

HCS HB 2188 -- SHOW ME OPPORTUNITY SCHOLARSHIP

SPONSOR: Matthiesen

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 7 to 2.

This bill establishes the "Show Me Opportunity Scholarship Program" to help ensure the education of students in Missouri.

Beginning January 1, 2019, this bill authorizes a tax credit for 75% of the amount of a qualifying contribution to a qualified nonprofit that is certified by the State Treasurer and allocates all of its annual revenue derived from contributions to qualified students. The tax credit is nonrefundable and nontransferable, but can be carried forward for one year. The tax credit cannot exceed \$10,000 per individual taxpayer or \$100,000 per taxpayer entity, and the annual cumulative amount of tax credits is limited at \$25 million, annually. Tax credits will be issued on a first-come, first-served basis.

The State Treasurer must evaluate and certify all nonprofits, publish a list of all qualified nonprofits, create a standardized form to report contributions, issue tax credit certificates, and have an independent CPA conduct a financial audit of any qualified nonprofit if it possesses evidence of fraud. In addition, the State Treasurer may ban a nonprofit from participating if it has failed to comply with program requirements.

A qualified nonprofit must meet certain requirements, including notifying the State Treasurer of its intent to provide scholarship accounts; being a 501(c)(3) organization; providing a receipt to taxpayers for contributions; ensuring that funds are used as specified in the bill; distributing scholarship payments four times per year or in one lump sum as specified, in an amount not to exceed the state adequacy target; providing the State Treasurer, upon request, with criminal background checks on all employees and board members; and demonstrating financial accountability and viability, as described in the bill.

Each qualified nonprofit must publicly report to the State Treasurer, by June 1 each year, the name and address of the organization, the name and address of each student who received contribution funds, the total number and dollar amount of contributions received during the previous calendar year, and the total number and dollar amount given to qualified students. An educational organization can contract with private financial management firms with the supervision of the state.

A qualified student is eligible to receive a scholarship up to \$8,000 annually if he or she is identified as having a disability, or proportion based on his or her family's income, as specified in the bill.

The program shall sunset after six years unless reauthorized by the General Assembly.

This bill is similar to HBs 1589 & 2307 (2016).

PROPOSERS: Supporters say that school choice is important to everyone, but especially the children who are most at risk. Not every student finds a traditional public school setting right for them. This bill empowers parents to choose the educational environment, public or private, secular or sectarian, that is best for their child's needs and not based on their finances. Education is viewed as vital by Orthodox Jews and has unquestionably been the key to their growth and success. The bill allows children to be eligible for a scholarship to cover tuition costs for K-12 education at a private school. Tax credits will be issued for donations from individuals and businesses.

Testifying for the bill were Representative Matthiesen; Scott Jensen, American Federation of Children; Hillel Anton, Agudath Israel of America; Lisa Smith; Courtne Scott-Cammarata; Missouri Education Reform Council; Missouri Treasurer's Office; and ExcelinEd in Action.

OPPOSERS: Those who oppose the bill say that this is public money going to private schools. Federal education is not the same in a private school. A public school is required to provide for all the needs of the child and provide an appropriate education based on the child's needs while a private school doesn't have the same requirements.

The benefit the donor gets is a tax credit. The overuse of tax credits reduces the state's ability to fund transportation, education, and other programs. Tax credit style vouchers divert public funds to private schools that are not subject to standards of accountability, transparency, and respect for the rights of students, parents, and staff as are applicable to district schools. Since the credit is capped the bill is not fair and equitable to all students in Missouri.

Testifying against the bill were School Administrators Coalition; Missouri School Boards Association; Missouri State Teacher's Association; Missouri National Education Association; and AFT Missouri.