

Good afternoon, and thank you for giving me the opportunity to speak this afternoon. My name is MaryLee Moulton and I am here as a Legislative District 30 voter to talk about the reform of the private-school tax credit program.

I'm sure you are all familiar with the JBLC report of October 22nd which projects a budget shortfall of \$2 billion. Substantial cuts have already been made to the budget and it is likely that additional cuts will be made in both the Special Session and the next fiscal year's budget. I am here today to talk about equity in these cuts and accountability to Arizona tax payers as they pertain to the private-school tax credit program.

In 2003, a citizens financial review committee studied the personal income tax credits of Arizona and reported that the private-school tuition tax credit caused a loss to the general fund of \$24 million. Based on records from the Arizona Department of Education and Revenue and the Center for Education Statistics, the Arizona Republic reported that "since 1998, the programs have shifted \$382 million in public funds to private hands and allowed many affluent families to gain public subsidies for private-education costs."

And this is the crux of the issue. The original intent of the legislation that created the private-school tax credit program was to expand access to private schools as an alternative to poor performing public schools for low and moderate income students. By this measure the legislation has been a failure. According to the National Center for Education Statistics sourced by the Arizona Department of education, from 1999 -2008, private school attendance has increased by only 6,880 students from 44,710 students in 1999-2000 to 51,590 in 2008. During the same period the population of public school students rose from 867,135 to 1,146,765 - an increase of 279,630.

While it is laudable to help poor and moderate families find alternatives if public education is not working for their children, it is clear that 44,710 student's families found the means to pay for their choice of private school before this legislation. How can you justify subsidizing the education of affluent students while cutting public education? The Arizona Republic and an Arizona State study have shown that students from wealthy families benefit disproportionately from private-school tax-credits. The majority of poor and low income students in Arizona are served

by public schools and are greatly affected by cuts to public education. These student also bear the brunt of cuts to social services and healthcare.

I too want to help poor and moderate income students, but I also want a balanced budget in Arizona and accountability to Arizona tax payers. That is why I am asking you to means test personal private- school tax credits. Corporate private-school tax credits are already means tested - though regulation is lacking. I am asking this committee to draft legislation to use the Federal free and reduced lunch enrollment guidelines as a means test for students to receive private-school tax credit money. I am also asking for strict over-site and accountability of the enforcement of this provision and finally I would like to see legislation that requires STOs accounts to be swept of any excess funds not used for scholarships for these low and moderate income students and money returned to the General fund at the end of every fiscal year.

I have documentation for the information that I used that I would like to give to the committee. Thank you for your time and attention.