



Catholic Conference of Ohio

**Larry Keough/Associate Director/Education
House Ways & Means Committee
Dec. 6, 2011
Proponent Testimony/HB242**

I. Introduction

Good afternoon Chairman Beck, Vice Chair McClain and Committee Members. My name is Larry Keough. I am the associate director in education at the Catholic Conference of Ohio and advocate on behalf of the 407 Catholic schools serving more than 132,000 students.

We appreciate both Rep. Brenner and Rep. Patmon's efforts to bring this bill forward with the impressive list of Republican and Democrat co-sponsors. This legislation, like other models in states such as Florida, truly reaches out to working poor and lower-middle income families.

As many of you know, the United States Conference of Catholic Bishops and Catholic Conferences around the nation have championed school choice for more than 20 years.

Catholic Conferences have advocated for school choice in Ohio, Pennsylvania, Georgia, Wisconsin, Louisiana, Iowa, Indiana and Florida.

In Ohio, we continue to be steadfast in our support of the state's school choice programming – Cleveland Scholarship and Tutoring Program, the Ed Choice Scholarship Program, the Autism Scholarship Program, and the newly enacted Jon Peterson Special Needs Scholarship Program.

Catholic schools are essential to the implementation of these programs. Ninety percent of the schools participating in the Cleveland Scholarship Program are Catholic. Approximately 70 percent of the students participating in the Ed Choice Scholarship Program are enrolled in Catholic Schools.

II. HB 242 draws upon the time-tested experiences in other states

In many respects, HB 242 infuses the strengths of the Pennsylvania and Florida tax credit models. It is our great hope that this legislation will follow what has transpired in these other states in which children in need receive tax credit scholarships that provide them with opportunities to obtain quality education in the schools of their parents' choice.

Like Florida's program, HB 242 provides financial relief for families in need. Student eligibility is based on a family's limited household income. Tax credit scholarships would be awarded to students whose household income is 150 percent of the level that would make them eligible for the federal school lunch program. For example, a family of four with an income of \$62,000 would be eligible.

One of the reasons Florida's tax credit scholarship bill successfully moved through its Legislature was due to the legislative intent of the program to reach out to families in need. Bi-partisan support of that bill is attributed to the legislative intent to provide tax credit scholarship to families who need them the most.

HB 242 would also provide financial relief to families who meet the means-tested formula and pay local, state and federal taxes while paying tuition at the nonpublic school of their choice. This translates to families who are struggling to pay taxes to support the public educational system and pay private school tuition would receive financial relief in the form of tax credit scholarships such that it is palatable for them to continue enrolling their children in Catholic and other chartered nonpublic schools.

Let's keep in mind that when parents can afford to keep their children in chartered nonpublic schools, there is considerable cost savings to the state. Consider that it costs an average of \$10,000 for students to be education in a public school. This means that for every child educated in a public school there is an average savings of \$10,000, less the state of aid of approximately \$863 that each child benefits from.

Catholic and other chartered nonpublic schools actually save the state of Ohio approximately \$1.7 billion annually. That is the cost if the state were to educate annually the more than 182,000 chartered nonpublic school students.

In the interest of time, I have included an attachment that complements my testimony. The attachment provides some of the highlights of this legislation.

It is our great hope that HB 242 will be supported by this committee and move forward with favorable passage in the near future.

At this time, I would welcome any questions.

Notable highlights relating to HB 242:

Businesses support tax credit scholarships -- In states where tax credit scholarship programs have been signed into law, businesses have contributed to the programs as an investment for tomorrow's employees to have received a quality education and be prepared for employment opportunities. The cap allowing businesses and individuals to provide contributions to the Florida Tax Credit Scholarship Program has steadily increased over time. The overall program cap on funding limits is now at \$140 million. In Florida as the tax credit scholarship program has expanded, so has the savings to the state. The state of Florida recently estimated that the program saves approximately \$40 million annually. In fact, when the national economy began exhibiting signs of a recession in 2008, the Florida Legislature expanded the tax credit program to educate students at a lesser cost.

U.S. Supreme Court upheld the Arizona Tax Credit Scholarship Program -- The nation's highest court ruled that the donations for tax credit scholarships are private dollars, not state money. The court likened these donations as contributions that lead to charitable tax deductions.

Credit amount -- The bill allows a one dollar tax credit for every one dollar donated. The maximum amount of annual credit for an individual is \$1,000. Couples may obtain \$2,500 credit and corporations can receive a credit up to \$300,000 per year.

Education Scholarship Organization -- HB 242 requires that every employee hired by an Education Scholarship Organization pass a criminal background check and that each ESO must spend 90 percent of the donations it receives to fund qualified scholarships. In addition, there is a ceiling in the amount of \$20 million in which tax credits would be granted annually. However, adjustments can be made if the cap is reached the previous year.