

THE STATE OF MARYLAND

The Report of the BOAST Interim Study Group

Senate Bill 315, 2011 General Assembly Session

Respectfully Submitted to Governor Martin O'Malley

January 6, 2012

The Report of the BOAST Interim Study Group includes information regarding the history of the legislation known as BOAST. It includes a review of the testimony provided during the 2011 General Assembly and during the work of the Interim Study Group. The Report identifies the opportunities and risks of a BOAST tax credit in Maryland; as well as a review of the fiscal impact and implementation issues.

Acknowledgements

The Chair and members of the BOAST Interim Study Group offer their sincerest thanks to Senator James E. DeGrange, District 32, Anne Arundel County; Beverly A. Hiltabidle, Assistant to the Chair, Senate Budget and Taxation Committee; Mr. Donald Raq, Legislative Assistant to Senator James E. DeGrange; and Stacy Kubofcik, at the Department of Budget and Management for their assistance during the work of the Group. We also extend our thanks Senator DeGrange and his staff for their assistance in securing our meeting space in the Miller Senate Office Building. The Group greatly appreciates the presentations made by many Marylanders, representatives from other states and national experts who either traveled quite a distance or joined us by speakerphone to testify on both sides of the issue. The Chair and the Administration are greatly appreciative of the efforts and time devoted to this issue by the members of Interim Study Group.

Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit, SB 315 in the 2011 General Assembly

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Introduction

As author and lead sponsor of Senate Bill 315 (SB315), Senator DeGrange suggested that ‘a little interim study,’ be conducted that would allow all parties to be fully heard addressing the issues related to the 2011 BOAST legislation. The BOAST Interim Study Group (Group) was created and charged with this responsibility. With direction from the Governor’s Executive staff, the membership and chair of the Group was identified and work began in August 2011. Interested nonpublic and public school sector representatives were included in the Group’s membership. The work of the Group was organized to hear from other groups, agencies and individuals.

BOAST Maryland Tax Credit, the acronym for which stands for “Building Opportunities for All Students and Teachers”, is designed to incentivize corporate and individual investment in education for students and teachers in both public and nonpublic schools.

Membership

The membership was balanced to include individuals and persons representing organizations in support of, opposed to and neutral to the 2011 BOAST legislation, Senate Bill 315.

- Ms. Patricia A. Foerster, Chair, Education Policy Advisor, Office of the Governor
- Ms. Teresa Milio Birge, Member, Maryland Association of Boards of Education
- Dr. Mary Ellen Hrutka, Executive Director, Mid-Atlantic Catholic Schools Consortium
- Mr. Gerard P. Martin, Esq., Partner with Rosenberg Martin Greenberg, LLP
- Dr. Carl Roberts, Executive Director, Public School Superintendents Association of Maryland
- Mr. Lewis Robinson, Executive Director, Prince George’s County Educators’ Association
- Rabbi Ariel Sadwin, Director, Agudath Israel of Maryland
- Ms. Renee Spence, Executive Director, Government Relations, Maryland State Department of Education
- Mr. Mark Vulcan, Esq. CPA, Program Manager, Tax Incentives, Office of Finance Programs, Department of Business and Economic Development

Charge

With the guidance of the Governor’s Executive staff, the following charge was set: *The Group shall discuss and report back to the Governor on the opportunities that would be created by, and risks that would be posed by, the enactment of Senate Bill 315, 2011 Session, including fiscal impact on the State and the regulatory impact on public and nonpublic schools.*

Historical Background of the Legislation

BOAST or similar legislation has been before the Maryland General Assembly in various forms in 2006, 2007, 2008, 2009, 2010 and 2011. In each case, the legislation would create a new tax credit for businesses who contributed to non-profit scholarship granting organizations. The following information from the Maryland Legislative and Information Services includes for each of the six years the bill numbers, the title and summary of the bill, and the General Assembly's action.

2006 (SB 946) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: The bill would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either: (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of graduate-level education or certification coursework. The Maryland State Department of Education (MSDE) would be authorized to approve a maximum of \$25 million in credits annually.

General Assembly Action: Senate: 1st reader in the Rules and Executive Nominations Committee on February 20, referred to the Budget and Taxation Committee on February 23; hearing held on March 17; House: a hearing was scheduled then cancelled, no further action.

2007 (SB 265/HB973) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: The bills would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either: (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of graduate-level education or certification coursework. The Maryland State Department of Education (MSDE) can approve a maximum of \$25 million in credits annually.

General Assembly Action: **SB 265** Senate: 1st reader in the Budget and Taxation Committee; hearing on February 21, unfavorable report by the committee on March 12. **HB 973** House: 1st reader in Ways and Means Committee; hearing on February 14, unfavorable report by the committee on March 22.

2008 (SB 373/HB 812) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: The bills would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either: (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of graduate-level education or certification coursework. The amount of credits that MSDE can award in each year cannot exceed the lesser of \$5 million or the amount of money appropriated to a reserve fund established by the bill.

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General Assembly Action: SB 373 Senate: 1st reader in the Budget and Taxation Committee on January 30; hearing held on February 13, favorable report with committee amendments on March 21, five amendments were offered and rejected on the Senate Floor - (1) would have added requirement that the private school have policy against discrimination based on ethnicity, race, religion, nationality, color, or disability (2) would have required that at least 20 percent of private school's student enrollment live in poverty (3) would have changed the tax credit from 75 percent to 26 percent (4) would have required that the private schools receiving State funding require their students to take the Maryland High School Assessments, (5) would have added a 3 year sunset provision; House: 1st reader in the Rules and Executive Nominations Committee on March 24, re-referred to the Ways & Means Committee on April 1, hearing held on April 3, no further action. **HB 812** House: 1st reader in the Ways and Means Committee on February 6, hearing held on February 27, no further action.

2009 (HB 1259/SB715) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: The bills would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either: (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of graduate-level education or certification coursework.

The amount of credits that the Maryland State Department of Education (MSDE) would be authorized to award each year could not exceed the amount of money appropriated to a reserve fund established by the bill.

General Assembly Action: SB 715 Senate: 1st reader in the Budget and Taxation Committee on February 6, hearing held on March 11, no further action. **HB1259** House: 1st reader in the Ways and Means Committee on February 13, hearing held on March 10, no further action.

2010 (HB 946/SB 385) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: The bills would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either: (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of certification coursework. The amount of credits that the Maryland State Department of Education (MSDE) can award in each year cannot exceed the amount of money appropriated to a reserve fund established by the bill.

General Assembly Action:

SB 385 Senate: 1st reader in the Budget and Taxation Committee on January 28, hearing held on March 3, favorable report on March 9, six amendments were offered and rejected on the Floor on March 12 and March 15; amendments 1 and 2 would have substituted the Comptroller as administrator of the tax credit and required the Comptroller to conduct an annual audit of the organizations receiving tax credits, amendment 3 would have limited the tax credit amount from \$200,000 to \$10,000, amendment 4 would have changed the eligibility for scholarships and required that students receiving scholarships be public school students, amendment 5 would have restricted the amount of tax credits organizations are eligible to use for overhead from 15 percent to 3 percent and required an annual audit of organizations and reporting to the Comptroller and provided for decertification not in compliance, amendment 6 would have lowered the tax credit rate from 75 percent to 50 percent and reduced the cap from \$200,000 to \$100,000.

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SB 385 Senate: passed on March 17. House: 1st reader in the Ways and Means Committee on March 18, hearing held on April 1, no further action. **HB 946** House: 1st reader in the Ways & Means Committee on February 12, hearing on March 17 & Unfavorable Report on April 12.

2011 (HB932/SB315) Building Opportunities for All Students and Teachers (BOAST) in Maryland Tax Credit

Summary: This bill would have created an income tax credit for 75 percent of the contributions made by a business or nonprofit organization to an eligible nonprofit organization that either (1) provides scholarships to eligible students or teachers at a nonpublic K-12 school; or (2) provides grants to (a) public schools to support innovative educational programs that are not part of the regular academic program in order to achieve the goals of the Bridge to Excellence in Public Schools Act of 2002; or (b) public school teachers to assist in the cost of certification coursework. The amount of credits that the Maryland State Department of Education (MSDE) can award in each year cannot exceed the amount of money appropriated to a reserve fund established by the bill.

General Assembly Action: **SB 315** Senate: 1st reader in the Budget & Taxation Committee, hearing held on March 9; no further action. **HB 932** House: 1st reader in the Ways and Means Committee on February 11, hearing held on March 16, no further action.

Summary

BOAST – Building Opportunities for All Students and Teachers in Maryland

SB 315 (2011 Session)

The BOAST Maryland Tax Credit would provide an income tax credit of 75 percent to businesses for contributions up to \$200,000 to nonprofit organizations that provide scholarships for students and teachers in Maryland's public and nonpublic schools. The bill would increase scholarship opportunities and funding for Innovative Educational Organizations (or State Aided Institutions) for children and professional development for teachers. Priority for the scholarship will be given to students who are eligible to receive free and reduced price meals; who are seeking to or attending nonpublic schools with tuition at or below the statewide average per pupil cost. The initiative has the potential to strengthen the partnership between Maryland's business and education communities, while generating new resources and opportunities for public and nonpublic school students and teachers.

Cost

Funding the BOAST legislation is the prerogative of the Governor, requiring General Assembly approval.

- no funds appropriated in bill, Governor may include in the budget, the bill has no cap (p. 8, lines 22-23)
- requires approval by the General Assembly (p. 8, lines 6-10)

Educational Scholarship Organizations

The roles and responsibilities, as well as the resources provided to an Educational Scholarship Organizations are as outlined below. An Educational Scholarship Organization is a 501(c)(3) organization that

- provides tuition scholarships to students and teachers at nonpublic schools (p. 3, lines 12-23)
- receives 60 percent of the tax credits awarded (p. 9 lines 12-15)
- contributes at least 85 percent of annual cash receipts toward tuition scholarships for students or teachers with no more than 25 percent of receipts for grants to teachers at nonpublic schools (p. 5, lines 5-13)
- provides scholarships to at least four different nonpublic schools each year (p. 5, lines 14-15)
- provides scholarships on a priority basis first to students eligible for free and reduced price meals and then to other students applicants based on financial need (p. 5, lines 16-20)

Innovative Education Organizations

Innovative Education Organizations are 501(c)(3) organizations that

- provide grants, services or programs to public schools to support innovative educational programs that are not part of the regular academic program and
- provide grants to teachers employed by public school for the purpose of meeting or retaining state certification or certification by the National Board (p. 3-4, lines 26-30, 1-9)
- receive 40 percent of the tax credits awarded (p. 9, lines 16-19)

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- contribute at least 85 percent of receipts (funding) for grants, services or programs for public schools and teachers with no more than 25 percent for grants, services or programs for teachers at public schools (p. 6, lines 11-19)

Eligible Nonpublic Schools

Eligible Nonpublic Schools are K-12 (p.4, lines 12-13) schools that

- have a certificate of approval from, or registered with, State Board of Education (p. 4, lines 14-15)
- charge tuition at or below the statewide average per pupil cost (p. 4, lines 16-20)
- comply with Title VI of the Civil Rights Act (p. 4, lines 21-22)

Tax Credit

Tax Credits in the 2011 BOAST legislation are awarded

- to any eligible Maryland business (p. 3, lines 3-8)
- at a rate of 75 percent of the amount donated (p. 4, lines 23-27)
- to an annual limit of \$200,000 (p. 4, lines 28-29)
- with no double dipping allowed (p. 2, lines 19-35)
- on a first come, first served basis (p. 6, lines 32-33)

Role of the Maryland State Department of Education

The Maryland State Department of Education shall

- approve organizations (p. 5, lines 27-32, ESOs and p. 6. lines 25-30, IEOs)
- publish an annual list of eligible organizations (p. 7, lines 13-15)
- develop regulations for implementation (p. 6, line 31)
- track credits (p. 7, lines 26-30)

Pros and Cons on Tax Credits

As proposed in the BOAST Legislation - SB 315 (2011 Session)

Introductory Statement: The following chart represents the Group’s review and final summation of the factors on both sides of the BOAST issue. As the BOAST Interim Study Group discussed BOAST (SB 315), the number of potential unknown or unquantifiable factors led the Group to conclude that the potential cost and/or savings to local school systems and the State cannot be quantified at this time.

Pros / reasons to support	Cons / reasons to oppose
A Premise	
Nonpublic school parents pay taxes.	Nonpublic school is a choice parents make.
Viable public and nonpublic schools are a stabilizing factor in neighborhoods.	Nonpublic schools may include philosophies and/or belief statements in mission/vision statements that are illegal for public schools to publish.
	Some may perceive that BOAST raises questions of the separation of church and state.
Details of Legislation	
Provides scholarships to nonpublic school students, giving priority to low income students, who attend schools whose tuition is less than the Average Per Pupil Cost.	Allows individual businesses to receive a state income tax credit up to \$200,000 annually for donations to scholarship granting organizations rather than to the State’s general fund.
Provides a new potential funding source for State Aided Institutions or Innovative Educational Organizations available to both public and nonpublic school students.	Provides a 75 percent tax credit allowance.
Supports diverse educational options for families and students.	Creates an additional tax credit that adds to the complexity of tax computations for businesses and the State.
Provides tuition scholarships to nonpublic school teachers for graduate level course work or continuing professional development programs to meet or retain state certification or certification by the National Board for Professional Teaching Standards.	
It provides grants, services or programs to public school teachers to meet or retain state certification or certification by the National Board for Professional	

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Teaching Standards.	
Costs/Funding	
Indirect economic benefits may flow to the State due to additional business tax revenues.	Loss to the State of General Fund and Transportation Trust Fund revenue up to the fiscal year appropriation. The legislation provides no cap; the appropriation is an annual decision at the discretion of the Governor.
	Concern regarding the tax credit program's efficiency by allowing the scholarship organization to retain up to 15 percent of the tax credit for overhead expenses. Eligible overhead expenses and accounting are not defined in the bill.
	As tax credits are structured, it is difficult to track for Managing for Results and State-Stat requirements.
The opportunity for educational choice is valuable regardless of the availability of funds from year to year.	Nonpublic school students and parents could become dependent upon a scholarship based on an annual appropriation that could fluctuate from year to year.
Implementation and Accountability; fiscal, student performance and discrimination	
The State of Maryland has the experience and competency to administer tax credit programs.	Imposes additional administrative responsibilities on MSDE (or any other State agency) without dedicated positions or funding.
	The bill as drafted does not address fiscal or educational accountability, making it incompatible with Managing for Results and State Stat programs.
	Non-public schools are not legally held to the same nondiscrimination standards for students and employees as public schools.

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Legal	
Scholarships are funded by donations that earn tax credits for the donor.	Perceived as a voucher program by using tax dollars to fund tax credits to businesses that donate to scholarship organizations for students to attend nonpublic schools.
	Concern that the tax credit program further encumbers the state budget in an area outside the state constitutional obligation to fund public schools.
Tax credits are constitutionally permissible. The Maryland Court of Appeals has consistently held since at least 1856 that there is no prohibition against public appropriations to private organizations, including religious organizations, provided there is a public or semi-public purpose.	<p>State Constitution Education Article</p> <p>"The General Assembly ...shall by Law establish throughout the State a thorough and efficient System of Free Public Schools; and shall provide by taxation, or otherwise, for their maintenance." Md. Const. art. VIII, § 1.</p>

Fiscal Impact and Accountability of BOAST Legislation on the State of Maryland and local jurisdictions

The fiscal impact of BOAST legislation could be significant. Tax credits are taken by a business and less revenue is collected for the General Fund. As with more recently enacted tax credits, the BOAST tax credit requires a budget appropriation by the Governor. Alternatively, most previously enacted tax credits do not require an appropriation and are “off budget”. That is, no line item appears in the budget as an appropriation.

Beginning in the year following the passage of SB 315, the fiscal impact depends upon the amount of money, if any, appropriated to the reserve fund each year. The fiscal analysis for SB 315 in the 2011 Session looked at existing programs in other states and found that \$50 million was a reasonable projection. However, the appropriation is not capped in the bill.

According to the 2011 Fiscal and Policy Note, the program’s also administrative costs would increase by \$192,900 in FY 2012 for three salaried positions with benefits. These administrative costs are estimated to increase to \$231,200 in FY 2016. The Group noted that these positions would be outside of scope of Maryland State Department of Education’s current core mission. In addition, the fiscal analyst projected that the Comptroller would incur a cost of approximately \$40,000 to create tax forms for this tax credit.

Local jurisdictions would be fiscally affected. Twenty-four percent of the corporate income tax is directed to the Transportation Trust Fund from which local highway user revenue is distributed. Local jurisdictions could receive less revenue as a result of reduced overall revenue.

The Group also considered whether or not there would be a cost or saving to local school systems through decreases and increases in enrollment. The Group devoted a significant amount of time to this discussion and ultimately determined that cost or savings could not be accurately quantified at this time.

The Group considered whether this legislation could lead to an increase of indirect economic activity. Data currently available does not definitively predict revenue; however, tax revenue increases as a result of taxes collected on new business activity.

The Group also discussed the complexity of the BOAST tax credit program with the creation of scholarship organizations that retain up to 15 percent of the tax credit for overhead expenses. Other programs have overhead expenses of 10 percent or less.

All members of the Group agreed that accountability was necessary. The BOAST legislation does not contain any provision regarding either fiscal or educational accountability. Typically, tax credit programs have mandated annual and quarterly reports to the General Assembly, Governor and Comptroller. Definitions could be addressed through agency regulations as opposed to being in the statute. This allows the administering agency more flexibility.

Because of the way that credits are structured and tax reported, it is difficult to track for Managing for Results and State-Stat requirements. For example, the Maryland Research and Development tax credit was solely focused upon research and development dollars spent in Maryland and does not focus upon new jobs. This tax credit would be for contributions to scholarship organizations and does not focus on public and nonpublic school funding, expenditure savings or the creation of new jobs. The only amount that can be accurately reported is the amount of the appropriation.

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The last fiscal concern that the Group identified was that nonpublic school students and parents could come rely upon a source of revenue that may or may not be available in subsequent fiscal years. The program funding could fluctuate dependent upon the status of the state budget.

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Regulatory, Fiscal and Legal Issues Affecting Implementation

The Study Group identified the following issues confronting similar programs in other states ¹and likely to be faced Maryland. When Pre-K to 12 students and state fiscal resources are involved there will always be calls for the State to be involved in oversight and regulation. Considering Maryland's strong commitment to non-discrimination and academic and fiscal accountability, and the challenges others faced, it would be reasonable to expect that certain structures, regulations and oversight would be necessary to implement a BOAST-like program in Maryland.

Non-discrimination

In 2011, the State enacted HB 38 mandating that all nonpublic schools that participate in state funded education programs must have a policy in place by March 31, 2012 prohibiting bullying, harassment and intimidation. The implementation of this law may sufficiently address the following issue.

Nonpublic schools eligible to receive students with BOAST scholarship funding may be expected to protect all students from harassment by creating an environment that is safe and appropriate for their academic achievement *regardless* of region, religion, gender, sexual orientation, language, socioeconomic status, age, or disability.

Additionally, the Title VI anti-discrimination provisions and the Americans with Disabilities Act of 1990 protections may be expected of these schools. Discrimination against teachers and other staff based on race, religion, color, national origin, handicap, or sex shall be prohibited.

Academic Accountability

Nonpublic schools participating in BOAST may need to provide annual data reports on such measures as student performance, teacher qualifications, class sizes, curriculum, student retention rates, graduation rates, demographics, and discipline and suspension policies. These reports may include an annual academic review of the nonpublic schools participating in BOAST to include standardized tests comparable to those used in Maryland public schools.

Managerial and Fiscal Accountability

Accountability measures that currently apply to the State Innovative Education Organizations may be applied to BOAST participants. Basic regulations governing conflicts of interest, fraud and abuse, and an audit process may be expected. The audit would include documentation requirements for donors and recipients as part of a verification process. The nonpublic schools using BOAST scholarships would be restricted from using these funds for religious purposes and proselytizing.

Oversight

In light of the implementation issues, regulations creating an advisory board to support the state agency's oversight and monitoring role may be appropriate in regard to the scholarship organizations, students and their families; the business donors and basic legal issues.

¹ Including Arizona - 3 programs, Florida, Georgia, Indiana, Iowa, Pennsylvania, Rhode Island

Scholarship Organizations

The appropriate oversight may include a

- a requirement to register as a nonprofit organization
- a requirement for background checks on all officers and staff
- an accounting of any interest or investment income.
- A prohibition on parents directly benefiting from the scholarship organization.
- an annual independent audit of all Scholarship Organizations
- an identification or accounting of overhead expenses

Students/families

To facilitate the process for families and students

- documentation requirements may be standardized, including family income verification to confirm a student's eligibility.
- clarification that they may get scholarships from multiple organizations or sources.

Business donors:

Standardized documentation requirements for donors would assist in confirming a businesses' eligibility for the tax credit. Additional standards to establish a bright line between donors and the Scholarship Organization's decision making process may be valuable.

Legalities:

The State may authorize and establish investigative power and penalties for fraud or abuse in the use or application of the tax credits.

Implementation Challenges

As drafted, SB 315 would establish a new tax credit program in Maryland to be administered by the Maryland State Department of Education (MSDE). This legislation would impose additional expectations outside the current mission of MSDE at a time when positions have been eliminated (since 2007, 165 positions have been eliminated) and fiscal resources have been significantly reduced.

Traditionally, MSDE does not administer tax credits. As proposed in this legislation, the Department would have to determine the eligibility of a business, assign or calculate a tax credit, and oversee contributions in a non-lapsing special fund. Certification and identification of eligible educational scholarship organizations and eligible innovative educational grant organizations would require MSDE to develop and establish new requirements, procedures, and processes.

MSDE does not have staff with expertise, knowledge, or experience in Maryland's tax laws and procedures. To avoid duplication of resources, agencies that currently administer other tax credits would be better suited to provide oversight for the implementation of this program.

Furthermore, substantial administrative costs would need to be addressed should MSDE be required to implement and administer the tax credit program. MSDE has indicated that it would need two full-time fiscal specialists and one full-time support staff position. As quantified in the 2011 Fiscal and Policy Note, the General fund expenditures would increase by an estimated \$231,200 in FY 2012, which reflects a three-month implementation period before credits can be approved. These administrative costs are estimated to increase to \$231,200 in FY 2016. This estimate includes salaries, fringe benefits, and ongoing operation expenses.

It was previously estimated in fiscal 2011 by the Office of the Comptroller that it would incur a one-time expenditure of approximately \$40,000 to add the credit to the personal income tax form.

Position Statements

In the following section of the BOAST Interim Study Group, position statements were created and submitted first by members of the BOAST Interim Study Group and secondly by advocacy organizations with an interest in this issue.

In both cases the Statements represent the advocacy positions of both the proponents and opponents, providing a review of the opportunities and risks created by a potential BOAST program in Maryland. The proponents discuss the opportunities presented by BOAST as outlined in SB 315 (2011), while the opponents discuss the risks presented by BOAST as outlined in SB 315 (2011) in Maryland.

Building Opportunities for All Students and Teachers (BOAST) Tax Credit

Opportunities

Group Members' Statements

Senate Bill 315, the BOAST Maryland Tax Credit, is legislation designed to ensure that **all** Maryland students have access to high quality, diverse, and affordable educational opportunities. Senate Bill 315 creates new, exciting and innovative opportunities by building connections between the business and education communities in Maryland and offering families the opportunity to choose the school that best meets the needs and interests of their children.

The benefits and advantages of the BOAST Maryland Tax Credit follow below.

Families and Students

- Affords families and parents their rightful opportunity to choose the safest and best educational setting for their children.
- Provides diverse and academically excellent educational opportunities for Maryland's K-12 students.
- The legislation creates greater availability of scholarships for students from lower and middle income families to utilize.
- Maryland's nonpublic schools educate more than **109,000 students** and provide more than **\$1.4 billion** in annual savings to the state. (2010-11 nonpublic school enrollments, 2008-09 average public schools per pupil cost, attached)
- BOAST increases the opportunity for larger numbers of students, particularly those from lower and middle income families, to realize their opportunity to receive a high quality K-12 education in a safe and secure environment.
- BOAST will give students hope for a brighter and more secure future through educational opportunity **regardless of income or ZIP code**.
- Many lower and middle income families and parents cannot afford to move to neighborhoods where the public schools are strong. BOAST will provide them the opportunity to not continue to be trapped in conventional public schools that fail to educate students at basic levels, year after year.
- In a report by the Sage Policy Group, Inc., February, 2010 "**82%** of graduating seniors from Archdiocese of Baltimore high schools are preparing to attend college. Once one adds in data for those set to attend two-year colleges, the number rises to an astonishing **97%** or more than **30% points higher than the public school proportion.**" (p. 25, attached)

Businesses

- Provides businesses an opportunity to invest in local education while providing incentives for businesses to get involved in the business of improving education.
- Enactment of BOAST would provide businesses a greater incentive to expand their presence in Maryland while utilizing the tax credit and investing in Maryland schools and students.
- Offers Maryland the opportunity to encourage new business investment and to further grow and expand its base of businesses in the state.

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-BOAST would expand tax credit options in Maryland to further encourage business participation.

-The Sage Policy Group, Inc. reported in February 2010 that the estimated earnings of Catholic school graduates “translate into significantly augmented levels of economic activity over time,” including **\$1.3 billion in additional labor income** and an increase of nearly **\$4 billion in local business sales over 40 years**. (p. 6, attached)

-The 82 Catholic schools in the Archdiocese of Baltimore “support nearly **5,400 jobs** in the region associated with **labor income of \$212 million**. Additionally, value-added, which roughly translates in business sales, is augmented by more than **\$380 million per annum**.” (The Sage Policy Group, Inc. February 2010 report of The Economic Benefits produced by Archdiocese of Baltimore Catholic Schools & Their Graduates, p. 4, attached)

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Organizations' Statements

The following statements in support of BOAST legislation (SB 315, 2011 session) are provided by the following organizations or individuals: Frank P. Bramble, Sr., Deacon Bert L'Homme, Ph.D., Superintendent of Catholic Schools, Archdiocese of Washington, and from Howard Friedman, Managing Partner, Lanx Capital. These statements should not be construed to represent the position or opinion of the BOAST Interim Study Group, although the statements may be supported by individuals who are members of the Group.

Statement in support of the BOAST legislation, SB 315 (2011)

Frank P. Bramble, Sr.

Outlined below are the numerous and compelling reasons why the state of Maryland should enact the BOAST bill or similar legislation to promote increased business investment in expanded educational opportunities for lower and middle income students.

Expanding affordable educational opportunities benefits everyone.

Students: Ensuring that all students, but most especially lower and middle income students, have access to a high quality education is the most promising way to lift children out of poverty and provide them with the chance for a successful future. By channeling increased business support for *nonpublic school* scholarships, the BOAST tax credit would allow more students to attend schools with a proven record of success in serving low-income students. For example, the bill would benefit students attending a school such as St. Ignatius Loyola Academy, where 87 percent of students qualify for free and reduced price meals. In spite of this challenge, in the school's 18-year history, 98 percent of Academy graduates have gone on to receive a high school diploma, and 88 percent matriculate at college or other post-secondary education.

The BOAST bill would also increase business support for nonprofits that provide enrichment programs that diversify educational experiences for *public school* students, and would provide critical support for educational programs most likely to be in jeopardy during tight fiscal times. A *Baltimore Sun* article dated July 14, 2011 noted that "nearly 90 percent of Baltimore elementary and middle schools fell short of academic targets on state assessments this year, signaling a trend that education officials nationwide say will eventually label most American schools as failures. Only 15 of the 141 city schools met federally mandated progress goals in math and reading on the Maryland School Assessments, according to state and city school data. The percentage of city schools that failed to meet AYP - 89 percent of schools – drastically rose when compared with previous years. Last year, 60 percent of schools tested in grades three through eight failed to meet the target; 45 percent fell short in 2009."

Communities: The presence of affordable, high quality schools in our neighborhoods and communities provides a stabilizing influence that attracts families and improves economic conditions for all. As noted in a February 2010 report of the Sage Policy Group, "The closure of a Catholic school in a community is **often viewed as devastating**. Not only is there a loss of economic vitality within neighborhoods, but the life chances of children being raised in those communities is diminished, including children who have yet to reach school-age." (p. 9) By increasing incentives for businesses to invest in nonprofits supporting both public and nonpublic school students, the BOAST bill provides an effective vehicle for communities to help ensure their existing schools remain viable and vibrant. The BOAST bill would also enhance the ability of Baltimore City to achieve the mayor's recently announced goal of attracting 10,000 more families to the city during the next decade.

Businesses: To ensure a healthy economic environment in our state, businesses must rely on a well-educated workforce, as well as communities that offer affordable, high quality educational opportunities to the families of their prospective

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employees. BOAST provides Maryland's business community with an innovative incentive to target their interest in achieving these two goals by investing directly in programs that support local students.

The BOAST bill makes sound fiscal sense.

It is an undeniable fact that the service provided by the state's nonpublic elementary and secondary schools relieves our public school system of the cost of educating an additional 109,924 students. At an average public school per pupil cost of \$13,495.44 (2008-09), nonpublic schools save the state at least \$1.48 billion annually in per-pupil expenditures. The significant decrease in nonpublic school enrollments in recent years has inevitably led to increased economic pressures on local public schools. A *Baltimore Sun* article dated November 9, 2011, reported that "Baltimore County's overcrowding issue is only getting worse. Elementary schools across the system are now at 100.12 percent capacity. Enrollment is still growing, and at a faster clip than expected. This September, 1443 more elementary students turned up than last year, far more than the 358 the school system expected." Furthermore, the *Washington Examiner* reported on September 5, 2011 that "cutting Montgomery county public Schools' construction budget could mean forgoing much-needed renovations and allowing already overcrowded schools to become more crowded. When school started last week, MCPS greeted 2,500 new enrollees. In total, nearly 147,000 students attend Montgomery County public schools, an increase of about 9,000 students in four years."

The BOAST bill provides an important means of raising private dollars for increased financial assistance to nonpublic school students, which will help to stabilize nonpublic school enrollments and ultimately maintain cost savings for local public schools. As Governor O'Malley noted in his March 2011 letter of support, "the BOAST tax credit will help preserve Maryland's rich tradition of highly performing public and private schools. Furthermore, it will save public schools systems from added costs that are far in excess of the public revenues needed to fund the tax credit."

The total amount of tax credits awarded through the BOAST program is completely under the control of the Governor and the state legislature. The program would be annually capped at a level proposed by the Governor, which must be approved by the state legislature. Estimates that the program would exceed \$50 million in credits are based only on state programs that are funded at very high levels. These estimates do not take into account other state programs funded at **much lower levels**, such as the Rhode Island program, capped at \$1 million, the Indiana program, capped at \$2.5 million, and the Iowa program, capped at \$7.5 million.

The BOAST bill is based on sound constitutional policy.

The BOAST bill provides an appropriate level of separation between the government and private or religiously affiliated institutions by ensuring that no state dollars are provided directly to these institutions. Rather, the bill provides a tax benefit to businesses that in turn make private donations to nonprofit organizations that support nonpublic or public school students.

The bill also mirrors the longstanding government policy of rewarding private support for charitable organizations. The bill simply amplifies a tax benefit to businesses that make private donations to nonprofits by providing tax credits to donors instead of the existing charitable deduction.

The U.S. Supreme court recently upheld a similar program based in Arizona, stating that donors participating in the program were spending "their own money, not money the state has collected from respondents or from other taxpayers."

The BOAST bill enjoys broad, longstanding, and bipartisan support.

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The BOAST bill has twice passed the Maryland Senate, has been endorsed by Governor O'Malley, and in past years has been co-sponsored by a bipartisan majority of the Maryland House of Delegates representing nearly every geographical region of the state. The **unwarranted opposition** to this measure from public school advocates, labor unions, and other special interest groups has stood in the way of this reasonable, beneficial proposal for far too long, while only hindering and preventing the students it would serve from receiving the education they deserve, regardless of where they live. It is time for the Maryland legislature to finally enact the bill during the 2012 legislative session, so that **all** Maryland students will have access to a high quality education.

Frank Bramble is the former president, CEO and director of MNC Financial; president and CEO of First National Bank; and vice chairman of MBNA America and Chairman of the Blue Ribbon Committee on Catholic Schools.

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Statement in support of the BOAST legislation, SB 315

Howard Friedman, Managing Partner, Lanx Capital

As one who has been involved in leadership capacities in the Jewish community and a longtime board member of Talmudical Academy of Baltimore, I am very familiar with the vital role played by nonpublic education. As one who has been a close confidant of several Maryland governors and countless lawmakers, I am also familiar with the budgetary constraints placed on legislatures trying to balance a budget, especially in difficult economic times.

Education in Maryland is our top priority. I take great pride in the fact that our great state has been recognized as having the top ranked public school system in the country for the last three years. I am equally as proud of the top-notch nonpublic schools all across Maryland that are educating the children of families who deem nonpublic education as their best and most appropriate option. These families pay the taxes that enable our state to attain its success and yet they receive almost no return.

Public school students on the average receive a per-pupil allocation of roughly \$14,000. Nonpublic school students on the other hand receive an average allocation of around \$40 that goes for the purchase of textbooks. In our area regional states, nonpublic school students receive an average allocation of \$953 in Pennsylvania, \$908 in New Jersey, and \$328 in New York - for an array of services. These same states are also shouldering the crushing burdens of continued economic hardship, yet they have deemed it necessary to provide services and resources for nonpublic school students.

Supporting the BOAST legislation is a win-win for Marylanders. It provides benefits to students and teachers both in the nonpublic schools and the public schools. It will help stem the tide of closing nonpublic schools – a growing burden that creates financial and educational havoc for the local public school systems. It will create a productive and fruitful relationship with the business and education communities. Similar programs implemented in other states have seen only positive results in both the public and nonpublic schools.

It is indeed time for Maryland to take the necessary steps to ensure a program that will do all that be adopted in our great state.

Howard Friedman

Managing Partner, Lanx Capital

Chair-elect, Associated Jewish Community Federation of Baltimore

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Statement in support of the BOAST legislation, SB 315 (2011)

Deacon Bert L'Homme, Ph.D., Superintendent of Catholic Schools, Archdiocese of Washington

November 28, 2011

All families in Maryland have the right to choose the school that best fits their child. In these challenging economic times, many of our families are unable to afford tuition at our Catholic schools. This is, in part, due to the increasing costs of teacher salaries and the overall economic climate. The Archdiocese of Washington has a long history of providing tuition assistance to families with a demonstrated financial need. During the most recent two school years, the Archdiocese of Washington awarded over \$5 million dollars in tuition assistance. \$5 million dollars is in addition to scholarships awarded by local parish churches and independent Catholic schools. However, this current school year there was \$31 million dollars in demonstrated need throughout the Archdiocese. Five million dollars is a little more than 15 percent of the documented need. There is so much demonstrated need - parents who want a Catholic education for their children but can't afford it.

Historically, Catholic and nonpublic schools have had a stabilizing presence in many local neighborhoods, both economically and educationally. The national Catholic school graduation rate is 99.1 percent of high school students. Of these graduates, 84.7 percent go on to college, compared to 44.1 percent of public school graduates. Our mission is to educate all students in a Christian environment, welcoming children of all faiths. We believe that all families should have the opportunity to choose what school best meets the needs and interests of their children. BOAST holds much promise for our efforts to continue a service we have provided for generations to lower-and-middle-income families.

Deacon Bert L'Homme, Ph.D.

Superintendent of Catholic Schools

Archdiocese of Washington

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Building Opportunities for All Students and Teachers (BOAST) Tax Credit

Risks

Group Members' Statements

Funding and Fiscal Concerns

- The BOAST Maryland tax credit program does not support the standards based approach of school financing required by the Bridge to Excellence in Public Schools Act of 2002 (BTE) as basic academic and fiscal accountability are lacking. Thus the BOAST Tax Credit legislation lacks consistency with the funding formula, which is designed to ensure adequacy and equity. The Bridge to Excellence is consistent with No Child Left Behind federal education law, as the State has established benchmarked academic content and student achievement standards that ensure schools and students have sufficient resources to meet those standards. Obligating the state to fund student scholarships to nonpublic schools has the potential to weaken Maryland's public school educational progress, as recognized by the state's identification as the number one school system in the nation three years in a row by Education Week.
- The BOAST Maryland tax credit legislation would provide for unlimited annual appropriations to the reserve fund as determined in the Governor's budget and approved by the General Assembly. Monies appropriated to the fund that are not expended in one fiscal year remain in the reserve fund for use in the following fiscal year. The growth of tuition tax credits in other states indicates that if BOAST were enacted to replicate these programs, the loss to the General Fund would be at a minimum \$50 million.
- Passage of a BOAST Maryland Tax Credit (SB 315, 2011) program sets a precedent for other education related tax credit programs, allowing businesses to assign their tax obligation to a preferred purpose.
- The BOAST Maryland tax credit legislation would impose additional responsibilities on the Maryland State Department of Education (MSDE) that is not prepared to administer the program, at this time. Additionally, the funding and staff positions required by MSDE to adequately oversee the program would require additional state resources.
- If BOAST legislation were enacted, there may be a loss of state and local education funding to local school systems based on a loss of students who choose to go to nonpublic schools that would not necessarily be offset by a decrease in costs.

Nonpublic school choice considerations

- The BOAST Maryland tax credit legislation may disproportionately affect urban school districts in the state serving low income students. This could further affect school equity for students in urban areas of the state.
- The BOAST Maryland tax credit legislation has the potential to cause the unintended consequence of closing public schools as enrollments decline in certain urban areas that are more likely to be affected.
- If the State decides to financially support non-public schools, it may erode the commitment to the constitutionally required public school option.
- The BOAST Maryland tax credit legislation has the potential to allow public dollars to benefit nonpublic schools that are not held to the same non-discrimination standards for students and staff, as public schools.
- The BOAST Maryland tax credit could create a level of dependence for students, parents and private schools based on an unreliable need for an annual appropriation.

Accountability

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- The BOAST Maryland tax credit legislation allows each scholarship organization to retain up to 15 percent of the tax credit for overhead expenses, and eligible overhead expenses are not defined in the bill. In addition, there is no method of auditing or overseeing these expenditures by the State to make sure they are appropriately spent, fiscally or academically, required of public educational institutions.
- Additionally, this funding would be very difficult to track for Managing for Results or State-Stat requirements.
- The BOAST Maryland tax credit legislation creates a new structure to allow participating businesses to receive a state income tax credit of up to \$200,000.

Organizations' Statements

The following statements in opposition of BOAST legislation (SB 315, 2011 session) are provided by the following organizations: 1. American Federation of Teachers/the Baltimore Teachers Union and the Maryland State Education Association; 2. Association American Civil Liberties Union of Maryland, and 3. the Maryland Parent and Teachers. These statements should not be construed to represent the position or opinion of the BOAST Interim Study Group, although the statements may be supported by individuals who are members of the Group.

Statement from AFT-Maryland/the Baltimore Teachers Union and the Maryland State Education Association Interim Study of Building Opportunities for all Students and Teachers (BOAST) legislation

Presidents, Marietta English, AFT-MD and Clara Floyd, MSEA

On behalf of the members of the American Federation of Teachers - Maryland ("AFT") and its affiliate, the Baltimore Teachers Union ("BTU"), in conjunction with the Maryland State Education Association ("MSEA") and its local affiliates in 23 Maryland counties, we have consistently opposed BOAST since it was first introduced nearly six years ago.

We believe that this bill represents poor public policy that threatens consistent and reliable funding for public schools and other public services. We further contend that BOAST violates the principles of the separation of church and State, and fails to ensure accountability and protect against discrimination by private schools receiving public dollars. Similar programs in other states have proven that it is an ill-conceived notion that fails to deliver on its promise of equity and educational quality. AFT, BTU, and MSEA oppose BOAST for the following reasons:

- We oppose BOAST first and foremost because the bill provides state funding to private schools with public dollars. Through a neo-voucher tax credit of 75 percent, BOAST would allow a wealthy business to divert up to \$200,000 of its tax obligation to a preferred private cause rather than the General Fund and Transportation Trust Fund. This would deplete the revenue intended to support public schools, public infrastructure, public services, and public jobs.
- Public schools in every jurisdiction across Maryland are struggling with dramatic cuts in vital student programs, exploding class sizes, outdated textbooks, school closings, wage freezes, and increased costs for employee health insurance and employee pension contributions. We cannot afford to trade desperately needed tax dollars that benefit all children for tax write-offs that benefit a very few private businesses and private schools.
- As shown in other states with neo-voucher tax credits, the primary beneficiary of these tax dollars are private religious institutions. The BOAST proposal provides no restrictions regarding the public dollars received by the private schools. Public dollars would be used to pay for all aspects of a religious education.
- Public schools are required, by law, to comply with strict educational standards and uniform testing for all students. By contrast, private schools have no such requirements in law and are unlikely to accept such requirements in return for public dollars. Without consistent standards applied to all public and private schools, BOAST fails to deliver on its promise of higher quality education opportunities for Maryland students.
- Public schools are subject to constant scrutiny from the Maryland State Department of Education ("MSDE") and local governments. Public schools must report on student progress and account for expenditures. However, BOAST provides

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no comparable accountability standards for private schools receiving public dollars. BOAST amounts to a blank check for independent private schools written by Maryland taxpayers.

- Fraud investigations into the Florida neo-voucher tax credit program found examples of schools that received public dollars even though the schools did not physically exist. In 2010, Homestead's Hope Academy in Florida received \$2.8 million in public dollars, although it was an institution that, upon further investigation, was found to employ at least three staffers with criminal records. An investigation by the Florida Department of Education determined that twelve private schools receiving approximately \$49.3 million in public dollars were guilty of fraud. According to the investigation, tricks commonly used by these private schools were simple - falsifying attendance records and forging parent signatures needed for enrollment, among other things.
- BOAST would require significant expense by MSDE that was not accounted for in the 2011 Fiscal Note prepared for Senate Bill 315. While the fiscal note indicated that two full time budget specialists and one support staff would be needed to oversee the program, we feel this is underfunded and does not consider the needs for at least one education specialist for approval of programs, or additional state level budget specialists needed for the auditing of and reporting by recipients receiving public dollars. Without proper agency oversight, which would have to include onsite and personal contact with students and parents benefiting from the program, Maryland would inevitably face the same mismanagement, scandal, waste, and fraud seen in other jurisdictions.
- Private schools have no mandate to comply with anti-discrimination laws in place for public schools. This means that private schools may legally discriminate against both students and staff on the basis of academic ability, sex, religion, sexual orientation, and disability. Public funding of private schools through BOAST would turn a blind eye to the great strides Maryland has made to combat discrimination and to provide all people with access to quality public services.
- BOAST is poor public policy intended to benefit a select few private institutions and wealthy businesses at the expense of all Maryland taxpayers. It offers no guarantees of better educational outcomes for any of Maryland's children and may only further exacerbate the fiscal difficulties faced by the State. It should be noted that all of Maryland's public school advocates are opposed to this program and have consistently testified against BOAST since it was introduced.

On behalf of their members throughout the state, AFT, BTU, and MSEA strongly oppose BOAST and contend that public dollars are better spent supporting public schools that reach all Maryland students.

Statement from the American Civil Liberties Union of Maryland

Melissa Goemann, Esq., Legislative Director

The ACLU strongly opposes Senate Bill 315, BOAST. We will focus this statement on the most glaring concerns with BOAST regarding discrimination in private schools, lack of accountability for public funds and student performance and a definite further entanglement of church and state by the State.

Private Schools can skirt civil rights laws that protect public schools students and teachers from discrimination.

- BOAST would allow public funding to be diverted to private schools which do not have to abide by the same important hard fought prohibitions against discrimination that public schools do, establishing a system akin to private school vouchers for the first time in Maryland.

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- SB 315 provides that all private schools receiving taxpayer funds must comply with Title VI of the Civil Rights Act (basis of race, color, or national origin). Currently, only private non-parochial schools are required by state law to adhere to the anti-discrimination provisions of Title VI (Md. EDUCATION Code Ann. § 2-206 (e) (3)). However, the BOAST program provides no mechanism for the State Department of Education to verify that at a minimum there is no Title VI type of discrimination occurring and to thus refuse further funding to the school in subsequent years.
- Assuming, that all private schools that apply for BOAST taxpayer funding do comply with Title VI anti-discrimination provisions, Title VI does not provide the same comprehensive protections against discrimination for children as is provided to public school children pursuant to Maryland state law. Pursuant to Md. Education Code Ann. § 7-101, “All individuals who are 5 years old or older and under 21 shall be admitted free of charge to the public schools of this State.” The public schools are not allowed to discriminate against any group of students and deny them admission.
- Furthermore, Maryland state regulations prohibit discrimination in public schools on the basis of race, ethnicity, region, religion, gender, sexual orientation, language, socioeconomic status, age, or disability. COMAR 13A.01.04.03. Private schools receiving taxpayer funding pursuant to BOAST do not have to comply with this regulation and, thus, can deny admission to or expel children on the basis of such characteristics as sexual orientation.
- Public schools are also prohibited from discriminating against teachers on the basis of “race, religion, color, national origin, handicap, or sex.” Maryland Code Annotated, Education Article, § 6-104(b). Once again, however, this prohibition does not apply to private schools.
- At the ACLU, we have received complaints of sexual orientation discrimination in private schools in Maryland. The BOAST bill could be amended to prohibit private schools that receive taxpayer money from the same types of discrimination that are prohibited in public schools. However, many private parochial schools in particular may not be receptive to this. Regarding sexual orientation, at a March 17, 2010 House hearing before the House Ways and Means Committee, the Archbishop of Baltimore, Edwin O’Brien, refused to commit to comprehensive nondiscrimination policies, even when specifically asked about LGBT students. *The exchange was as follows:*

“If a high school child is openly gay, would that prohibit them from going to ... your schools?” Del. Justin Ross, D-Prince George’s, said to O’Brien. Ross then asked if the archbishop would be opposed to an amendment that would establish a non-discrimination policy for the children who attend those schools. “I think we would expect to have the values that, traditionally, we do embrace, to be retained, whether or not we get a tax credit,” O’Brien said. “I would hope that this would not become a political football. ... Our kids are at stake.”

<http://thedailyrecord.com/2010/03/17/archbishop-o%E2%80%99brien-lobbies-for-boast-bill/>
- Both the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973 promote “inclusion” and require public schools to eliminate any barriers that would prevent a student from fully participating in the same programs and services offered to the general school population. However, private parochial schools run by churches are exempt from the ADA because it does not apply to religious organizations. Title III of the ADA, § 36.102(e).
- Public funding from the BOAST bill would be going to students who attend private schools that are not required to uphold the First Amendment, due process, and other constitutional and statutory rights and protections of students in public schools.

Private schools are not accountable for student performance or achievement.

- Maryland State Department of Education approves nonpublic schools, and it does not accredit or license them. Private schools do not have to administer or report high school assessments or any other gauge of student achievement. Under the BOAST bill private schools that accept taxpayer funds would not be required to report student performance, teacher qualification, class sizes, curriculum taught, student retention rates, graduation rates, demographics, or discipline or suspension policies.
- While non-parochial private schools do need a certificate of approval to operate, religious private schools do not need this as long as they do not receive state funds. Education Article, Sec. 2-206(e) (4).
- Since these types of measures of performance are not required for private schools, and the proposed BOAST legislation also does not provide for any mechanism for the funding authority to review how the funds were spent, there will not be a mechanism in place to determine if students are benefiting from the expenditures of funds to the private schools.

Entanglement of church and state

- In nearly any imaginable form, this bill diverts taxpayer funding to private schools, the primary beneficiaries of which are religious schools with religious curriculum, entangling the state in promoting religious education. Because the scholarship funds would be unrestricted income going into a religious private school they could be used for all aspects of religious activities and education, including worship, proselytization, and religious items such as Bibles.

Statement from Maryland PTA, Interim Study on SB 315/HB 932 – “BOAST”

Kay Romero, President

Rick Tyler, Vice President for Legislation

Maryland PTA’s nearly 200,000 members in over 950 schools statewide supports *“Public Dollars for Public Schools”* and joins thousands of Maryland and national public education and civil rights organizations in STRONG OPPOSITION to Senate Bill 315/House Bill 932– BOAST.

- PTA supports public funds for public schools only, and opposes using tax dollars to finance education vouchers, tax credits and deductions for school tuition and other education-related expenses for private and religious schools. Education tax subsidies or credits, like proposed in the BOAST legislation, are a sibling of vouchers.
- The primary beneficiaries of education tax subsidies are wealthy institutions, organizations or families whose children already attend private and religious schools or whose children are home-schooled, as opposed to families whose children attend public school.
- There is no strong evidence that voucher programs—whether funded directly or indirectly through education tax subsidies—improve student achievement.
- Vouchers will not ensure parental “choice.” Private and religious schools may deny applications for enrollment for any reason. The “choice” in “choice programs” lies with private school administrators, not with parents. Many private schools do not enroll Special Needs, English as a Secondary Language, and low-income students and can remove students without due process.

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- Vouchers divert money from public schools, where 90 percent of all school-age children are enrolled, to private schools where the public has no oversight.

BOAST WILL NOT:

- Retain jobs for hundreds of thousands of public school and public service employees now threaten with layoffs and/or furloughs due to significant cuts to decreased revenues and State Aid to Local Governments. Due to state and local budget cuts, public schools have endured over ½ billion in cuts since 2007.
- Guarantee all private or parochial schools adhere to all mandates required of public schools in the State of Maryland including Maryland High School Assessments, Master Plan or Budget Reports which provide needed transparency and accountability for public dollars.
- Require all private or parochial schools to increase enrollment and quality services for diverse students including all Special Populations students (Special Needs, ELL, Farm, and GT) as defined in the Federal/Maryland Law or by Regulations.
- Maximize the State of Maryland's ability to retain their #1 ranking for public education.
- Allow local school systems to maintain a range of proven academic programs accessible to all students.
- Ensure all non-public school benefactors participation in federal Common Core Content Standards.
- Require private and parochial schools to adhere to even the most minimal reporting requirements in exchange for receiving public dollars.

Maryland PTA has consistently opposed the BOAST legislation since its introduction in 2006. Each year there is more evidence from other states with vouchers or tuition tax credits to support this continued opposition. Maryland cannot afford to support this failed experiment of tax credits for private schools. We strongly support all efforts that will ensure that all public schools are fully funded adequately and equitably based on the Bridge for Excellence Act of 2002, or Thornton, and urge all Maryland elected officials to maintain consistent and reliable funding for Maryland's children.