January 9, 2018

Members of the Legislative Interim Committee on School Finance
Colorado General Assembly
200 E. Colfax Ave
Denver, CO 80203

Dear Committee Members,

I would like to thank this committee for its leadership on the important issue of school finance in Colorado. I would also like to encourage its members to focus their energy on solutions designed to benefit less fortunate families looking for new educational opportunities. Colorado is home to a wide variety of excellent schools—traditional, charter, and private—working side by side to drive success for students. Our state has much to be proud of when it comes to education. Yet we also must recognize that many students’ needs are not being adequately met.

There are many discussions to be had about how to restructure Colorado’s school finance system. Regardless of which changes are made—funding increases, changes in the ways students are counted and funded, redesign of factors and categorical funding, etc.—we hope that this committee will exercise its leadership role on this issue to drive home a critical principle: Education funding policy should be focused on what’s best for students rather than on what’s easiest for systems.

ACE Scholarships is the largest privately funded K-12 scholarship organization in Colorado, where we have awarded nearly 20,000 private school scholarships worth more than $42 million since 2000. In total, we have awarded 28,000 scholarships worth $65 million across six states. Our guiding philosophy is that every child deserves a great education, and we act on that philosophy every day by empowering low-income families to access private educational options that would otherwise be out of reach. This year, ACE serves 5,000 disadvantaged students, 2,000 of whom are right here in Colorado.
We are proud of the positive impacts our scholarships have had on thousands of Colorado students. Unfortunately, our funding is limited, and we are not able to provide a scholarship to every family seeking one.

Eighteen states have committed to providing additional options for underserved students by adopting scholarship tax credit programs, which provide a tax credit to private individuals and/or corporations who contribute toward K-12 scholarships through organizations like ACE. Far from new or experimental, these programs have existed in the United States for more than 20 years. They currently serve more than a quarter of a million children nationwide. Operating alongside public education systems, these programs have changed hundreds of thousands of lives.

Scholarship tax credit programs offer a powerful incentive for philanthropists to direct their dollars toward expanding educational opportunities for lower-income families. The result is more scholarships for students looking for new opportunities—opportunities from which they might otherwise be turned away.

When designed well, these programs can also save money for their respective states. Although tax credits result in a reduction in tax revenue for the state, that revenue reduction is outweighed by the cost savings generated when the government relinquishes financial responsibility for educating scholarship students. Even conservative estimates in states like Arizona, Florida, and Pennsylvania find that hundreds of millions of dollars have been saved as a result of scholarship tax credits programs. That money can be reinvested in education or in any one of a number of other priority areas.

As you pursue solutions to the complicated problems caused by Colorado’s aging school finance system, we hope that you will consider ways to improve equity and expand educational opportunity for disadvantaged students like those we serve at ACE. Thank you for your time and service.

Sincerely,

Ross Izard, Director of Policy