



LB 670 FAQ: For Schools and Administrators

Why tax-credit scholarships (LB 670) instead of vouchers or education savings accounts?

According to a recent nationally representative survey by the Harvard-sponsored publication *Education Next*, tax-credit scholarships are the *most* supported (55%) and *least* opposed (24%) education choice policy in the country.¹ They rely only on tax-incentivized *private* donations, rather than government appropriations, and they are currently working in 18 states and helping more than 250,000 children attend a private and/or faith-based school of their family's choice.²

How will LB 670 affect students and families currently involved in private schools?

In order to maximize savings to the state's budget, LB 670 generally limits first-time scholarship eligibility to students with family incomes below twice the Free and Reduced Lunch income level, and who are transferring from public to private school. However, the transfer requirement has exceptions for (a) students entering private-school kindergarten; (b) students entering private-school 9th grade; and (c) siblings of any aforementioned student. It's also important to note that Nebraska – unlike 30 other states and Washington D.C. – currently has no private education choice laws. LB 670 is a significant improvement.

Will LB 670 allow new government intrusion into private schools?

No. The bill makes private school participation voluntary. It also expressly forbids the state from interpreting LB 670 in any way that allows new government control or oversight over private schools. It also merely enacts a tax credit to incentivize more *private* scholarship donations. It does not appropriate government funds, and thus provides no reason in principle for new government interference or control.

What are the requirements, if any, of participating private schools?

Participating schools must be located in Nebraska and (1) operate not-for-profit, (2) comply with Title VI of the Civil Rights Act (no discrimination on the basis of race, color, or national origin), (3) comply with applicable health and life safety laws or codes, and (4) be approved or accredited under Rule 14 or Rule 10, respectively.

¹ *Education Next, The 2017 EdNext Poll on School Reform*, Winter 2018, Vol. 18, No. 1, available at <http://educationnext.org/2017-ednext-poll-school-reform-public-opinion-school-choice-common-core-higher-ed/>.

² *Ed Choice, About Tax-Credit Scholarships, Fast-Facts on Tax-Credit Scholarships*, available at <https://www.edchoice.org/resource-hub/fast-facts/#taxcredit-scholarship-fast-facts>.

Will private schools be required to set fixed tuition rates for all students, or for LB 670 students?

No. As drafted, LB 670 simply authorizes tax-credit scholarships for school “tuition and fees.” The bill defines “tuition” to mean “any amount charged” by a participating school, as long as the charge does not exceed “the full cost of educating an eligible student” at the school.³

Thus, scholarship organizations should work with private schools to award appropriate scholarships to LB 670 students. Scholarship organizations must award scholarships based on a student’s “financial need,” and must submit to a financial audit each year to ensure compliance. Otherwise, the bill does not establish any minimum or maximum scholarship limits – other than prohibiting scholarships beyond the full cost of educating the grantee student.

Can donors earmark donations for particular students?

No. The bill prohibits donors from designating all or part of their contributions for the benefit of a specific student identified by those donors.

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Scholarships are for students, not for schools. However, LB 670 does not prohibit donors from directing scholarships to students enrolling in particular schools, nor does it prohibit scholarship organizations from operating according to a specific mission.

Will LB 670 hurt public schools and their students by taking away funding?

Tax-credit scholarships are funded by *private* – not public – dollars. Additionally, while the state may recoup *variable* state education aid when a student transfers from public to private school, a public school will keep most of that student’s *fixed* local and federal aid (which usually accounts for at least 60% of per-student funding), leaving the public school with more – not less – funds per pupil.⁴ Finally, the operation of LB 670 in Lincoln and Omaha will merely help to reduce oft- overcrowded schools and classrooms.

Additionally, 31 of 33 empirical studies find that private school choice results in greater academic outcomes at nearby public schools, including 12 of 14 studies on Florida’s similar tax-credit scholarship program.⁵

Is LB 670 constitutional?

Yes. The U.S. Supreme Court upheld Arizona’s nearly identical program in *Arizona Christian School Tuition Organization v. Winn* (2011), holding that “contributions yielding (scholarship organization) tax credits are not owed to the State, and, in fact, pass directly from taxpayers to private organizations. . . . Private bank accounts cannot be equated with the Arizona State Treasury.” *Winn*, 131 S.Ct. 1436, 1448 (2011).

³ See LB 670, AM 1418, Section 3(6), p. 3, at

<https://nebraskalegislature.gov/FloorDocs/105/PDF/AM/AM1418.pdf#page=3>.

⁴ Vickie E. Alger, Ph.D., *Comparing Public and Private Schools in Omaha*, Platte Institute Study, January 2013, p. 15.

⁵ Greg Forster, Ph.D., *A Win-Win Solution: The Empirical Evidence on School Choice*, Fourth Edition, May 2016, pp. 15-19, available at <http://www.edchoice.org/wp-content/uploads/2016/05/A-Win-Win-Solution-The-Empirical-Evidence-on-School-Choice.pdf#page=20> (last visited Jan. 5, 2017).