

HB 808 -- BETTY L. THOMPSON TAX CREDIT SCHOLARSHIPS

SPONSOR: Bearden

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Urban Education Reform by a vote of 8 to 0.

This bill establishes the Betty L. Thompson Scholarship Program which authorizes a tax credit beginning with the 2007 tax year for taxpayers who donate to an educational assistance organization if the donations are not claimed on the taxpayer's federal income tax return. The credit is for 65% of the amount of the contribution and is nonrefundable 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 may not exceed \$5,000, indexed for inflation. Thirty-two million dollars will be allotted for tax credit scholarships and \$8 million for public school foundations.

Eligibility standards for students receiving scholarships include a grade point average of 2.5 or less; residence in the St. Louis or Kansas City 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 no more than 35% above the qualifying amount for the reduced lunch program.

Educational assistance organizations must meet requirements for fiscal soundness, percentage of revenues devoted to educational scholarships, and public reporting. Private schools will qualify to accept scholarship students by meeting certain requirements which include employee background checks and administering state student assessments, among others. The bill specifies how scholarship checks will be distributed.

Scholarships may also be used at public schools outside the eligible school districts and they will have the right of first acceptance of scholarship students. 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 bill 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 2008, \$84,874 to \$41,284,874 in FY 2009, and

\$87,083 to \$8,126,083 in FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that when public education in an area becomes an instrument for submitting children to a life of low-literacy and underachievement, it is time for a change. Access to quality education should be available to every child, especially high-risk and under-privileged children.

Testifying for the bill were Representative Bearden; Lieutenant Governor Peter Kinder; Black Alliance for Educational Options; National Black United Front-St. Louis Chapter; Brian T. Johnson, Children's Educational Alliance of Missouri; Veronica O'Brien, President, St. Louis Board of Education; Missouri Catholic Conference; and St. Louis Regional Chamber and Growth Association.

OPPONENTS: Those who oppose the bill say it should address the challenges of urban public schools and seek to provide quality public schools for every child. The bill will diminish the state's capacity to fund proven programs that close achievement gaps and help students succeed.

Testifying against the bill were Kansas City Civic Council; Missouri National Education Association; Otto Fajen, Education Roundtable; Missouri School Administrators Coalition; Cooperating School Districts of Greater St. Louis; Missouri AFL-CIO, Missouri School Boards' Association; Missouri State Teachers Association; St. Louis Teachers and School-Related Personnel Union, Local 420; American Federation of Teachers-Missouri; Greater Kansas City Chamber of Commerce; and Ray Cummings.