

HB 2207 -- HCH SCHOLARSHIP PROGRAM

SPONSOR: Hoskins

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Urban Education Reform by a vote of 6 to 1.

This bill establishes the HCH Scholarship Program within the Department of Economic Development which authorizes a tax credit beginning January 1, 2009, for taxpayers who contribute to an educational assistance organization if the donations are not claimed on the taxpayer's federal income tax return. The credit will be 50% of the amount of the contribution and is nonrefundable but may be carried forward for three years. The cumulative amount of tax credits cannot exceed \$20 million annually, indexed for inflation; and scholarships may not exceed an average of \$5,000, indexed for inflation. Eighty percent of the scholarships must go to students from households that have an income no higher than 135% of the level needed to qualify for the federal reduced-price school lunch program, while the remaining 20% will be divided equally between students in the St. Louis City and Kansas City school districts without regard to parental income.

Eligibility criteria for students receiving scholarships include enrollment in any grade from kindergarten to grade six; residence in the St. Louis or Kansas City school district; and eligibility to attend a public school for the semester before a scholarship is granted or starting school in the state for the first time. Home schooled children are also eligible for a scholarship up to the amount of educational expenses, which will not include any payment for the parent's instructional services.

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.

The Department of Elementary and Secondary Education will contract for 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 December 31 six years from the effective date.

FISCAL NOTE: Estimated Effect on General Revenue Fund of a cost of \$67,952 to an income of \$0 in FY 2009, a cost of \$75,463 to

\$20,000,000 in FY 2010, and a cost of \$77,728 to an income of \$1,800,000 in FY 2011. No impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters say that many children in the St. Louis and Kansas City area are unable to read, write, and subtract. The bill will give those children an opportunity to obtain access to a quality education especially in their formative years.

Testifying for the bill were Representative Hoskins; John Scates; Maxine Johnson, Black Home Schools Of Missouri; and Bertha Gilkey Bonds, Black Alliance for Educational Options.

OPPOSERS: Those who oppose the bill say it does not meet the needs of all children. Public or state moneys should not be used to fund education in private schools.

Testifying against the bill were Kansas City School District; Missouri School Boards Association; Missouri State Teachers Association; and Missouri National Education Association.