Education Investment Tax Credits
Governor’s Program Bill No. 2

May 27, 2015

THE COUNCIL OPPOSES this legislation that would provide up to $150 million in reimbursement tax credits to individuals for donations made to public and private education scholarship funds and to private school tuition-payers.

This proposed legislation poses a threat to the foundation of public education in New York. If enacted, it would direct up to $130 million annually in state funds away from public education to the benefit of private schools and their individual donors and enrollees.

The legislation creates a reimbursement tax credit, which would provide a tax credit payment to individuals who donate money to public education foundations or private scholarship funds, as well as a tuition reimbursement tax credit for those who choose to send their children to private schools. This proposal essentially shifts state dollars – of which there are a finite amount – away from aid to public education and into privatized education. With our public schools still owed over $400 million through the Gap Elimination Adjustment and with over $4 billion still outstanding in Foundation Aid, it is unfathomable to shift further money away from our public schools to benefit private institutions and their supporters. The state should not be using public funds to undermine public education.

How much new funding the large new credit would actually generate for private schools or public school foundations is questionable. It may simply provide a huge tax benefit for donations from wealthy contributors that would be made in any event. What is certain is that the proposal would drain $150 million from the state treasury – and likely more in future years – while the state has yet to fully meet its commitments to the public schools it holds accountable for educating all children.

The introduction of this scheme would also create a yearly funding battle between public and private schools and a never-ending debate over the expansion of such credits. While the sponsor emphasizes the inclusion of a benefit of private funding to public education foundations, we pose the question: Wouldn’t these funds be better spent through direct state funding to educational programs?

Further, the intent of this legislation as stated in the bill memo is to provide financial assistance to parochial schools. Under the New York State Constitution, the state is expressly prohibited from providing funds, directly or indirectly, to aid any institution where religious tenets are taught or in any way under the control or direction of a religious denomination.

When looking at the intent and likely outcome of this legislation, we ask lawmakers to remember one very basic fact: Private schools, their curriculum, and their funding structures are an individual choice. Public education is a constitutionally mandated function of state government. It makes no sense legally or morally to divert public funds from public schools to the benefit of those who choose to support private education foundations or institutions.

THE COUNCIL OPPOSES this legislation and urges lawmakers to reject it.