FISCAL IMPACT ANALYSIS OF THE OKLAHOMA EQUAL OPPORTUNITY EDUCATION SCHOLARSHIP ACT

Prepared by:

Jacob Dearmon, Ph.D.
Director, Center for Data Analytics
Meinders School of Business
Oklahoma City University

Russell R. Evans, Ph.D.
Executive Director, Steven C. Agee Economic Research and Policy Institute
Meinders School of Business
Oklahoma City University
Executive Summary
Established in 2011, the Oklahoma Equal Opportunity Education Scholarship Act offers state income tax credits to qualifying donations that provide accredited private K-12 school opportunities to primarily low-income Oklahoma families. The purpose of the program is not to generate a fiscal return to the state, but rather to provide support to those Oklahoma families for whom modest scholarships tip the balance of opportunity and allow them to pursue what they judge to be a better education for their child. Any fiscal savings are secondary to, but a useful and important by-product of, the program’s primary objective. This memo provides a brief overview of the program through its initial years as well as an estimate of the fiscal impact to taxpayers. Among the highlights of the report are:

- Oklahoma is one of eighteen states with a tax credit scholarship program
- The program is administered for the benefit of participating schools through state and IRS-recognized 501(c)(3) not-for-profit “scholarship granting organizations” (SGO)
- The program provides an income tax credit for qualifying donations as follows:
  - An income tax credit of 50% for donations to a scholarship granting organization certified by the Oklahoma Tax Commission
  - For donors willing to make a gift of the same, or greater, amount for two consecutive years, an income tax credit of 75% will be allowed for each of the two years.
  - Tax credits are capped at $100,000 for qualified business donors, $2,000 for taxpayers filing a joint tax return, and $1,000 for individual tax filers
  - The program establishes a total tax credit ceiling of up to $5,000,000 (recently changed from the original ceiling of $3,500,000); if the program exceeds the ceiling, all tax credits are reduced proportionally,
and the donor is allowed to take the “suspended” tax credits in the next immediate tax year.

- Participating schools must be accredited by the Oklahoma State Board of Education or an accrediting association approved by the Board; schools must meet certain other statutory standards.
- Students must be a child of school age that is lawfully present in the United States, and qualifies for scholarship dollars in one of three ways:
  - The most common qualifier is income – students who are members of an Oklahoma household with annual income up to 300% of the free and reduced lunch eligibility guidelines, or
  - Students living in the attendance zone of a school designated by the State Department of Education as “in need of improvement”, or
  - Students attending public school with an individualized education program (IEP) or professionally identified learning disability
- In the 2017-2018 school year, the three main scholarship granting organizations provided 2,466 scholarships
- The average scholarship amount is relatively small and often represents the marginal dollars that allow a family to make an educational choice on behalf of their student; the fiscal impact analysis uses a conservative estimate that 75% of the scholarship recipients would have otherwise attended public schools
- Fiscal impact analysis indicates a total fiscal return of 2.91 ($2.91 saved for every $1.00 in tax credits issued) and a state only fiscal return of $1.39
- A fiscal impact scenario analysis indicates that the total fiscal return jumps to 3.16 and the state fiscal return to 1.51 after accounting for recent increases in education spending and expected student enrollment growth; under every reasonably construed scenario the program performs better than break-even
- Given the current estimate of state spending per pupil ($7,923.20), the share of recipients who would have otherwise attended public school would need to be 27% to generate no net fiscal savings.
**Introduction**

The Oklahoma Equal Opportunity Education Scholarship Act (the “Act”), enacted in 2011, provides private K-12 school opportunities to primarily low-income Oklahoma families from qualified donations to authorized scholarship granting organizations (SGO). SGOs provide a number of services to facilitate the process for all stakeholders including donors, schools, students and families. SGOs take in contributions from donors, report contributions received to the Oklahoma Tax Commission so tax credits can be matched to donors, and award scholarships that allow a child to attend an accredited private K-12 school. For these children who would otherwise be attending public school, the state is exchanging foregone tax revenue in the form of income tax credits for foregone expenditures in the form of per pupil state funding. This study follows closely the approach of the Florida Legislature’s Office of Program Policy Analysis and Government Accountability in estimating the fiscal returns to Oklahoma from this tradeoff.¹

The 2017-2018 school year update serves as an addendum to the fiscal analysis previously published in August 2017. Readers are encouraged to refer to the previous analysis for a more complete review of the program. Oklahoma is one of 18 states with a tax credit scholarship program. The United States Government Accountability Office (GAO) recently released a report outlining the key features of the 22 tax credit scholarship programs in these 18 states.² Oklahoma’s program is, in many ways, modest by comparison to other states with lower program wide caps and a lower share of donations qualifying for state tax credits. The success of the program in offering a meaningful education choice to scholarship recipients combined with the fiscal performance of the programs suggests room for program growth in Oklahoma. For a quick comparison of program features across states, see appendix 1.

---

¹ The Florida report can be found here [http://www.oppaga.state.fl.us/reports/pdf/0868rpt.pdf](http://www.oppaga.state.fl.us/reports/pdf/0868rpt.pdf).
² *Private School Choice: Requirements for Students and Donors Participating in State Tax Credit Scholarship Programs*, U.S. GAO Report to Congressional Requesters, September 2018
Background
The Act allows qualified donations to be credited against Oklahoma income tax. The tax credits are equal to 50% of the qualifying donated amount for a one-time donation and 75% of the qualifying donation for a donation commitment of the same amount for two years. Individual income tax credits are limited to $1,000 for individual income tax filers, $2,000 for taxpayers filing a joint income tax return, and $100,000 for qualified business entities. The total tax credit program is currently capped at up to $5,000,000 annually. All claimed credits are reduced proportionally if qualifying credits exceed the tax credit ceiling. However, the donor is allowed to take the “suspended” credits in the next tax year when the tax credit ceiling is exceeded. In 2017, the tax credit cap was exceeded by approximately $700,000 and is anticipated to be exceeded in 2018 and future years until the tax credit cap is raised. This recurring exceedance of the tax credit cap will limit growth for this program.

The Oklahoma tax credit program is administered through a handful of SGOs on behalf of qualified participating schools. These not-for-profit organizations are approved by the Oklahoma Tax Commission, the IRS, and organized through the Office of the Secretary of State as designated to collect and direct donations to participating schools selected by the donor. The donor may direct donations to a specific school, but not to a specific student.

Students qualify for scholarship dollars in one of three ways.

- First, and most common, are students who are legal residents and are members of an Oklahoma household with annual income up to 300% of the free and reduced lunch eligibility guidelines.
- Second, students qualify if they live in the attendance zone of a school designated by the State Board of Education as “in need of improvement.”

\(^3\) “The Tax Commission has determined that for tax year 2017, the total combined credits claimed ($5.7 million) for contributions made to scholarship-granting organizations and educational improvement grant organizations by all taxpayers are in excess of the statewide caps.” Footnote 2 of the Oklahoma Tax Commission fiscal impact statement for SB 1384 with respect to the $5 million program annual cap.
Finally, students who attended a public school with an individualized education program (IEP) or have been identified through specific programs and/or clinical professionals as having significant disability that affects learning will qualify.

Having met the terms of admittance to an accredited private school of the family’s preference, the school works with the student’s parents to determine eligibility of financial assistance through this program. If a determination of eligibility is made and a grant for assistance recommended, the school forwards the application and its recommendations to the SGO for final review, approval and funding.

In order to participate in the program, a school must be accredited by the Oklahoma State Board of Education or an accrediting association approved by the Board. The private schools must also be in compliance with all applicable health and safety codes, have a stated policy against discrimination and ensure academic accountability through regular progress reports.

Use of the scholarship program continues to grow. The three primary scholarship granting organizations are represented by Catholic organizations in Oklahoma City and Tulsa as well as the Opportunity Scholarship Fund primarily serving non-Catholic affiliated private schools. Each entity provides proprietary data on donations and scholarships awarded. The individual level data is aggregated to provide a summary of the program.

Scholarships awarded for the 2017-2018 school year totaled 2,466, an increase of 836 scholarships, or 51.3%, from a year ago. Each scholarship granting organization awarded more scholarships in the 2017-2018 school year than in any previous year.
Average scholarship awards also increased from the previous year. The Tulsa Catholic granting organization provided 963 scholarships at an average scholarship award of $579.34. The Oklahoma City Catholic granting organization provided 355 scholarships in 2017-2018 at an average award of $1,781.69 while the Opportunity Scholarship Fund provided 1,148 scholarships with an average award of $3,008.58.
Community participation in the program is also growing. Total donations to the three largest SGOs grew to $6,913,631. Donations by type of donor indicate business participation is particularly important to the program with corporate donors accounting for two-thirds of all donations. The remaining one-third of donations come from individuals and joint tax-filers. The donor pattern is broadly consistent across all scholarship granting organizations.
The fiscal impact to the state is determined by the tradeoff of foregone tax revenue and foregone per pupil expenditures. It should be noted explicitly that the purpose of the program is not for the state to avoid expending dollars on education. Rather, the purpose is to provide support to those Oklahoma families for whom small scholarships tip the balance of opportunity and allow them to pursue what they judge to be a better education for their student. Any fiscal savings are secondary to, but an important by-product of, the program’s primary objective.

The fiscal impact analysis is presented below. The data indicate 2,466 scholarships awarded with the baseline estimate that 75% of the scholarship recipients would have otherwise attended public schools. Given total state per pupil spending of $7,923, the scholarships awarded provide total educational savings of $14,653,958. The savings are weighed against the foregone tax revenue from claimed credits estimated to be $5,040,277. The analysis finds a fiscal return ratio or 2.91 or net fiscal savings of $9,613,682.

<table>
<thead>
<tr>
<th>Education Savings School Year 2018</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Scholarships*</td>
<td>2,466</td>
</tr>
<tr>
<td>Fraction of Students who would have otherwise attended public school**</td>
<td>0.75</td>
</tr>
<tr>
<td>Savings per recipient ***</td>
<td>$7,923</td>
</tr>
<tr>
<td>Total Educational Savings</td>
<td>$14,653,958</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Lost Calendar Year 2017</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Tax Credits****</td>
<td>$5,040,277</td>
</tr>
<tr>
<td>Ratio</td>
<td>2.91</td>
</tr>
<tr>
<td>Net Savings</td>
<td>$9,613,682</td>
</tr>
</tbody>
</table>

---

4 * Assumes a different scholarship recipient for each scholarship; only through the first semester of 2018
** Fraction; Florida reports assumes a higher fraction at 0.95 and 0.9.
*** Based on state level public education spending per pupil from the census fiscal year 2016-17
**** Min of the est. tax credit amount and $3.5 million; only considered donations from joint, married filing separately, individuals, and corporations; does not consider gifts from corporate match, IRA, foundations, etc.
The fiscal impact is also evaluated specific to state sources of funding. Current data available through the U.S. Census’ Annual Survey of School System Finances indicate that 47.7% of Oklahoma education funding is from state sources. The state’s $6,989,261 education savings are weighed against the $5,040,277 in tax credits claimed (assuming that the tax credits available were not capped at $5,000,000), resulting in net savings of $1,948,984 or a fiscal return ratio of 1.39.

<table>
<thead>
<tr>
<th>Total State Funding</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education Savings School Year 2018</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Scholarships*</td>
<td>2,466</td>
</tr>
<tr>
<td>Fraction of Students who would have otherwise attended public school**</td>
<td>0.75</td>
</tr>
<tr>
<td>Savings per recipient ***</td>
<td>$3,779</td>
</tr>
<tr>
<td>Total Educational Savings</td>
<td>$6,989,261</td>
</tr>
<tr>
<td><strong>Revenue Lost Calendar Year 2017</strong></td>
<td>Amount</td>
</tr>
<tr>
<td>Est. Tax Credits****</td>
<td>$5,040,277</td>
</tr>
<tr>
<td>Ratio</td>
<td>1.39</td>
</tr>
<tr>
<td>Net Savings</td>
<td>$1,948,984</td>
</tr>
</tbody>
</table>

The fiscal impact is determined by the share of recipients who would have otherwise attended public school and the state spending per pupil. Further research will allow for a better estimate of the former while time and a review of state budgets will illuminate the latter. It is important to note that under every reasonable combination of the two the state realizes net fiscal savings.

The most conservative scenario presented below occurs in a hypothetical where the state spends on $7,000 per pupil and only 35% of scholarship recipients would have otherwise attended public school. Under this hypothetical, the program does slightly better than break even with a return ratio of 1.20. On the other end is the hypothetical scenario in which the state spends $9,000 per pupil and 95% of scholarship recipients would have otherwise attended public school. Under this hypothetical, the program has a fiscal return ratio of 4.18 with net savings of $16,044,023.
### Fiscal Return Ratio

<table>
<thead>
<tr>
<th>Public School Share</th>
<th>Spending per Pupil</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,000</td>
<td>$8,000</td>
<td>$9,000</td>
<td></td>
</tr>
<tr>
<td>0.95</td>
<td>3.25</td>
<td>3.72</td>
<td>4.18</td>
<td></td>
</tr>
<tr>
<td>0.75</td>
<td>2.57</td>
<td>2.94</td>
<td>3.30</td>
<td></td>
</tr>
<tr>
<td>0.55</td>
<td>1.88</td>
<td>2.15</td>
<td>2.42</td>
<td></td>
</tr>
<tr>
<td>0.35</td>
<td>1.20</td>
<td>1.37</td>
<td>1.54</td>
<td></td>
</tr>
</tbody>
</table>

### Net Fiscal Savings

<table>
<thead>
<tr>
<th>Public School Share</th>
<th>Spending per Pupil</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,000</td>
<td>$8,000</td>
<td>$9,000</td>
<td></td>
</tr>
<tr>
<td>0.95</td>
<td>$11,358,623</td>
<td>$13,701,323</td>
<td>$16,044,023</td>
<td></td>
</tr>
<tr>
<td>0.75</td>
<td>$7,906,223</td>
<td>$9,755,723</td>
<td>$11,605,223</td>
<td></td>
</tr>
<tr>
<td>0.55</td>
<td>$4,453,823</td>
<td>$5,810,123</td>
<td>$7,166,423</td>
<td></td>
</tr>
<tr>
<td>0.35</td>
<td>$1,001,423</td>
<td>$1,864,523</td>
<td>$2,727,623</td>
<td></td>
</tr>
</tbody>
</table>

Given the current estimate of state spending per pupil ($7,923.20), the share of recipients who would have otherwise attended public school would need to be 27% to generate no net fiscal savings. The table above underscores the conservative nature of the analysis and the likelihood that the fiscal return to the state exceeds the 2.91 reported in this update.

Understanding how the fiscal impact is affected by levels of state spending allows for an estimate of the expected fiscal impact given recent increases in state education funding. For consistency, the fiscal impact calculations use the per pupil expenditures reported directly from U.S. Department of Education, National Center for Education Statistics and published on the Oklahoma State Department of Education website.
## Oklahoma State Per Pupil Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Total NCES Current Expenditures</th>
<th>Enrollment (October 1)</th>
<th>Per Pupil Expenditure (PPE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-2017</td>
<td>$5,496,401,542</td>
<td>693,710</td>
<td>$7,923.20</td>
</tr>
<tr>
<td>2015-2016</td>
<td>$5,606,044,118</td>
<td>692,670</td>
<td>$8,093.38</td>
</tr>
<tr>
<td>2014-2015</td>
<td>$5,560,047,046</td>
<td>688,300</td>
<td>$8,077.94</td>
</tr>
<tr>
<td>2013-2014</td>
<td>$5,451,047,732</td>
<td>681,578</td>
<td>$7,997.69</td>
</tr>
<tr>
<td>2012-2013</td>
<td>$5,329,897,044</td>
<td>673,190</td>
<td>$7,917.37</td>
</tr>
<tr>
<td>2011-2012</td>
<td>$5,170,977,526</td>
<td>665,841</td>
<td>$7,766.08</td>
</tr>
<tr>
<td>2010-2011</td>
<td>$5,036,031,109</td>
<td>659,615</td>
<td>$7,634.80</td>
</tr>
<tr>
<td>2009-2010</td>
<td>$5,129,123,907</td>
<td>654,542</td>
<td>$7,932.45</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, U.S. Department of Education

Over the last seven years, Oklahoma public school enrollment has increased at an annual average rate of 0.8%. Using this growth rate and the estimated $500 million increase in state funding for education recently approved, per pupil expenditures are estimated to increase to $8,607.28, with a state specific funding share of $4,105.67.

Under this scenario, the total fiscal return ratio jumps to 3.16 and net savings increase to $10,878,888. The state specific return ratio increases to 1.51 and a net state savings of $2,553,160. This scenario analysis reveals an interesting complementary relationship between the scholarship tax credit program and public education expenditures. The tax credit scholarship program empowers families to make an educational choice that is in the best interest of their student. In doing so, increases in state public education expenditures are more able to target improvements for the majority of state students who continue to be best served in their local public school system.
<table>
<thead>
<tr>
<th><strong>Projected Total Funding</strong></th>
<th><strong>Amount</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education Savings School Year 2018-19</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Scholarships*</td>
<td>2,466</td>
</tr>
<tr>
<td>Fraction of Students who would have otherwise attended public school**</td>
<td>0.75</td>
</tr>
<tr>
<td>Savings per recipient ***</td>
<td>$8,607</td>
</tr>
<tr>
<td>Total Educational Savings</td>
<td>$15,919,164</td>
</tr>
<tr>
<td><strong>Revenue Lost Calendar Year 2017</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>Est. Tax Credits****</td>
<td>$5,040,277</td>
</tr>
<tr>
<td>Ratio</td>
<td>3.16</td>
</tr>
<tr>
<td>Net Savings</td>
<td>$10,878,888</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Projected State Funding</strong></th>
<th><strong>Amount</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education Savings School Year 2018-19</strong></td>
<td></td>
</tr>
<tr>
<td>Number of Scholarships*</td>
<td>2,466</td>
</tr>
<tr>
<td>Fraction of Students who would have otherwise attended public school**</td>
<td>0.75</td>
</tr>
<tr>
<td>Savings per recipient ***</td>
<td>$4,106</td>
</tr>
<tr>
<td>Total Educational Savings</td>
<td>$7,593,437</td>
</tr>
<tr>
<td><strong>Revenue Lost Calendar Year 2017</strong></td>
<td><strong>Amount</strong></td>
</tr>
<tr>
<td>Est. Tax Credits****</td>
<td>$5,040,277</td>
</tr>
<tr>
<td>Ratio</td>
<td>1.51</td>
</tr>
<tr>
<td>Net Savings</td>
<td>$2,553,160</td>
</tr>
</tbody>
</table>

*See legend contained in footnote 4*

**Conclusion**
Support for and use of Oklahoma’s scholarship tax credit program continues to grow. The average scholarship received is often small, but represents the marginal dollars that allow a family to invoke an educational choice on behalf of their student. The fiscal impact of the program is measured as the tradeoff between tax credits issued and foregone per pupil expenditures. Under every reasonably construed scenario, the program does better than breakeven, with the baseline scenario saving a total fiscal amount of $2.91, and a state only fiscal return of $1.39, for every dollar of tax credit issued.
### Appendix 1

#### Key Tax Credit Scholarship Program Tax Provisions, as of Calendar Year (CY) 2018

<table>
<thead>
<tr>
<th>Program name</th>
<th>Number of scholarships</th>
<th>Total amount of scholarships</th>
<th>Average scholarship award amount</th>
<th>Percent of donation that may be claimed as a credit</th>
<th>Limits on size of annual tax credit per individual and/or business donor*</th>
<th>Program-wide cap on tax credits offered per year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programs available for both individual and business donors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alabama Educational Scholarship Program</td>
<td>4,092</td>
<td>$22,373,593</td>
<td>$5,468</td>
<td>100%</td>
<td>$50,000 or 50% of tax liability, whichever is lower (individual) 50% of business tax liability</td>
<td>$30,000,000.00</td>
</tr>
<tr>
<td>Georgia Tax Credit Program</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>100%</td>
<td>$1,000 (individual) 75% of business tax liability</td>
<td>$58,000,000.00</td>
</tr>
<tr>
<td>Iowa School Tuition Organization Tax Credit</td>
<td>10,771</td>
<td>$17,046,608</td>
<td>$1,583</td>
<td>65%</td>
<td>No limits per donor</td>
<td>$12,000,000.00</td>
</tr>
<tr>
<td>Illinois Invest In Kids Scholarship Tax Credit</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>75%</td>
<td>$1 million (individual and business)</td>
<td>$75,000,000.00</td>
</tr>
<tr>
<td>Indiana School Scholarship Program</td>
<td>9,349</td>
<td>$16,811,950</td>
<td>$1,798</td>
<td>50%</td>
<td>No limits per donor</td>
<td>$12,500,000.00</td>
</tr>
<tr>
<td>Kansas Tax Credit for Low Income Students Scholarship Program</td>
<td>204</td>
<td>$687,254</td>
<td>$3,369</td>
<td>70%</td>
<td>$350,000 (Individual and business)</td>
<td>$10,000,000.00</td>
</tr>
<tr>
<td>Louisiana Tuition Donation Credit Program</td>
<td>n/a</td>
<td>$7,194,434</td>
<td>$4,085</td>
<td>100%</td>
<td>No limits per donor</td>
<td>No program-wide cap</td>
</tr>
<tr>
<td>Montana Education Tax Credit Program</td>
<td>20</td>
<td>$10,000</td>
<td>$500</td>
<td>100%</td>
<td>$150 (Individual and business)</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>Oklahoma Equal Opportunity Education Scholarship Credit</td>
<td>1,459</td>
<td>n/a</td>
<td>n/a</td>
<td>50%-75%</td>
<td>$1,000 (individual); $2,000 (married); $100,000 (business)</td>
<td>$3,500,000.00</td>
</tr>
<tr>
<td>South Carolina Exceptional SC Scholarship Fund</td>
<td>1,951</td>
<td>$9,701,005</td>
<td>$4,800</td>
<td>100%</td>
<td>60% of tax liability (Individual and business)</td>
<td>$11,000,000.00</td>
</tr>
<tr>
<td>Virginia Education Improvement Scholarships Tax Credits Program</td>
<td>3,433</td>
<td>$10,641,356</td>
<td>$3,243</td>
<td>65%</td>
<td>$81,250 (individual) No limit for business donors</td>
<td>$25,000,000.00</td>
</tr>
</tbody>
</table>
### Programs available for individual donors only

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Number</th>
<th>Total Amount</th>
<th>Tax Credit</th>
<th>Percentage</th>
<th>Limitation Details</th>
<th>Limitation Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Original Individual Income Tax Credit Program</td>
<td>32,585</td>
<td>$57,999,199</td>
<td>$1,780</td>
<td>100%</td>
<td>No program-wide cap</td>
<td>$555 (individual)</td>
</tr>
<tr>
<td>Arizona Switcher Individual Income Tax Credit Program</td>
<td>22,348</td>
<td>$32,988,733</td>
<td>$1,476</td>
<td>100%</td>
<td>No program-wide cap</td>
<td>$552 (individual)</td>
</tr>
</tbody>
</table>

### Programs available for business donors only

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Number</th>
<th>Total Amount</th>
<th>Tax Credit</th>
<th>Percentage</th>
<th>Limitation Details</th>
<th>Limitation Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Disabled/Displaced Corporate Income Tax Credit Program</td>
<td>1,105</td>
<td>$5,750,839</td>
<td>$5,204</td>
<td>100%</td>
<td>No limits per donor</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Arizona Low-Income Corporate Income Tax Credit Program</td>
<td>20,964</td>
<td>$51,746,384</td>
<td>$2,468</td>
<td>100%</td>
<td>Maximum donation amounts vary from 50% to 100% of tax liability</td>
<td>$698,900,000.00</td>
</tr>
<tr>
<td>Florida Tax Credit Scholarship Program</td>
<td>98,936</td>
<td>$539,252,526</td>
<td>n/a</td>
<td>100%</td>
<td>Maximum donation amounts vary from 50% to 100% of tax liability</td>
<td>$510,000 or no more than 10% of program credits</td>
</tr>
<tr>
<td>New Hampshire Education Tax Credit Program</td>
<td>178</td>
<td>$347,095</td>
<td>$1,950</td>
<td>85%</td>
<td>$510,000 or no more than 10% of program credits</td>
<td>$5,100,000.00</td>
</tr>
<tr>
<td>Nevada Educational Choice Scholarship Program</td>
<td>1,153</td>
<td>n/a</td>
<td>n/a</td>
<td>100%</td>
<td>2 percent of wages paid</td>
<td>$26,100,000.00</td>
</tr>
<tr>
<td>Pennsylvania Educational Improvement Tax Credit Program</td>
<td>34,400</td>
<td>$57,100,000</td>
<td>$1,660</td>
<td>75%-90%²</td>
<td>$75,000⁰</td>
<td>$110,000,000.00</td>
</tr>
<tr>
<td>Pennsylvania Opportunity Scholarship Tax Credit Program</td>
<td>14,550</td>
<td>$35,200,000</td>
<td>$2,419</td>
<td>75%-90%²</td>
<td>$75,000⁰</td>
<td>$50,000,000.00</td>
</tr>
<tr>
<td>Rhode Island Tax Credits for Contributions to Scholarship Organizations</td>
<td>405</td>
<td>$1,551,454</td>
<td>$3,589</td>
<td>75%-90%²</td>
<td>$100,000</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>South Dakota Partners in Education Tax Credit Program</td>
<td>275</td>
<td>$204,002</td>
<td>n/a</td>
<td>80%</td>
<td>No limits per donor</td>
<td>$2,000,000.00</td>
</tr>
</tbody>
</table>

Source: GAO analysis of state program documents provided to state officials for verification. | GAO-18-679

**Notes:** GAO did not conduct an independent review of state laws and regulations. This table includes programs that were authorized as of January 2018.

**a** - Limits for “individuals” listed above are for taxpayers filing as single. Programs sometimes have separate limits for taxpayers filing as “married, filing separately,” “single,” and “married, filing jointly,” or for individuals who are owners of a pass through entity such as a partnership. Programs vary in terms of the types of businesses eligible for the tax credit as well as whether the tax credits are available for types of taxes other than income taxes.

**b** - In Louisiana, there is no limit on the size of a donation that is eligible for a tax credit, however tax credits may only be claimed for the portion of the donation that is used for scholarships rather than other uses like administrative expenses. A state official said that, in practice, the tax credit percentage received by donors is generally 95 percent because administrative costs are limited to 5 percent of donation amounts.

**c** - In Oklahoma, Pennsylvania, and Rhode Island, the percentage of donations that can be claimed as a tax credit increases if donors commit to donating for 2 years. In Oklahoma, that percentage increases from 50 percent to 75 percent. In the two Pennsylvania programs and the Rhode Island program, the percentage increases from 75 percent to 90 percent.

**d** - Information reported by state fiscal year rather than calendar year.
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>e</td>
<td>In Florida’s program included in this review, donors may claim credits up to their full tax liability for credits taken for corporate income tax, insurance premium tax, and sales and use tax due under a direct pay permit holder. Donors may claim credits of up to 90 and 50 percent of taxes due for credits on alcoholic beverage excise taxes and oil and gas production severance taxes, respectively.</td>
</tr>
<tr>
<td>f</td>
<td>Nevada’s limit per donor is related to wages paid by the business donor.</td>
</tr>
<tr>
<td>g</td>
<td>Donation limit lifted from October 1-November 30 if credits remain.</td>
</tr>
</tbody>
</table>