

Nevada Opportunity Scholarship

In 2015, lawmakers created a new tax credit program intended to provide better educational options for the children of low-income families. The Nevada Opportunity Scholarship allowed any Nevada business facing a tax liability under the Modified Business Tax to contribute money to a scholarship-granting organization and receive a dollar-for-dollar tax credit. The program was initially capped at \$5 million in total tax credits available per year, although it was adjusted for inflation.

In turn, nonprofit scholarship-granting organizations could use these funds to provide scholarships to families with a household income not more than 300% of the federal poverty level. These scholarships could finance private-school tuition, among other things. Scholarship-granting organizations could use no more than 5% of donations for administrative expenses, keeping the remaining 95% available for scholarships.¹

Following a change of leadership in 2019, lawmakers prohibited Opportunity Scholarships from being extended to any student who had not already received one.² This restriction was removed in 2021 as part of a legislative compromise to raise mining taxes.³ In 2023, Gov. Joe Lombardo proposed to expand the total tax credit that funds the program from \$6.65 million to \$25 million annually. Instead, lawmakers repealed the tax credit program entirely.

Key Points

Opportunity scholarships even the financial playing field. Educational choice has always been available to those who have money and can afford private-school tuition on their own. It has traditionally been less affluent children who were forced to remain in underperforming public schools, perpetuating a cycle of poverty in some communities. As a means-tested scholarship, opportunity scholarships benefit this specific demographic.

Opportunity scholarships are less costly per pupil than public school expenditures. The total value of Opportunity Scholarships varies by provider, but has ranged between \$3,805 and \$6,645 per student.⁴ By contrast, average spending per student in Nevada public schools was \$12,074 in FY 2021.⁵

This means Opportunity Scholarships don't just provide options to new students, but they result in increased per-pupil funding for students who remain in public schools. Every Opportunity Scholarship results in \$5,429 to \$8,269 in savings that can be allocated across students remaining in public schools.

Every child can learn. It's not just the wealthy elite who perform well in private schools. Low-income beneficiaries of school choice programs in Washington, D.C., Milwaukee, Florida and elsewhere have shown significant improvement after participating in choice programs for only a few years.⁶

Choice improves government schools. Despite opponents' claims that choice programs "cream" the best students away from government-run schools, empirical evidence shows that the presence of alternatives leads to higher test scores and graduation rates even for those who choose to remain in a government school.⁷

Recommendations

Reinstate and expand the Nevada Opportunity Scholarship. The Opportunity Scholarship has improved the educational landscape for thousands of low-income students. It should be made available to an increasingly large

¹ Nevada Legislature, 78th Session, Assembly Bill 165.

² Nevada Legislature, 80th Session, Senate Bill 551.

³ Nevada Legislature, 81st Session, Assembly Bill 495.

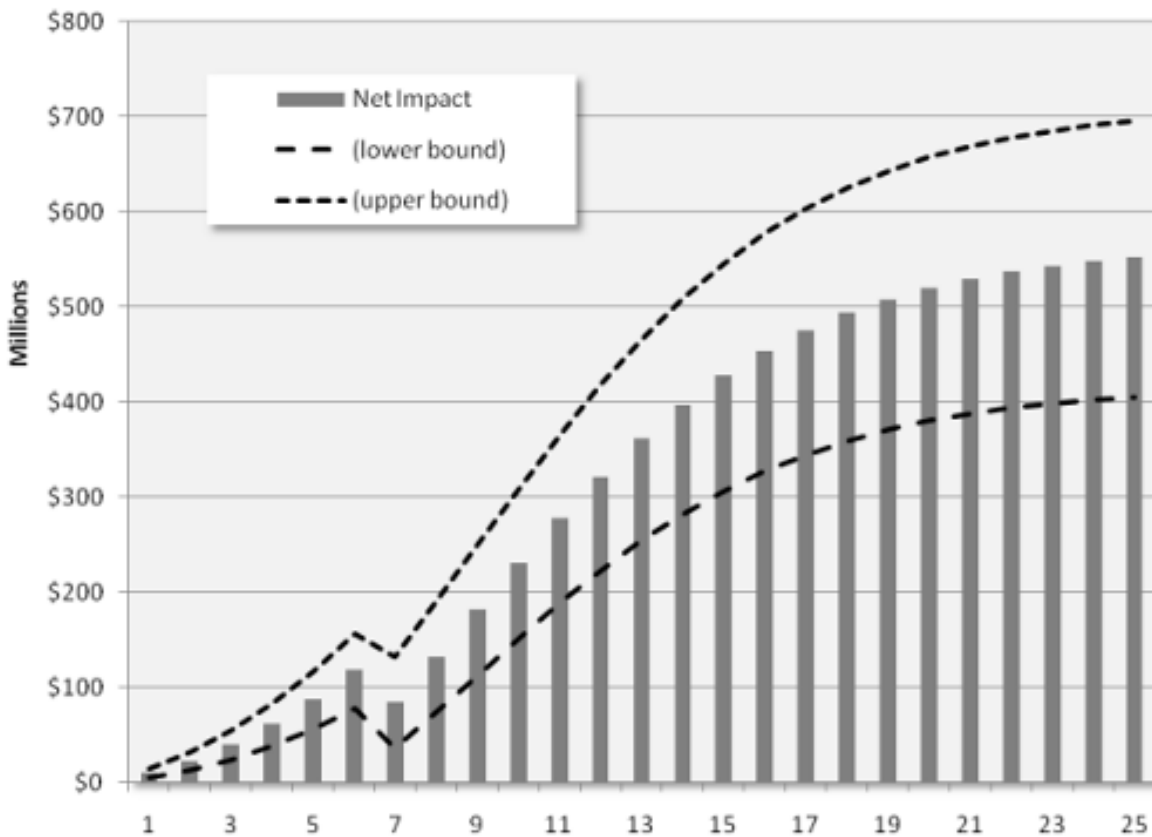
⁴ Nevada Educational Choice Scholarship Program 2017–2018 Report.

⁵ U.S. Department of Education, National Center for Education Statistics, Digest of Education Statistics, 2023.

population of students.

Nevada Policy has modeled the effect of making all families eligible to participate in the Opportunity Scholarship program and estimated it would result in a savings of \$590 million to \$1.3 billion over 10 years that could be reallocated across students who choose to remain in public schools.⁸

Net Fiscal Impact of Universal Opportunity Scholarships in Nevada, by Year



Source: Andrew J. Coulson, "Choosing to Save: The Fiscal Impact of Education Tax Credits on the State of Nevada," NPRI policy study, January 2009.

⁶ See, e.g., Greg Forster, Ph.D., "A Win-Win Solution: The Empirical Evidence on School Vouchers," The Foundation for Educational Choice, 2011.

⁷ Ibid.

⁸ Andrew J. Coulson, "Choosing to Save: The Fiscal Impact of Education Tax Credits on the State of Nevada," NPRI policy study, January 2009.