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## *School-Voucher Movement Wins Victory In Top Arizona Court in Tax-Credit Case*

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In another victory for the school-voucher movement, the Arizona Supreme Court upheld a 1997 state law that allowed taxpayers to contribute as much as \$500 a year to scholarship funds at private schools, and then to claim the amount as a credit against state taxes.

By a 3-2 vote, the court rejected arguments that the law violated the separation of church and state by allowing public tax money to be diverted to private and religious schools.

The Arizona case has been closely watched because of the growing popularity in many states and in Congress of tax-free savings accounts that parents could use to fund their children's education.

Congress last year passed legislation allowing parents to invest as much as \$2,000 a year in a tax-free account and use the money for a variety of educational uses, including private-school tuition, but it was vetoed by President Clinton. House and Senate Democrats say they will fight any effort to pass a similar measure this year, despite its popularity with middle-class voters.

The Arizona case also was being watched because of the fast-growing private-scholarship movement, which aims to give low-income children a choice about which school they attend and in that way force the public schools to compete for students. CEO America, an umbrella group for the private scholarship movement, estimates that its members—mostly conservative businessmen—have given \$50 million in scholarships since 1991.

Although the Arizona law falls far short of being a voucher—that is, a government payment to a child to attend any

public or private school of the parents' choice—opponents and advocates of vouchers nevertheless lumped the tax credit into the voucher debate. Voucher supporters won a key victory in that debate last summer, when the Wisconsin Supreme Court upheld a voucher program that allowed low-income youngsters in Milwaukee to attend private schools, including religious schools, at public expense. The U.S. Supreme Court declined to hear an appeal.

The Ohio Supreme Court also is weighing a challenge of a Cleveland voucher plan, the only other publicly funded voucher program in the U.S.

The Arizona law allows taxpayers to contribute \$500 to private schools, but only \$200 to public schools. Barry Lynn, executive director of Americans United for Separation of Church and State, one of 11 groups that challenged the law, called the private-school contribution a "scam," because parents who contributed to it expected to get the money back in the form of a scholarship. Supporters of the measure conceded contributors to a scholarship fund might also be benefactors, but "only by happenstance, not by design," said Clint Bolick of the Institute for Justice, a conservative law group that defended the measure.

The \$200 public-school tax credit wasn't challenged and has been a boon to some schools. For example, the low-income Wilson Elementary School District in Phoenix received \$40,000 in contributions from the employees and customers of a downtown accounting firm last year and used the money to pay for dentists and eyeglasses, among other things, for its students.