

FAMILY ISSUE FACT SHEET

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Lexie’s Law – Helping Displaced and Disabled Students

SB 1041 Aggregate Cap Increase

EXECUTIVE SUMMARY

In March 2009, the Arizona Supreme Court struck down two scholarship programs that were allowing children with special needs to attend the schools of their parents’ choosing. In the opinion, the Court invited the Legislature to find a constitutional way to help these vulnerable students continue receiving the education that best met their needs. “Lexie’s Law” created a new corporate tax credit program to assist these children and their parents. Lexie’s Law is separate from other School Tuition Organization (STO) scholarships in that it is strictly funded through corporate tax credits for the benefit of displaced and disabled students.

Twelve years later, the cap on the successful program remains at \$5,000,000 dollars total. Considering the proven value of this program and the unique requirements of educating Arizona’s special needs students, it’s time to increase that cap for the sake of some of our state’s most vulnerable children.

BACKGROUND

Lexie’s Law was named after Lexie Weck who has autism and cerebral palsy. The public school was not meeting her needs. However, through the Credit for Contributions to School Tuition Organizations for Displaced and Disabled Students, Lexie was able to enroll in a private school where she made tremendous progress.¹ STO scholarships may be awarded only to students who have: 1) lived in foster care at any time prior to graduating from high school or obtaining a general equivalency diploma; or 2) been identified at any time as having a disability under Arizona or federal law.

The program has allowed many special needs students find success, but it costs tens of thousands of dollars per year to properly educate special needs students.² Five-million dollars goes fast, leaving many children like Lexie without the same opportunity to thrive in a private school that is equipped to meet their needs, simply because their parents are unable to afford the full tuition. Lexie’s Law does the following:

- Allows corporate and premium tax credits for donations to scholarship tuition organizations providing scholarships to disabled and displaced students
- Contains several budget-positive components: limits the scholarship awards to 90% of what would be allocated for the student in a public school and requires STOs to award 90% of scholarships to students switching from public schools to private schools

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WHAT SB 1041 DOES

SB 1041 simply increases the cap on this successful program. The cap of \$5,000,000 has not been increased since its inception in 2009.

SB 1041 raises the aggregate dollar amount of the tax credit cap beginning in fiscal year 2021-2022 to:

- \$10,000,000 for fiscal year 2021-2022
- \$15,000,000 for fiscal year 2022-2023
- \$20,000,000 for fiscal year 2023-2024
- For fiscal year 2024-2025 and each fiscal year thereafter, by 2%, or the percentage of the annual increase in the Metropolitan Phoenix Consumer Price Index; whichever is greater

TALKING POINTS

- **The cap has not been increased since the program's inception in 2009. That's twelve years of not meeting the needs of many more students who could benefit from this program. It's time to increase the cap and give these special children the education they deserve.**
- **Kids like Lexie deserve the opportunity to receive an education that their parents choose for them and that works.** Parent after parent of students benefiting from Lexie's Law report on the tremendous progress these students have made when they are placed in the right environment for learning.
- **This program saves the state money.** Public schools will save money by allowing more special needs students to receive appropriate accommodations at a private school. The scholarship amount is limited to 90% of what the state would have spent on the student, so the cost of the tax credit is more than offset.

CONCLUSION

Children with special needs especially deserve the opportunity to receive an education that meets their needs, whether that option is public or private. The \$5,000,000 cap on Lexie's Law hasn't been increased since it began twelve years ago. It's time to increase the cap and give these special children the education they deserve.

¹ For more on Lexie's story, visit the Institute for Justice's website at:

http://www.ij.org/index.php?option=com_content&task=view&id=2522&Itemid=208

² AZ Dept. of Education, Exceptional Student Services

<https://www.azed.gov/sites/default/files/2020/01/20.01.21%20-%20Fiscal%20Year%202020%20IDEA%20High-Cost%20Funding.pdf?id=5e276dd203e2b316ecd65cf9>