



Educators Guide to Scholarship Tax Credits

Objective: The following pages are a comprehensive guide to Scholarship Tax Credits. As administrators and educators in nonpublic schools, you play an important role in telling your story and sharing how this program could help vulnerable Kentucky students.

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Section 1: Scholarship Tax Credits: The Basics

How it works:

Scholarship Tax Credits are a school choice program that increases the financial aid, or scholarship, available for students who can't otherwise afford a choice in their education. The process is simple: a donor (either a business or individual) makes a donation to a Scholarship Granting Organization (SGO) and in return receives a tax credit from the Kentucky Department of Revenue. The SGO then uses the donations to grant **needs-based** scholarships to eligible families to send their child to the nonpublic school of their choice.



Why does Kentucky need Scholarship Tax Credits?

Unlike most states, Kentucky families currently do not have a choice in selecting a school that best fits their child's needs unless they have the financial means to afford tuition for a nonpublic school. This puts lower income families at a disadvantage for getting their child/children into the school that is right for their needs. Scholarship Tax Credits will level the playing field for **lower-income** students, students with **disabilities** and, students in the **foster care system**.

How will Scholarship Tax Credits benefit nonpublic schools?

Scholarship Tax Credits will not only help give equal opportunities to students who are often disadvantaged but also help increase enrollment and diversity in nonpublic schools. As many administrators know, money for scholarships through your school is often limited. This program allows the private sector to fund all or a portion of tuition by providing money directly to students to be used for the education that works best for them.

What is EdChoice Kentucky?

EdChoice Kentucky is an advocacy-focused coalition that consists of educators, business leaders, professionals, scholarship granting organizations and national school choice organizations. Our mission is to educate Kentuckians, both legislators and the general public, about the benefits of bringing Scholarship Tax Credits to Kentucky. We are very devoted to providing lower-income families in Kentucky a choice in choosing the proper education that best fits their child's needs. EdChoice Kentucky puts on a variety of events throughout the year including the annual National School Choice Week Rallies in Frankfort and Madisonville and works year-round to provide coalition members opportunities to share their support with the public and Kentucky General Assembly.

Section 2: Your Role

As educators and role models, we understand you usually steer away from politics. While some have made scholarship tax credits a political issue, **it isn't- it's about putting students first**. As an educational leader, it is imperative you lead the charge in educating teachers, parents, and students about the enormous benefits Scholarship Tax Credits could bring to many Kentucky children. Below we have addressed concerns we consistently hear from educators on weighing in with their support:

- Participation doesn't mean you have to support specific candidates or their other platforms.
- The reality is most legislators creating education policy are rarely education experts. Even if you aren't entirely tuned into politics, you are an education expert and should serve as a vital source of information regarding the needs of students.
- Advocacy does not equal public speaking. There are less public-facing ways to get involved.
- If you don't feel comfortable getting into policy specifics, talk about how your school helps students and how a Scholarship Tax Credit program would give more students the same opportunity.

Ways to get involved:

- Invite your local legislator to tour your school.
- Organize an advocacy group within your school community.
- Share EdChoice Kentucky's calls to action with families and other supporters of the school during the legislative session.
- Host informational sessions at your school.
- Write an Op-Ed or Letter to the Editor expressing your support for Scholarship Tax Credits
- Take advantage of grants offered by EdChoice Kentucky and join us for free for a National School Choice Week rally or even host your own event that week. Visit www.schoolchoiceweek.com for more information.
- Follow EdChoice Kentucky on Facebook and Twitter @EdChoiceKY for updates and original content on Scholarship Tax Credits.
- Subscribe to our newsletter at www.edchoiceky.org for legislative updates and opportunities for involvement.
- Reach out to info@edchoiceky.org if you need specific resources and materials.

Our efforts require a unified group of legislators, educators, families and, organizations. EdChoice Kentucky wants to be your partner and provide you with any information, training, or materials you need. If you've been following along in the news, you know that there is a very vocal opposition to Scholarship Tax Credit legislation. It can be overwhelming to counteract a vocal opposition; however, the following pages will equip you with the information you need to make valid and fact-based counterarguments to any opposition you meet.

Section 3: FAQs

1. Are Scholarship Tax Credits the same as vouchers?

Absolutely not. Voucher programs grant taxpayer-funded scholarships to families to send their children to nonpublic schools. Unlike vouchers, STCs allow individuals and businesses to contribute privately-funded donations that are used to award scholarships to low-and-middle-income families.

2. Are tax credits different than deductions?

Yes. Whereas a deduction lowers a donor's taxable income, a tax credit creates a direct reduction in a donor's tax liability. Receiving a tax credit creates a stronger incentive to give than a tax deduction, which will ultimately encourage more donors to give to an SGO.

3. Do Scholarship Tax Credits take money from public education?

Funding for public education is a complicated issue with numerous variables. Recognizing that Kentucky students deserve a choice in their education, a Scholarship Tax Credit program is a commonsense solution that does not have an overall net impact on public school funding.

4. Are Scholarship Tax Credits legal?

Yes. Despite several legal challenges, the constitutionality of Scholarship Tax Credits has been upheld time and time again. Because the program only uses private money to assist students in attending nonpublic schools, **no public money goes to nonpublic schools.**

5. Are nonpublic schools equipped to handle additional special needs students?

Yes. Nonpublic schools often have the flexibility to specialize and experiment with unique teaching styles and provide smaller class sizes; students with special needs often find that nonpublic schools are more conducive to their learning style. However, under this program, parents are in complete control to choose the school that is best for their child – and for some that is a public school.

6. Can anyone receive a scholarship under the program?

No. Scholarships under the program are needs-based meaning only those that demonstrate financial need are eligible.

7. Do Scholarship Tax Credits save money?

Yes. Because the average per student scholarship dollar amount is less than the per student payment to local schools through SEEK funding, the state saves money by virtue of students attending nonpublic schools that are fully funded through tax credits issued.

8. Is participation mandatory for schools?

No. Participation is voluntary for nonpublic schools.

9. Will schools lose control over their admissions, curriculum and/ or staffing decisions if they participate in a Scholarship Tax Credit program?

No. The proposed Scholarship Tax Credit legislation only provides another source of assistance to families with demonstrated financial need. The proposed legislation expressly says that participating in the program does not give the state control over a school's policies and procedures.

10. Are Scholarship Tax Credits fiscally responsible?

Yes. EdChoice Kentucky supports a \$25 million Scholarship Tax Credit program. These programs generate savings for the Commonwealth by transferring the costs of educating our children to non-public schools. Some states have even seen savings above the value of their scholarship tax credit programs. Most importantly, these programs empower low- and middle-income families, ensuring children can access the environment that best meets their needs.

Section 4: Talking Points

Want to make sure you're prepared when interacting with teachers, parents or members of your community? Below are a few template talking points that can be customized and used as an aid in fact-based conversations about Scholarship Tax Credits.

Talking Points

- Students attend our school because their parents have deemed it the best fit for them. However, not every parent has the financial resources for that choice.
- Currently we have XX students but a capacity of XX, meaning we have XX spaces we could fill with scholarship recipients.
- We have XX students on a waiting list for scholarships. As much as we would love for every student who applies for a scholarship to receive one, we simply don't have the funds through direct private donations.
- Wealthy families in our community already have school choice, however for lower income families the same opportunity is not available.
- Our programs like <insert specific school programming> and our small class sizes are an environment that is conducive to certain learning styles and we would love the opportunity to afford that to more students.
- Scholarship Tax Credits are good for all Kentuckians. They're good for our school; good for our children; good for our parents; and good for the future of our workforce.

Facts and Figures

- 18 other states already have Scholarship Tax Credit programs. And a majority of states have some version of a school choice program.
- The majority of research shows that students benefit from these programs and the public schools improve in states that offer choice programs.
- According to a 2018 poll, 70% of voters believe Kentucky's education system needs significant changes and 65% support bringing educational choice programs to the state.
- 62% of Kentucky voters are in favor of Scholarship Tax Credits and that number is consistent across political parties, regions, and most demographics including:
 - 69% of Independents
 - 67% of Republicans
 - 56% of Democrats
 - 67% of African Americans
 - 58% of Public-School Teacher Households

Below is a one-page document that can serve as a great education piece to share with teachers, parents and community members. Feel free to circulate it to any appropriate third-parties and reach out to EdChoice KY if you need any additional distributable materials.

WHAT ARE SCHOLARSHIP TAX CREDITS?

Scholarship Tax Credits are a form of school choice that will allow private businesses and individuals to fund financial aid for lower-income, special needs, and foster students to attend a nonpublic school.

HOW IT WORKS:



1. A business or individual makes a donation to a Scholarship Granting Organization (SGO).
2. The business or individual receives a tax credit from the Kentucky Department of Revenue in return
3. The SGO grants needs-based scholarships to eligible students to attend a nonpublic school that best fits their needs

A SCHOLARSHIP TAX CREDIT PROGRAM WILL...

- Make more needs-based scholarships available
- Encourage the private sector to donate aid to students
- Allow students to attend the school best suited for their needs
- Benefit Kentucky's most vulnerable students
- Save Kentucky money

A SCHOLARSHIP TAX CREDIT PROGRAM WILL NOT...

- Take away resources or funding from public schools
- Force any child into a nonpublic school
- Put taxpayer money into private institutions

18 other states already have Scholarship Tax Credit programs.

Let's ensure all Kentucky students can access a quality education by making Scholarship Tax Credits a priority during the next legislative session!