



Invest in Education Foundation

Educational Choice for Children Act: Empower Parents & Reform K-12 Schooling **Federal Parental Educational Choice Legislation Comports with Principles of Freedom**

Summary

The *Educational Choice for Children Act* (bill #s [H.R.531](#) & [S.120](#)) is the boldest education reform proposed in Congress in recent history. The transformative nature of the ECCA on K-12 education warrants Congress to make enacting the ECCA a top legislative priority. Doing so would be consistent with principles of freedom, including empowering families to access the best education for their children, protecting religious liberty, limiting government's role and reach, and respecting federalism as enshrined in the Tenth Amendment to the U.S. Constitution. Congress also can act on the ECCA without further complicating the federal tax code and remain fiscally conservative with offsetting measures.

This ECCA legislation would provide up to \$10 billion annually in credits against federal individual and business income taxes for charitable donations to qualified scholarship granting organizations (SGO) for distribution to students from non-wealthy households for K-12 expenses, including private school tuition. The overall benefits are two-fold: approximately two million students would receive scholarships for K-12 education and every parent of a school age child would be empowered as a potential education customer, thereby increasing their leverage with district public schools to improve under greater competition.

In sharp contrast, Congress has used the federal tax code resulting in an exponentially far greater [revenue loss](#) to advance a policy agenda, including by distorting energy markets to force unreliable and expensive wind, solar and electric vehicles upon mostly unwilling American consumers.

Federalism: Limited Government & Empowering Parents

The ECCA would amend the Internal Revenue Code to stimulate private sector charitable donations to generate millions of K-12 scholarship opportunities in the same way tax policies over decades served to stimulate economic growth through private sector investment and job creation. The ECCA's resulting private donations to non-profit SGOs to distribute to families would enable them to invest in their children's education as they determine. Rather than expand government, this approach *bypasses* government at all levels by financially empowering parents. There is no federal spending and no role for nor involvement of the U.S. Department of Education. The ECCA contains no federal mandates nor "guidance" on states and school districts.

Accordingly, the ECCA would respect federalism by leaving education policy to the states and local entities and diminishing the role and relevance of the federal government in education by enabling private individuals and businesses to empower families to make their own education decisions. The ECCA is tax legislation; it does not amend federal education laws nor directs federal education policies, which are properly the purview of states and local governments.

As families obtain scholarship opportunities from resulting increased private sector charitable donations, federal involvement in education would be reduced as more families could afford to access private and religious school opportunities for their children. Unlike many federal education policies, the ECCA in no way usurps education powers to the federal government; rather, it delegates education decisions and power away from government to individual families.

Federal Tax Code

The ECCA would not tangibly complicate the Internal Revenue Code, especially for most Americans who do not itemize their income tax returns. As a tax credit, a taxpayer would simply reduce the amount of federal tax owed by the amount of the qualified contribution(s) to an eligible SGO, regardless of whether a taxpayer itemizes their tax return. The tax credit under the ECCA would not be refundable.

The income tax code has been greatly simplified since the enactment by Congress of the *Tax Cuts and Jobs Act* in 2017. Subsequent [studies](#) have [shown](#) that nearly nine out of ten taxpayers do not itemize their federal returns, which makes filing them far easier, even with an additional step at the end of reducing their liability by their ECCA credit.

Religious Liberty

Amending the Internal Revenue Code is the most ideal means for Congress to expand parental choice since it avoids the risk of government infringement upon school and SGO operational autonomy and religious liberty. That is, the design of the ECCA provides added protection against government encroachment since the scholarships are privately funded rather than funded by government, as courts have [confirmed](#). Indeed, charitable donations are made with privately held funds since they never arrive in the government coffers in the first place from taxation.

Importantly, the ECCA's use of the tax code would unleash education freedom overall by allowing parents to choose the best means of educating their children, without the government favoring or disfavoring certain schools or education services. By contrast, Congress has on a much grander [scale](#) changed the tax code to impose a policy agenda by, for example, distorting the energy marketplace to favor corporations to develop wind and solar energy sources with hundreds of billions of dollars in tax credits, thus infringing on the freedom, preferences and affordability of American consumers.

Fiscal Responsibility

As a stand-alone bill, the ECCA would forgo up to \$10 billion annually in income tax revenue to the U.S. Treasury from individuals and businesses instead making charitable donations to SGOs to expand K-12 education freedom. However, the ECCA would likely be acted on by Congress with other tax and budgetary actions, e.g., as part of the budget reconciliation process and within the constraints of an overall ten-year financial plan. This could result in adjustments to the ECCA in terms of its revenue impact. Nonetheless, supporting enactment of the ECCA would ensure its inclusion among other federal fiscal policy changes, with offsetting actions identified during the congressional budget process.

Ultimately, as [studies](#) have shown, the ECCA likely would result in [taxpayer savings](#) at all levels of government as more parents choose non-public schools for their children's education, which would alleviate the taxpayer cost of public education.