each “School Tuition Organization” determined their own scholarship amounts and eligibility requirements, often based on financial need. In the first four years of its operation, the contributions through this tax credit program exceeded \$32 million and footed the bill for more than 19,000 scholarships.<sup>[10]</sup> In 2006, this program was expanded to allow for corporations to earn these tax credits, which had previously only been available to individuals.<sup>[11]</sup> In 2009, the program was further expanded to provide tax credits for donations specifically earmarked for special needs and foster students.<sup>[12]</sup> To avoid a run on revenue, each tax credit program is capped at total dollar amount that is gradually increased each year.<sup>[13]</sup>

Arizona initiated another school choice program in 2011 in the form of education savings accounts called “Empowerment Scholarship Accounts.” If parents elect to withdraw their child from Arizona public schools, 90 percent of the child’s per capita share of state education funding is credited to a prepaid card that can be used for a wide variety of education-related expenses.<sup>[14]</sup> While only special needs children were eligible under the 2011 law, Arizona legislators took action in 2012 to expand the program to include students from deficient schools, children whose parents were active duty service members, and children with past contacts with the foster care system.<sup>[15]</sup> Early results show that more than a third of participating families have used the funds to procure educational services and products from multiple providers simultaneously, allowing children the option of an educational plan tailored to their individual needs, not just the option of choosing one school over another.<sup>[16]</sup> Parental satisfaction with the education savings account program was higher than with public schools, even though participation often meant using more personal funds for education than would be the case with public school enrollment.<sup>[17]</sup>

### ***What Nebraska Can Learn From Arizona***

Nebraska and Arizona are clearly very different states. Arizona’s population is nearly four times that of Nebraska, and the Copper State—for all of its desolate vistas—is twice as densely populated. Demographic and geographic differences do not change the basic economics of education, but they mean that particular strategies will have to be adapted to best serve students here.

While charter schools may not be a realistic option in much of rural Nebraska, the competition that they could bring to the state’s populous eastern region could make for better educational outcomes in the areas where many of the state’s least successful schools are situated. An educational savings account program that give parents more opportunity to tailor each child’s educational portfolio could conceivably work across the state, especially with the continuing growth of distance learning opportunities. Finally, tax credit programs that allow individuals and businesses to direct their resources to specific education nonprofits would create a method of dynamically distributing educational resources to those providers who are making the best impact in terms of workforce development.

Nebraska is one of only eight states that does not have a law on the books authorizing the creation of charter schools.<sup>[18]</sup> This legislative session, Nebraska Senator Scott Lautenbaugh has

introduced LB 972,<sup>[19]</sup> the Independent Public Schools Act. This bill would authorize the creation of charter schools in cities of the metropolitan class. These schools would have more autonomy than schools governed by local school boards or other political subdivisions, and could limit their enrollment to certain grades or areas of specialization in order to offer the greatest educational opportunities to students. The proposed law sets out strict requirements for organizations applying to create one of these independent schools, including the formulation of a detailed action plan for creating and running the school. Independent public schools created under the law would operate under the authority of the Nebraska State Board of Education.

Innovations in the way we educate Nebraska students are not just opportunities for some young people to get a better education, but also for revitalizing public schools and growing the Nebraska economy. Education policymakers in Nebraska would do well to take a hard look at the data generated by Arizona's school choice experiments, and to consider how Nebraska might implement these seemingly unorthodox solutions to make our state a leader in education.

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[1] "The Year of School Choice: 42 States Consider School Vouchers, Scholarship Tax Credits in 2011." American Federation for Children. June 16, 2011. [URL: <http://www.federationforchildren.org/articles/373>]

[2] There were nearly 3.9 million K–12 teachers working in the United States in 2010. See "K–12 Facts." The Center For Education Reform. April 2012. [URL: <http://www.edreform.com/2012/04/k-12-facts/>]

[3] More than \$593 billion was spent on public K–12 education in the United States for the 2008–2009 academic school year. *Ibid.* Total public spending on education in the United States was approximately 5.6% of GDP in 2010. "Public spending on education, total (% of GDP)." The World Bank. [URL: <http://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS>]

[4] Hoxby, Caroline M. "School Choice and School Productivity: Could School Choice be a Tide that Lifts All Boats?" *The Economics of School Choice*. Caroline Hoxby, ed. National Bureau of Economic Research. University of Chicago Press. January 2003. p. 333.

[5] *Ibid.*

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[7] *Ibid.* at 335.

[8] *Ibid.* at 336–337.

[9] Lips, Carrie. "Arizona School-Choice Plan Provides Model." Cato Institute. Orig. publication in *USA Today*. August 22, 2001. [URL: <http://www.cato.org/publications/commentary/arizona->

schoolchoice-plan-provides-model]

[10] *Ibid.*

[11] “Arizona - Corporate Tax Credits for School Tuition Organizations.” Friedman Foundation for Educational Choice. [URL: <http://www.edchoice.org/School-Choice/Programs/Corporate-Tax-Credits-for-School-Tuition-Organizations.aspx>]

[12] “Arizona - Lexie’s Law Corporate Tax Credits.” Friedman Foundation for Educational Choice. [URL: <http://www.edchoice.org/School-Choice/Programs/Lexie-s-Law-Corporate-Tax-Credits.aspx>]

[13] *Ibid.*

[14] Burke, Lindsay. “Arizona’s New Frontier for Education.” Heritage Foundation. September 10, 2013. [URL: <http://www.heritage.org/research/reports/2013/09/arizonas-new-frontier-for-education>]

[15] *Ibid.*

[16] *Ibid.*

[17] Butcher, Jonathan and Jason Bedrick. “Schooling Satisfaction: Arizona Parents’ Opinions on Using Education Savings Accounts.” Friedman Foundation for Education Choice. October 2013. [URL: <http://www.edchoice.org/Research/Reports/Schooling-Satisfaction--Arizona-Parents--Opinions-on-Using-Education-Savings-Accounts.aspx>]

[18] “The Last Eight States Without Charter School Laws.” The Center for Education Reform. January 15, 2013. [URL: <http://www.edreform.com/2013/01/the-last-eight-states-without-charter-school-laws/>]

[19] Legislative Bill 972. Nebraska Legislature. 2014. [URL: [http://nebraskalegislature.gov/bills/view\\_bill.php?DocumentID=21688](http://nebraskalegislature.gov/bills/view_bill.php?DocumentID=21688)]



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