

HCS HB 1783 & 1479 -- BETTY L. THOMPSON STUDENT SUCCESS
SCHOLARSHIPS TAX CREDIT PROGRAM

SPONSOR: Hoskins (Bearden)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on
Urban Issues by a vote of 7 to 3.

This substitute establishes the Betty L. Thompson Student Success Scholarships Tax Credit Program which authorizes a 100% tax credit beginning with the 2006 tax year for taxpayers who donate to a scholarship-granting organization if the donations are not claimed on the taxpayer's federal income tax return. The credit is non-refundable but may be carried forward for three years or transferred. The cumulative amount of tax credits cannot exceed \$40 million annually, indexed for inflation. Scholarships must average \$5,000, indexed for inflation.

Eligibility standards for students receiving scholarships include a grade point average of 2.5 or less; residence in the St. Louis, Kansas City, or Wellston School District; attendance at a public school for the semester before a scholarship is granted or starting school in the state for the first time; and a family income of 135% of the level which qualifies the student for the reduced lunch program. Scholarship-granting organizations must meet requirements for fiscal soundness, percentage of revenues devoted to educational scholarships, and public reporting. Private schools qualify to accept scholarship students by meeting requirements which include employee background checks and student assessments, among others. The substitute specifies how scholarship checks will be distributed.

Scholarships may also be used at public schools outside the eligible school districts. If the scholarship student attends another public school, the accepting school must take the educational scholarship funds instead of state funds owed to the accepting district.

The Joint Committee on Legislative Research will contract a study to measure student achievement, satisfaction with the program, and its impact on public and private schools.

The provisions of the substitute will expire six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$75,918 to \$40,075,918 in FY 2007, \$84,874 to \$41,284,874 in FY 2008, \$87,083 to \$20,187,083 in FY 2009. No impact on Other State Funds in FY 2007, FY 2008, and FY 2009.

PROPONENTS: Supporters say that they are concerned that many children from these areas are unable to read, write, add, and subtract. Students have different learning styles, and this requires different environments that support them. Access to quality education should be available to every child, especially high-risk and under-privileged children. The bill will address the great need for more opportunities for a good fit between a child and a school and will be well-received by parents and private schools.

Testifying for the bill were Representative Bearden; Lieutenant Governor; Dr. Greg Forester, Friedman Foundation; Columbia School District; Shawna and Cinnamon Sharp Holts; St. Louis Regional Chamber and Growth Association; Dr. Sarita Kazu; Danielle Whitmore Smith; Juanita Martinez, Central City School Fund; Paul Danauer; Missouri Chamber of Commerce and Industry; Missouri Catholic Conference; Rodney Boyd for St. Louis Mayor Slay; Children's Scholarship Fund of Kansas City; and Daniel Herbster, Tri-City Christian Schools.

OPPONENTS: Those who oppose the bill say that it will eventually decrease funding for the districts and there will be less money for those students remaining in the districts. Schools receiving the students and funding will not be held to the same level of scrutiny, testing, and standards as other schools. There is the potential of skimming off the better students in the district as has happened in the desegregation program in St. Louis.

Testifying against the bill were Senators Days, Coleman, and Wilson; Kansas City Civic Council; Greater Kansas City Chamber of Commerce; St. Louis Public Schools; Kansas City Missouri School District; Mary Armstrong, St. Louis Teachers Local 420; Missouri School Boards' Association; Missouri Parent Teachers Association/Education Roundtable; Missouri State Teachers Association; Missouri National Education Association; Cooperating School Districts of Greater Kansas City; Cooperating School Districts of Greater St. Louis; Missouri School Administrators Coalition; Missouri Association of School Business Officials; AFL-CIO; Ron Berry, Missouri Citizen Education Fund; and Dale Kinder.

Robert Triplett, Legislative Analyst