

## Gov. Sanford Unveils "Put Parents in Charge" Act

### EDUCATION TAX CREDITS, SCHOLARSHIPS JOIN PROPOSALS TO EMPOWER PARENTS WITH MORE CHOICES

Columbia, S.C. - February 26, 2004 - Governor Mark Sanford today joined House Speaker Pro Tempore Doug Smith, Rep. Lewis Vaughn and Sen. David Thomas in unveiling the "Put Parents in Charge" Act, a groundbreaking education reform initiative designed to restore parental control of education, improve public school performance and expand educational opportunities for low and mid-income families. The "Put Parents in Charge" Act would provide parents with tax credits for tuition costs - credits that could then apply against income tax and school property tax liability (Please see attached summary sheet for details).

"This proposal is a significant step forward on the education front for two reasons," Gov. Sanford said. "First, it's giving parents more choices to determine for themselves what's in the best interests of their own kids. Second, it brings a real market pressure to bear on the current system - something that's been proven to help improve performance at public schools where similar choice measures have been implemented. You'd be hard pressed to find anyone out there who doesn't believe that a parent engaging in their kid's education is a central component in producing better results in the classroom. We're all about giving parents in South Carolina both the opportunity and the financial incentive to do just that - and to make what's ultimately a much more important investment in the lives of their kids."

"We can either continue with the status quo approach to education in South Carolina or we can try new approaches that have proven successful in empowering parents and improving public schools in other parts of the country," said House Speaker Pro Tempore Doug Smith, the bill's primary sponsor in the House of Representatives. "The governor is committed to new ideas and the idea of giving parents more choices is one that is long overdue in our state."

"We are standing up for the rights of parents to make choices based on the individual needs of their children and refuting the long-held belief in education that one size fits all," said Rep. Lewis Vaughn. "Parents in South Carolina deserve the right to seek out alternatives when their children's needs aren't being met by the current system."

#### South Carolina Put Parents In Charge Act EXECUTIVE SUMMARY

##### Purposes

- Restore parental control of education.
- Improve public school performance.
- Expand educational opportunities for low and mid-income families.

##### How it works

- Tax credits can be claimed by relatives for direct tuition payments for a public or independent school or for contributions to a qualified scholarship-granting organization (SGO).
- A dollar-for-dollar tax credit may be applied against a person's income tax and school property tax liability.

##### Eligibility

- Children of families with under \$75,000 of South Carolina taxable income with two exemptions, with the

income cap increased by \$5,000 for each additional exemption.

- The credits or scholarships may not exceed the lesser of 80% of the actual tuition, or 80 % of: \$3,200 for a kindergarten student; \$4,000 for students in grades one through eight; and \$4,600 for students in grades nine through twelve.
- Scholarship caps are higher for various categories of special needs students.
- Families eligible for free or reduced school lunches will be eligible for credits or scholarships of 100% of the actual tuition, up to the same ceilings as the individual tax credits.

#### Phase-in Period

- During the first year of implementation, the 2005-06 school year, eligible children include those who are entering kindergarten or grades 1-4 and were not enrolled in an independent school the previous year.
- Pupils through grades 6, 8, 10 and 12 are phased in during the following four years.
- Phase-in for those enrolled in an independent school as of October 1, 2003 is deferred for two years, then proceeds rapidly so that all are eligible the fifth year of the program.

#### Scholarships

- Individuals and businesses are allowed tax credits for contributions to SGOs, which must spend at least 95% of the money on scholarships for qualifying students.
- Any 501(c)(3) non-profit organization can create an SGO by registering with the S. C. Department of Revenue.

#### Fiscal Impact

- The state is projected to save money based on reduced student head counts in public schools. The bill allocates those savings to school districts, to offset revenue reductions from property tax credit claims. School district total revenue will increase more slowly than otherwise because of this bill, but revenue per pupil will increase faster than otherwise.

#### Oversight

- The State Department of Revenue may issue regulations to aid in the performance of its duties under the act.