

Fact Sheet about School Tax Credits Proposed in 2007 & 2008

DETAILS ABOUT THE PROGRAM

This will set up a tax credit program that would allow any individual, small business or corporate tax payer to make a donation to a state approved private scholarship granting organization. Upon making the donation a tax payer would receive a 100% tax credit to pay any state taxes they owe. The total amount of tax credits available is capped at \$40 million statewide.

Once the scholarship granting organization has received these donations they can then give out scholarships to students worth an average of \$5,000 who in turn may use them to attend another public or private school of their choice. Only students who attend the St. Louis, Kansas City or Wellston School Districts will be eligible for this program. Further, to receive a scholarship a student must meet the following criteria:

- Attend a public school for the semester before a scholarship is granted or moving to Missouri and starting school in the state for the first time.
- A family income of 135% of the poverty level, which qualifies for the student for the reduced lunch program.
- Have a grade point average of 2.5 or LESS.

Scholarship-granting organizations must also meet fiscal responsibility requirements. They will be required to report statistical information and an annual audit to the state. In addition they will have to purchase a surety bond payable to the state in an amount equal to the aggregate amount of contributions expected to be received during the school year. To ensure efficiency they must also spend at least 90% of their donations on education scholarships.

Private schools must also meet certain requirements to become eligible to accept students for these scholarships:

- Comply with all health and safety laws or codes that apply to nonpublic schools;
- Hold a valid occupancy permit if required by their municipality;
- Certify that the qualified schools will not discriminate in admissions on the basis of race, color, national origin, religion, or disability;
- Provide academic accountability to parents of the eligible students in the program by regularly reporting to the parent on the student's progress.
- Continue to adhere to all state laws that apply to nonpublic schools regarding criminal background checks for employees, and exclude from employment any person prohibited by state law from working in a nonpublic school.
- Provide for the administration of the statewide assessments test under section 160.518, RSMo, or a nationally recognized norm-referenced assessment, to all educational scholarship recipients except those with individualized education plans that specify that such assessment would not be appropriate. Results shall be provided to parents of each educational scholarship recipient.

Finally, this program would sunset in six years and only be allowed to continue if re-authorized by the state legislature. The brief lifespan of the success scholarship program is

purposely capped in order for the legislature to gauge its effectiveness. A study will be conducted on the success of the students entering the program compared to their previous performance in the failing public school. The legislature will also evaluate the effectiveness of the schools in administering their responsibilities of the program.

CRITICISMS OF THE PROGRAM

Let's turn to some of the main arguments against the bill and why I feel many of them don't hold water.

1. The biggest thing many educators are confused about is that these tax credits are vouchers. They are not. Vouchers move tax dollars from public schools and make it available to private schools. They give the money to parents so they can use these 'vouchers' to pay for their child's education however they want.

This program is NOT a voucher. The tax credit offered in this program is no different than the over 50 other tax credit programs currently available under state law. This scholarship is completely different from a voucher; the money never comes into the states hands, it goes from a private individual, to a private foundation, to low-income parents. Because there is no government interference, the courts have ruled that these types of scholarships are not vouchers. The Florida Supreme Court did throw out a voucher program as unconstitutional; HOWEVER they left untouched the tax credit scholarship program that serves thousands of low income children. The Arizona Supreme Court echoed this decision and determined its tax credit scholarships program is constitutional and coherent with federal and state law. The ruled this way because giving a tax credit is inherently different than directly appropriating money from the state treasury.

2. The other big concern is that this program will take money out of public education. There are many reasons this is wrong. First, the Governor and House leaders have all committed, whether the scholarship bill passes or not, we will not cut education. We have stated that funding for education and the new foundation formula are a top priority; if we face a shortfall, we will search for funds outside of education. I will personally commit again that we will not cut education funding and will continue to increase educational spending in order to fully fund the new formula.

Remember these tax credits are capped at \$40 million. No state money will be appropriated, but we could have \$40 million less coming in because of the tax credits. This is no different from the other 50+ tax credit programs we have. As I mentioned earlier, tax credits by legal definition are not state appropriations. Even if the \$40 million were claimed we are committed to not allowing it to have any negative impact on Missouri's educational funding.

Also this program will actually increase funding to education. First, the student may opt to attend a public school with the scholarship, which would result in the new school getting extra funds. Another key point in this program is that the old school the student is leaving will **STILL**

receive the money for education the student even though that student is no longer attending. So even if the student chooses a private school the old school would have more money to spend on fewer students!

3. Another argument is that this program will take the best kids out of the public schools and send them to private institutions. This is simply incorrect. The bill clearly mandates that only students who have a GPA of 2.5 or LESS will be eligible for a scholarship. As you can see this program only targets struggling students in our three worst districts in the state.

4. A big concern is that the private schools will not have the same accountability put on them as public schools. Let's look at what the bill says they will have to do. There are four different accountability requirements these private schools must follow to ensure accountability.

1. Provide academic accountability to parents of the eligible students in the program by regularly reporting to the parent on the student's progress.
2. Participating students must take the MAP test or a nationally recognized norm-referenced assessment test. Results shall be provided to parents of each educational scholarship recipient.
3. A study will also be conducted to measure whether students receiving scholarships are actually performing better than they did in the failing public schools.
4. The whole program will sunset in six years unless re-authorized by the legislature. If the program does not work as some educators say, then they will have their proof.