

**POLICY BRIEF**

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POLICY BRIEF NOVEMBER 2020

Individuals and corporate taxpayers to receive a Georgia income tax credit for donating to nonprofit, tax exempt student scholarship organizations (SSOs). SSOs use these funds to provide scholarships to pre-K through 12<sup>th</sup> grade Georgia students, where these scholarships offset the cost of attending independent (private) schools.

## Fiscal Analysis

Under the QEE program, the average taxpayer cost of tax credits per scholarship recipient in calendar year 2018 was \$713, significantly less than state average per pupil expenditures in public schools and less than one-third of the total expenditures per public school student.

Figure A.1 t

- Estimate of the p

The details for the above calculation are as follows:

- Number of scholarship recipients in 2014: 13,895
- Estimate of the percent of scholarship recipients who would have been in public school if a scholarship had not been available: 90 percent (or 0.90)
- Estimate of the variable cost of educating students in public schools: \$8,381. This estimate is significantly below the actual \$12,796 average cost of educating students in public schools.
- Average state revenues per public school student: \$5,717.
- Local taxpayer cost to educate 90 percent of these scholarship students in public schools =  $0.90 \times 13,895 \times \$8,381 = \$104.8$  million
- State funding for enrollment growth to local public school systems if 90 percent of the 13,895 scholarship students had been enrolled in public schools =  $\$5,717 \times 13,895$  scholarship students = \$71.5 million
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Using cautious estimates from the literature on the returns to educational attainment, we find substantial economic impacts of the Georgia GOAL Scholarship Program for the three cohorts of students in our sample. We estimate a combined economic benefit of \$167 million from increased high school graduation and college entrance for these students, or about \$15.6 million per cohort, on average.

Table A.1: Combined Economic Benefit for Sample of GOAL Students

Economic Benefits



# **EDUCATION ECONOMICS CENTER**

The mission of the Education Economics



**Education Economics Center at Kennesaw State University  
Coles College of Business**

560 Parliament Garden Way  
Kennesaw, GA 30144