Results: Enacting quality laws for Kids
Dear friends,

The 2013 legislative year produced positive and important results for thousands of disadvantaged children who are now participating in publicly-funded private school choice programs in 18 states and Washington, D.C.

Nearly 300,000 children are receiving the education that best fits their needs thanks to the efforts of policy makers and choice supporters across the country to enact, expand and strengthen educational choice programs in their respective states.

The American Federation for Children and the Alliance for School Choice played a central role in working with, and educating lawmakers on both sides of the aisle to ensure families – especially low-income families – are given every opportunity to choose the best education for their children.

Across the nation, our work and the work of our allies led to several significant victories:

- Three new statewide programs were created
- In the past three years, 20 new publicly-funded private school choice programs have been enacted
- Nationwide, 39 private school choice programs exist in 18 states, Washington, D.C., and Douglas County, Colorado, accounting for more than 1.5 million scholarship opportunities.
- Nearly $1 billion in public funds are supporting these programs.

Some of the highlights of the year include expansion of programs in Arizona, Indiana and Ohio; and new programs passed in Alabama, Mississippi, North Carolina, South Carolina and Wisconsin. With growing bipartisan support for educational choice across the country, there is a major window of opportunity to work with state policy-makers to provide even more children with access to education that best fits their needs.

The 2013 Legislative Impact Report highlights how our organizations have led the way in creating and strengthening educational choice for disadvantaged children. Our long-term investments; strategy to advance educational choice in states with the greatest opportunity for high impact; our efforts to build bipartisan support; and, our commitment to ensuring that a child’s future is not dictated by his or her ZIP code have produced a strong record of success. We look forward to continuing the fight in 2014 to leverage the catalytic power of parental choice to fundamentally transform education in America so that each and every child can reach his or her potential.

Yours in the fight,

Kevin P. Chavous
Executive Counsel,
American Federation for Children | Alliance for School Choice
**Facts About the Movement**

**Educational Choice Works for Kids**

**In Florida**
- 61,000 children from low-income families receiving scholarships to attend private school
- 20% Enrollment Increase

**In Milwaukee**
- “Competition from the voucher and charter sectors has increased student achievement in MPS”
  — Dr. Patrick J. Wolf, Ph.D. Endowed Chair in School Choice Education Reform University of Arkansas

**In Washington, D.C.**
- Graduation rates of students enrolled in the D.C. Opportunity Scholarship Program are more than 30 percent higher than students enrolled in Washington, D.C. public schools.
- 97% Graduated from high school in 2010–11.
- 91% Enrolled in a two- or four-year college.

**Educational Choice Is Scalable**

- States with publicly funded private school choice programs.
In mid-March the Alabama Legislature and Gov. Robert Bentley enacted The Alabama Accountability Act, an education reform bill that included the creation of the state’s first educational choice programs: a failing schools and means-tested scholarship tax credit, and a refundable individual tuition tax credit of significant size.

The scholarship tax credit allows corporations and individuals to receive a 100 percent tax credit for donations to scholarship granting organizations (SGOs) that provide scholarships to children who would otherwise attend a failing school and whose family’s total annual income does not exceed 150 percent of the median household income in Alabama.

After Sept. 15 of each year, SGOs may award unaccounted scholarship funds to low-income students (200 percent of the federal poverty level, or $47,100 for a family of four in 2013) whether or not they are assigned to a failing public school. The program has a statewide $25 million cap on tax credits.

This is Alabama’s first successful effort to provide educational options for parents.

- New program
- State’s first educational choice program
- Eligible students must be attending a failing school, and their family’s income must not exceed 150 percent of the median household income in the state
- A scholarship granting organization (SGO) may award unaccounted scholarship funds to low-income students after Sept. 15 of each year
The Federation’s lobbying efforts led to Arizona Gov. Jan Brewer signing into law Senate Bill 1363. This bipartisan legislation dramatically increased the funding families can receive through Arizona’s Empowerment Scholarship Account (ESA) program by nearly doubling the dollar value of the accounts from just $3,000 to more than $6,000. The new law also makes kindergartners eligible for ESAs. Arizona’s expanded program makes an estimated 240,000 children eligible to participate in the state’s educational choice program.

A financial accountability bill designed to prevent fraud in the ESA program was also signed by Gov. Brewer in May. The legislation unanimously passed both the House and Senate.

Additionally, a bill to allow Limited Liability Companies and S Corporations to donate to Scholarship Tuition Organizations (STOs) under the state’s corporate scholarship tax credit program passed both legislative chambers with bipartisan support, but was vetoed by the governor, who expressed concern about the administrative burden on the state Department of Revenue.

Educational Choice Snapshot

- **23,959** Number of students served by the Individual School Tuition Organization Tax Credit, an individual scholarship tax credit program, in the 2012-13 school year.

- **5,836** Students Served by the Corporate School Tuition Organization Tax Credit, a means-tested corporate scholarship tax credit program, in the 2012-13 school year.

- **63%** ESA enrollment grew

- **240,000** eligible students
Arkansas was a new state on our “special projects” list in 2013. The Federation led the effort to pass a scholarship tax credit bill and was heavily involved in providing guidance on bill design. We worked with legislative leaders to craft a well-designed bill with strong administrative, financial and academic accountability provisions, including testing and reporting of results. The legislation would have allowed corporations and individuals to receive a 100 percent tax credit for donations to scholarship funding organizations (SFOs). Students from families at or below 250 percent of the federal poverty level ($58,875 for a family of four in 2013) and either entering school for the first time or previously attending public school would have been eligible.

While the legislation fell one vote short of passing out of Senate committee, important groundwork was laid for the future.
The 2013 legislative session saw limited activity involving Florida’s Tax Credit Scholarship, although the highly popular and bipartisan supported program reached its cap and more than 61,000 students are expected to participate in the 2013-14 school year.

The 2013 legislative session saw significant revisions in Florida’s public charter school law, which will provide parents with additional high-quality public school options. The Legislature and Gov. Rick Scott increased capital funding for public charter schools to $90.6 million, an increase of nearly 70 percent more than the 2012 funding levels, as well as making charter school teachers eligible for additional pay raises and school-supply bonuses.

Additionally, HB 7009 strengthens charter school financial and performance accountability related to board governance, limits expenditures upon notice of charter nonrenewal, prohibits acceleration clauses in contracts, and requires submission of monthly financial statements and website posting of information related to school decision makers and financial stability. This important legislation also expands charter school flexibility by allowing high-performing charters to increase enrollment up to facility capacity, school district deadlines for charter consolidation agreements, prohibits school districts from requiring new policies until incorporated in charter agreement, requires the state to develop a draft charter agreement and more flexibility in employee compensation and evaluations.

**FAST FACTS**

- Tax credit scholarship program expected to serve more than 61,000 students in the 2013-14 school year
- To enroll in the tax credit scholarship program, students must be eligible for the free or reduced-price lunch program
- Scholarship program reached its cap for 2013-14 - maximum $286 million from donations

*The increased competitive pressure public schools faced following the introduction of Florida’s Tax Credit Scholarship Program led to general improvements in their performance.*

**DR. DAVID FIGLIO, PH.D.**
Orrington Lunt Professor of Education and Social Policy and of Economics | Director, Institute for Policy Research at Northwestern University
Earlier this year the Georgia Legislature passed Federation-backed critical transparency changes to the state’s tax credit scholarship program, as well as an expansion of its cap. The new transparency law, passed with bipartisan support, requires Student Scholarship Organizations (SSOs) to ensure more dollars reach eligible students by restricting the amount of money available for administrative costs; clarifies eligibility requirements by requiring students to attend a Georgia public school for at least six weeks or be eligible to enroll in kindergarten or prekindergarten; increases transparency by requiring that each SSO publicly disclose the number of scholarships they provide, the number and amount of donations they receive and the average household income of scholarship recipients; and ensures that donors cannot designate their donation to any particular individual.

The new law included an increase in the statewide cap on donations to Student Scholarship Organizations to $58 million, up from $51.5 million in 2013.

Additionally, the Legislature enacted a Federation-backed special-needs voucher improvement bill, which clarified the payment schedules from the state to participating schools.

Educational Choice Snapshot

3,227
Number of students served by the Georgia Special Needs Scholarship Program, a special-needs voucher, in the 2012-13 school year.

11,292
Served by the Georgia Scholarship Tax Credit Program, a corporate and individual scholarship tax credit program, in the 2011-12 school year.

FAST FACTS

• Improvements to the scholarship tax credit law were passed to increase transparency and expand the donation cap on the state’s tax credit scholarship program
• New law increased the statewide cap on donations to SSOs from $51.5 million to $58 million
• Improvements were made to clarify the payment schedule from the state to schools participating in the state’s special-needs voucher program

The American Federation for Children serves as a strong leader in our efforts to provide Georgia children with high-quality, accountable educational options. I count on AFC as a partner in improving and expanding educational choice in our state.

REP. JAN JONES
Speaker Pro Tempore
Indiana passed Federation-backed legislation to improve Indiana’s Choice Scholarship Program by making kindergarteners zoned to attend a failing public school eligible for a voucher. The bill also increased scholarship amounts for students in grades K-8.

An additional victory for educational choice in Indiana came in March, when the Indiana Supreme Court unanimously upheld the state’s voucher program, which had been challenged by the state teachers union. The ruling is a major victory for the families of Indiana and ensures that many more children will have the opportunity to receive a higher-quality education.

**Educational Choice Snapshot**

<table>
<thead>
<tr>
<th>Year</th>
<th>Students Served</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>2,890</td>
</tr>
<tr>
<td>2012-13</td>
<td>9,324</td>
</tr>
<tr>
<td>2013-14</td>
<td>20,047 applications</td>
</tr>
</tbody>
</table>

**FAST FACTS**

- More than 600,000 children are eligible to receive scholarships
- In March 2013, the Indiana Supreme Court upheld the voucher program

Hoosier children deserve access to high-quality educational options, and there are few organizations as impactful in making these changes possible than our partner in this effort, the American Federation for Children.

JOE SLASH  
President & CEO, Indianapolis Urban League
During the 2013 session, the Iowa Legislature unanimously passed a bill to increase the amount of tax credits available for donors to School Tuition Organizations (STOs), from $8.75 million to $12 million a year. The bill was officially signed into law by Gov. Terry Branstad on June 12.

**FAST FACTS**
- Expansion received bipartisan and unanimous support in both chambers
- Tax credits available for taxpayers who donate to STOs increased from $8.75 million to $12 million

**Educational Choice Snapshot**

- 10,000
- 7,500
- 5,000
- 2,500

Number of students served by the Individual and Corporate School Tuition Organization Tax Credit, a corporate and individual scholarship tax credit program, in the 2012-13 school year.
The popular Louisiana Scholarship Program, a voucher program that was expanded statewide in 2012, continued to receive strong demand from parents for the 2012-13 school year. This year, the program grew by more than 38 percent, with 6,775 students enrolled in the program for the 2013-14 school year. The Louisiana Supreme Court struck down the funding mechanism of the state’s scholarship program in May, while allowing the program as a whole to continue. With an extensive Federation lobbying effort in addition to strong leadership from Gov. Bobby Jindal, State Superintendent John White, and a bipartisan coalition of legislators, the state legislature restored funding for the statewide scholarship program.

Educational Choice Snapshot

38% GROWTH

6,775 STUDENTS

served by the Louisiana Scholarship Program for the 2012-13 school year.

380K kids are eligible for the statewide scholarship program.

197 Number of students served by the School Choice Pilot Program for Certain Students with Exceptionalities, a special-needs voucher, in the 2012-13 school year.

Tuition Donation Rebate Program:
a corporate and individual scholarship tax credit serving students for the first time in the 2013-14 school year.

The Louisiana Federation for Children is the acknowledged leader in advocacy for school choice programs in Louisiana. Their work in communities, schools and the State Capitol has empowered Louisiana parents more than ever before, and they are showing the rest of the nation what can be done when we put kids first.

STATE REP. STEVE CARTER
Chairman, Education Committee
In July, a multiyear effort by the Federation and our in-state ally, Parents for Educational Freedom in North Carolina (PEFNC), paid off when the North Carolina Legislature passed, and Gov. Pat McCrory signed into law, a budget bill that included a high-quality, statewide voucher program for children in low-income families ($43,568 for a family of four). The Opportunity Scholarship Program, which received bipartisan sponsorship, is funded initially at $10 million and an estimated 750,000 children are eligible to participate. The scholarship amount is set at $4,200.

Also in July, a special-needs voucher program bill, called the Special Education Scholarship Grants for Children with Disabilities, was enacted into law, replacing a previously passed individual tuition tax credit for special-needs children. The program allows children with disabilities to receive grants of up to $6,000 per year to cover private school tuition and related special-education services. The new program was passed overwhelmingly with bipartisan support. An estimated 120,000 children in North Carolina are eligible for the special-education scholarship grants.

**Educational Choice Snapshot**

**Nearly 900K** children in North Carolina are eligible to participate in the state’s two publicly-funded private school choice programs

*Given the intensity of the legislative process here in North Carolina, it’s comforting to have an organization like American Federation of Children (AFC) alongside you that’s been through the process in other states. From timely and relevant research to being a great sounding board on strategy, AFC has been a priceless partner to us in the Tar Heel State.*

**DARRELL ALLISON**
Parents for Educational Freedom in North Carolina

**Fast Facts**

- New statewide program passed in 2013 with bipartisan support
- An estimated 750,000 students are eligible to receive scholarships
- Provides low-income students with the opportunity to receive a scholarship worth $4,200
- Special-needs voucher program will provide children with grants up to $6,000 a year
- An estimated 120,000 students are eligible to participate in the special-needs program
The Federation and the Alliance for School Choice have been longtime investors in and advocates for school choice in Ohio, working closely with our in-state partner, School Choice Ohio. In June, Gov. John Kasich signed the state’s biennial operating budget into law, creating a new statewide means-tested voucher program as an expansion of the current Educational Choice Scholarship Program (EdChoice). Democratic votes helped keep the new voucher program in the budget during the budget process.

Under this expansion, students from families at or below 200 percent of the federal poverty level ($47,100 for a family of four in 2013) may apply for the voucher, and students from families below 100 percent would receive first priority. Students can continue to receive the scholarships even if their family income rises to above the 200 percent poverty rate, though at reduced rates. The scholarship amount remains the same as the original EdChoice voucher program ($4,250 for K-8, and $5,000 for 9-12), and scholarships are limited to 2,000 per grade, per year. One grade will be added each year through the next 13 years. The expansion will be funded separately from EdChoice and will not count against EdChoice’s 60,000 enrollment cap.

### Educational Choice Snapshot

<table>
<thead>
<tr>
<th><strong>6,513 students</strong></th>
<th><strong>2,241</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>served by the Cleveland Scholarship and Tutoring Program, a means-preferenced voucher, in the 2012-13 school year.</td>
<td>Number of students served by the Autism Scholarship Program, a special-needs voucher, in 2012-13.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>17,057</strong></th>
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<tbody>
<tr>
<td>Number of students served by the Educational Choice Scholarship Program, a failing-schools means-preferenced voucher, during the 2012-13 school year.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>1,371 STUDENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>served by the Jon Peterson Special Needs Scholarship Program, a special-needs voucher, during the 2012-13 school year.</td>
</tr>
</tbody>
</table>

### Fast Facts
- EdChoice program was expanded this year with bipartisan support
- Students from families at or below 200 percent of the federal poverty level ($47,100 for a family of four in 2013) are eligible
- 1,700 applications were received in one month for the program
- Ohio is home to five publicly funded private school choice programs, the most of any state in the nation.
In Pennsylvania this session, the Legislature passed a tax bill that included an improvement to the new Educational Opportunity Scholarship Tax Credit program on a bipartisan basis. Gov. Tom Corbett signed the legislation into law in July, ensuring that students who have received an opportunity scholarship can continue to receive the scholarship for five years or until completion of grade 12 (whichever is less) when the student’s public school of residence is removed from the low-achieving schools list.

**Educational Choice Snapshot**

Educational Improvement Tax Credit: a means-tested corporate scholarship tax credit, available for the first time during the 2013-12 school year.

Number of students the Educational Improvement Tax Credit: 42,149

**Fast Facts**

- Improvements to the Educational Opportunity Scholarship Tax Credit program include a provision to ensure students receive a scholarship for five years or until completion of grade 12 (whichever is less)
During the 2013 legislative cycle, the Federation and the Alliance for School Choice built a coalition with in-state and national allies, intending to take advantage of a favorable climate for creating new educational choice options in the state. There was clearly an intent among legislators to create some sort of private educational choice law as well as to expand the state’s charter school law.

Our coalition drafted a high-quality-voucher bill that would have made more than 500,000 Tennessee children eligible. This bill, in a short time, attracted 26 House cosponsors, more than half of the votes needed to pass the legislation in that chamber, and had strong support in the Senate. Gov. Bill Haslam introduced, through surrogates in the House and Senate, an alternative voucher bill that was limited to a very small pool of eligible students—only students attending the lowest-performing 5 percent of public schools. The governor’s bill, in practice, would have helped only a few hundred children in its initial implementation.

Our coalition did not support the “failing schools” bill because of the great difficulty in implementing such a law and because it leaves out disadvantaged children who are struggling academically but attending schools outside the small pool of the “bottom 5 percent.”

Attempts to find a middle ground during legislative session between the bills was unsuccessful. We are now focused on passing legislation in the 2014 session and finding common ground with Gov. Haslam and the Legislature in order to find a solution that serves as many Tennessee families as possible. All sides agree on the importance of expanding educational options for Tennessee families.
WASHINGTON, D.C.

The Federation continues to lead the coalition in Washington, D.C. advocating for the Opportunity Scholarship Program (OSP), the nation’s only federally-funded voucher program. While the OSP is now under a five-year authorization, the Federation lobbies Congress each year to ensure the program receives its annual appropriation.

We worked closely with allies on Capitol Hill during the appropriations process and we continue to court new allies in preparation for the next reauthorization battle in 2016. Our affiliate, Alliance for School Choice, worked to raise awareness among eligible families and market success stories to local and national media.

According to data from the D.C. Trust, an average of 95 percent of OSP 12th grade students graduated from high school from 2010-2012, more than 30 percentage points higher than D.C. public schools. In addition, an average 90 percent of those students enrolled in college, and more than 92 percent of parents reported that they were happy with their child’s academic progress.

FAST FACTS

• 97% of OSP 12th grade students graduated from high school
• 91% of OSP graduates enrolled in college
• 92% of parents were happy with their child’s academic progress
Milwaukee, Wisconsin, is home to the longest-running voucher program in the nation, and the Federation and the Alliance for School Choice have been longtime investors and advocates. In June, the Wisconsin Legislature passed—and Gov. Scott Walker signed—the state’s biennial budget, which included a funding increase of more than $60.5 million to help disadvantaged children in Milwaukee attend the school of their parent’s choice. The budget also created a modest statewide voucher program. The details of a compromise agreement worked out between the governor and legislative leaders included: an increase in the maximum scholarship amount, an increase in charter school funding, and a new statewide voucher program, initially capped at 500 students in the 2013-14 school year and increasing to 1,000 students thereafter.

**Educational Choice Snapshot**

<table>
<thead>
<tr>
<th>24,027</th>
<th>Students served by the Milwaukee Parental Choice Program, a means-tested voucher, during the 2012-13 school year.</th>
</tr>
</thead>
<tbody>
<tr>
<td>360,000</td>
<td>Students eligible to receive scholarships under the new statewide voucher program.</td>
</tr>
<tr>
<td>( x \times 500 )</td>
<td>Number of students served by the Racine Parental Choice Program, a means-tested voucher, during the 2012-13 school year.</td>
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</tbody>
</table>

*The American Federation for Children got exactly what they wanted. They want legislators who will go to the mat and make expanding the voucher program the bottom line.*

**MIKE McCABE**
Voucher opponent & Executive Director, Wisconsin Democracy Campaign
(Milwaukee Journal Sentinel, May 2, 2013)
MISSISSIPPI

Speech Language Voucher

In an overwhelmingly bipartisan vote, the Mississippi Legislature enacted, and Gov. Phil Bryant signed into law, a new special-needs voucher in April. The Speech Language Therapy Scholarship, also known as the Nate Rogers Scholarship for Students with Disabilities Program, provides scholarships for students with speech-language impairments. Specifically, students in kindergarten through grade six or its equivalent who have been properly evaluated and have received an eligibility ruling of speech-language impairment to attend private schools are eligible to receive scholarship assistance under this program.

SOUTH CAROLINA

Special-Needs Tax Credit Enacted

South Carolina’s Legislature passed a modest tax credit scholarship bill for children with special needs and will make the Palmetto State the 18th educational choice state in the nation. The proposal provides taxpayers with a credit worth no more than 60 percent of their state tax liability when donating to a Scholarship Tax Organization that provides scholarships to students with special needs. Scholarships cannot exceed $10,000 per student.
In a bipartisan vote early in 2013, the Virginia legislature enacted Legislation that makes improvements to the state’s new scholarship tax credit program. The changes include: (i) allowing tax credits for donations of marketable securities; (ii) changing reporting requirements to the Department of Education, changing the time frame for scholarship foundations to disburse monies for scholarships, and changing the civil penalties for failing to make such reports and disbursements; (iii) establishing $125,000 as the maximum annual amount of donations by an individual for which tax credits may be issued; and (iv) extending the expiration date through the 2027 taxable year. The 2013-14 school year represents the first year that any of the more than 600,000 estimated eligible children may receive scholarships under this program.
The American Federation for Children is a 501(c)(4) issue advocacy organization. Donations to the American Federation for Children are not tax deductible for federal income tax purposes.