

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3447-05
Bill No.: SCS for SB 581
Subject: Children and Minors; Education, Elementary and Secondary; Tax Credits;
 Taxation and Revenue - General; Teachers
Type: Original
Date: February 4, 2020

Bill Summary: This proposal establishes the “Show Me a Brighter Future Scholarship Act.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	\$0 to (\$301,767)	\$0 to (\$4,168,627) to (\$13,096,092) to (\$25,000,000)	\$0 to (\$4,585,490) to (\$14,405,701) to (\$27,500,000)	\$0 to (\$4,585,490) to (\$14,405,701) to (\$27,500,000)
Total Estimated Net Effect on General Revenue	\$0 to (\$301,767)	\$0 to (\$4,168,627) to (\$13,096,092) to (\$25,000,000)	\$0 to (\$4,585,490) to (\$14,405,701) to (\$27,500,000)	\$0 to (\$4,585,490) to (\$14,405,701) to (\$27,500,000)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
State School Moneys*	\$0	\$0	\$0	\$0
Show Me a Future Scholarship**	\$0	\$0 up to \$25,000,000	\$0 up to \$27,500,000	\$0 up to \$27,500,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 up to \$25,000,000	\$0 up to \$27,500,000	\$0 up to \$27,500,000

*Cost avoidance and loss of \$0 to approximately \$23 million annually and net to \$0.

**Not reported as "Net \$0" as it is subject to appropriation

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	4 FTE	0 FTE	0 FTE	0 FTE
Show-Me a Brighter Future Scholarship Fund	0 FTE	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 FTE	4 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Local School Districts	\$0	Could be less than (\$20,831,373)	Could be less than (\$22,914,510)	Could be less than (\$22,914,510)

FISCAL ANALYSIS

ASSUMPTION

Section 135.730 - 135.738 - Show Me A Brighter Future Scholarship Act

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposal creates the Show Me a Brighter Future Scholarship Fund, which grants scholarships to eligible students for qualifying schools. An eligible student is a member of a household whose total annual income in the year prior does not exceed an amount equal to two times the income standard used to qualify for free and reduced lunch; and attended a public school in the preceding semester or is starting school in the state for the first time; or received a scholarship grant from the program in the preceding semester; or is starting school in Missouri for the first time and is a sibling of a student already enrolled in the program. A qualifying school is any private school in the state that provides education to elementary or secondary students and has notified the state treasurer of its intention to participate. The qualifying school must be accredited by the North Central Association Commission on Accreditation and School Improvement or a similar accrediting body; annually administer a state or national achievement tests as set forth in section 160.518; comply with all health and safety laws; hold a valid occupancy permit; comply with employee criminal background checks; and require at least 80% of teachers hold bachelor's degrees.

Beginning with Tax Year 2021, a taxpayer may claim a tax credit for contributions to the Scholarship Fund in an amount equal to one hundred percent of the amount the taxpayer contributed during the tax year for which the credit is claimed, not to exceed 50 percent of the taxpayer's state tax liability. This credit may be carried forward for three subsequent tax years.

The cumulative amount of tax credits is capped at \$25 million per calendar year, unless the amount of tax credits claimed in the first tax year exceeds ninety percent of the tax credits available, then the amount of the tax credits available shall increase by ten percent in the subsequent year. This proposal may reduce General Revenue (GR) and Total State Revenues (TSR) up to a minimum of (\$25 million) starting on or after July 1, 2021 and up to a minimum of (\$27.5 million) annually starting on or after July 1, 2022. The total amount of tax credits in a year shall not exceed \$50 million.

This proposal may impact the calculation under Article X, Section 18(e).

Oversight notes this proposed legislation would allow a taxpayer to claim a tax credit for donations made to the Show Me a Brighter Future Scholarship Fund equal to one hundred percent (100%) of the donation made. The tax credit claimed may not exceed fifty percent (50%)

ASSUMPTION (continued)

of the taxpayer's state tax liability but may be carried forward to three subsequent tax years. Oversight notes taxpayer's may first begin claiming the tax credits created on their 2021 tax returns which are filed after January 1, 2022 (Fiscal Year 2022).

Officials from the **Missouri Department of Revenue (DOR)** assume, for all fiscal years beginning on or after July 1, 2021, any taxpayer who makes a qualifying contribution to the Show Me a Brighter Future Scholarship Fund set forth in section 135.736 may claim a credit against the tax otherwise due under chapter 143, other than taxes withheld under sections 143.191 to 143.265, and chapter 153, in an amount equal to one hundred percent (100%) of the amount the taxpayer contributed during the tax year for which the credit is claimed. This proposal states the cumulative amount of tax credits that may be allocated to all taxpayers contributing to the scholarship fund in the first year of the program shall not exceed twenty-five million dollars. If the amount of tax credits claimed in the first tax year exceeds ninety percent of the tax credits available, the amount of tax credits available shall increase by ten percent in the subsequent year.

DOR assumes this would impact GR by \$25 million in Year 1 and Up to \$27,500,000 in the second year and each year thereafter. DOR notes that a credit beginning on July 1, 2021 would not be reported until January 2022 (Fiscal Year 2022).

Oversight notes DOR assumes this proposed legislation would decrease GR by \$25 million in Fiscal Year 2022 and \$27.5 million each year thereafter.

Officials from the **Missouri State Treasurer's Office (STO)** state this proposed legislation requires STO to operate a tax credit program related to donations to the Show Me a Brighter Future Scholarship Fund.

STO does not operate tax credit programs and does not currently have the resources to absorb these duties. STO anticipates a minimum of four (4) FTEs being required to perform the functions noted in the bill; one (1) Director (\$84,925 annually), two (2) analysts (\$39,708 annually), one (1) clerk (\$24,744 annually).

STO has assigned these costs to the GR Fund as these duties are beyond the scope of permitted expenditures from the State Treasurer's General Operations Fund pursuant to Section 30.605, RSMo, which authorizes the STO to retain interest to fund office functions pertaining to the management of state funds. The basis point cap included within this section cannot absorb additional functions without being raised above 15 basis points.

ASSUMPTION (continued)

Oversight will show the need for the STO’s FTE(s) in this fiscal note. Oversight notes the Missouri State Treasurer’s Office is usually funded by the State Treasurer’s General Operating Fund (0164); however, as mentioned by STO, the State Treasurer’s General Operating Fund can not absorb the costs reported. This proposed legislation allows for administrative costs to be paid out of the Show-Me a Brighter Future Scholarship Fund. Therefore, for the purposes of this fiscal note, Oversight will credit the administrative costs reported by STO to the Show-Me a Brighter Future Scholarship Fund.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** assume GR and TSR may be reduced by a range from (\$4,168,023) to (\$13,096,404) once fully implemented.

Basic data

\$25,000,000 Tax Credit Cap

÷ \$6,375 state adequacy target at full funding for non-special education students

= 3,921 maximum number of available scholarships for non-special education students

÷ \$11,156 (\$6,375 x 1.75) state adequacy target at full funding for special education students

= 2,241 maximum number of available scholarships for special education students

2018-2019 State Funding	\$4,347,446,561
2018-2019 Regular Term ADA* ¹	818,473
Total State Revenue per pupil by regular term ADA	\$5,312

* ADA - Average Daily Attendance

1. Average daily attendance (ADA) is attendance hours reported per student ÷ hours eligible per student. Enrollment is the number of students formally enrolled in a district who could be in attendance on any given day. ADA is typically slightly lower than the enrollment number. Since state aid is paid based on ADA, the revenue per pupil is calculated by ADA.

If scholarship recipients are all non-special education public school students (or are incoming kindergartners who would be going to non-public schools) who use the scholarship at a non-public school the cost to the state would be (\$4,168,023).

3,921	scholarships
× \$1,063	(\$6,375 scholarship amount - \$5,312 average funding level/pupil)
<u>\$4,168,023</u>	Cost to state

ASSUMPTION (continued)

If scholarship recipients are all special education public school students (or incoming kindergartners who would be going to non-public schools) who use the scholarship at a non-public school the cost to the state would be (\$13,096,404).

2,241	scholarships
<u>× \$5,844</u>	(Difference between average state funding per pupil and scholarship amount)
\$13,096,404	Cost to state

Oversight notes DESE assumes GR and TSR would be reduced by a range of (\$4,168,023) to (\$13,096,404) annually (assuming the tax credit program cap remains at \$25,000,000 for all years).

Oversight notes DESE used the potential revenues available for scholarships (\$25,000,000) and divided the maximum amount of funding by the state adequacy target for both non-special education students as well as for special education students then multiplied the number of potential students by the cost per pupil to provide the range.

In response to the previous version of this proposed legislation, officials from the **City of St. Charles School District (School District)** state this proposed legislation will take up to (\$25 million) from GR. This leaves a (\$25 million) dollar impact on funds available to pay for the state's obligations to the Foundation Formula. Impact on the School District is unknown at this time, as it would be for all school districts. However, it is assumed this would hinder efforts to fully fund the Foundation Formula and at the same time divert state tax revenues to private and sectarian organizations.

Oversight notes this proposed legislation creates a tax credit program specific to donations made to the Show Me a Brighter Future Scholarship Trust Fund (Fund). The tax credit program created would authorize a tax credit to be awarded to a taxpayer who makes a donation to the Fund equal to one hundred percent (100%) of the donation, to be used to offset tax(es) under Chapter 143, excluding Withholding Tax, and Chapter 153. The taxpayer may claim the tax credit received up to fifty percent (50%) of the taxpayer's state tax liability. If the tax credit awarded is in excess of fifty percent (50%) of the taxpayer's state tax liability, the tax credit may be carried forward to three subsequent tax years.

Oversight notes this tax credit program has an established cap of \$25 million per fiscal year. This cap is subject to increase by ten percent (10%) if, in the first year of the tax credit program (July 1, 2021 - June 30, 2022; Fiscal Year 2022), the total amount of tax credits claimed exceed ninety percent (90%) of the amount available. Oversight assumes if the total amount of tax credits claimed exceed \$22.5 million (\$25 million * 90%), the cap, beginning Fiscal Year 2023, would become \$27.5 million (\$25 million + (\$25 million * 10%) in which it would remain each year thereafter.

ASSUMPTION (continued)

Oversight assumes the established cap(s) will be claimed annually. Therefore, Oversight estimates the tax credit would reduce GR and TSR by \$25 million in Fiscal Year 2022 and \$27.5 million each year thereafter.

Oversight notes this proposed legislation further states the total amount of tax credits available in a year shall not exceed fifty million dollars. As this proposed legislation is currently written, Oversight assumes the cumulative amount of tax credits available each year after the first year will remain at and not exceed \$27.5 million. The provisions of this proposed legislation allows for an increase in the tax credit cap of ten percent following the first year of the tax credit program provided the cumulative amount of tax credits claimed in the first year exceed ninety percent (90%) of the \$25 million cap. Oversight assumes only one increase can occur; in the second year of the tax credit program.

Oversight notes DESE estimates approximately 3,921 ($\$25,000,000 / \$6,375$) non-special education students could receive scholarships in an amount not to exceed the state adequacy target of \$6,375. DESE has indicated that total state funds applied per student by regular term ADA is \$5,312.

Oversight assumes, if the state funding for 3,921 students is no longer required, as these students would be required to enroll/attend a private school that has elected to participate in this program or a public school outside the district of the student's residency that has elected to participate in this program, the state would recognize a savings of \$20,831,373 ($(\$25,000,000 / \$6,375) * \$5,312$). The savings recognized from the state funding of the students in conjunction with the revenue reduction specific to the tax credit program (\$25 million) would result in a net reduction to GR and TSR equal to (\$4,168,627) [$\$25,000,000 - \$20,831,373$] provided all students are non-special education students.

Oversight notes DESE estimates approximately 2,241 ($\$25,000,000 / \$11,156$) special education students could receive scholarships equal to the state adequacy target of \$11,156 (state adequacy target for these students is the state adequacy target * 1.75%). DESE has indicated that the total state funds applied per student by regular term ADA is \$5,312.

Oversight assumes, if the state funding for 2,241 students is no longer required, as these students would be required to enroll/attend a private school that has elected to participate in this program or a public school outside the district of the student's residency that has elected to participate in this program, the state would recognize a savings of \$11,903,908 ($(\$25,000,000 / \$11,156) * 5,312$). The savings recognized from the state funding of the students in conjunction with the revenue reduction specific to the tax credit program (\$25 million) would result in a net reduction of GR and TSR equal to (\$13,096,092) [$\$25,000,000 - \$11,903,908$] provided all students are special education students.

ASSUMPTION (continued)

Oversight notes the savings to the state for not funding the foundation formula for special education students could be more than \$5,312 per student, depending upon various circumstances. For fiscal note purposes, Oversight will use the \$5,312 WADA.

Oversight notes, if the tax credit program is utilized in excess of ninety percent (90%) of the amount available in the first year of the tax credit program, the tax credit program cap will increase by ten percent (10%). If this occurs, Oversight assumes net GR and TSR reductions to range from (\$4,585,490 - all students are non-special education students) to (\$14,405,701 - all students are special education students).

Oversight also notes the tax credits issued and funds to the Show Me a Brighter Future Scholarship Fund would begin July 1, 2021 (Fiscal Year 2022). Oversight assumes that a tax credit equal to one hundred percent of a donation provides enough incentive to donors that the maximum cap of \$25 million will be reached in the first fiscal year and \$27.5 million each year thereafter. This also provides the notion that \$25 million will be available in the Show-Me a Brighter Future Scholarship Fund for scholarships the first year and \$27.5 million each year thereafter.

Oversight notes the revenues in the Show Me a Brighter Future Scholarship Fund are to be used to provide scholarship grants to qualified students and to pay for personal service, equipment, and other expenses of the Treasurer related to the administration of the Show-Me a Brighter Future Scholarship Program. The grants are to be deposited into an eligible students or a special education eligible student's 529 savings account.

Oversight further notes the allowance of the State Treasurer's Office to make scholarship grants and to pay for personal service, equipment, and other expenses of the Treasurer related to the administration of the Show-Me a Brighter Future Scholarship Program is subject to appropriation by the General Assembly. Oversight assumes, even if the fund is wholly funded, scholarship grants would not occur unless appropriated by the General Assembly.

Officials from the **Joint Committee on Administrative Rules (JCAR)** assume this proposal is not anticipated to cause a fiscal impact beyond current appropriations.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

ASSUMPTION (continued)

In response to the previous version of this proposed legislation, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year’s legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
GENERAL REVENUE FUND				
<u>Revenue Reduction -</u> (Section 135.732) - Tax credit for donations made to Show Me a Brighter Future Scholar Ship Fund	\$0	(\$25,000,000)	(\$27,500,000)	(\$27,500,000)

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
<u>Savings/Cost</u>				
<u>Avoidance - (Section</u>				
135.734) - State				
Schools Money				
Fund transfers				
decreased due		\$0 to	\$0 to	\$0 to
transfer of qualified		\$11,903,908 or	\$13,094,299 or	\$13,094,299 or
students to private		\$0 to	\$0 to	\$0 to
schools	\$0	\$20,831,373	\$22,914,510	\$22,914,510
<u>Costs - STO -</u>				
(Section 135.732)				
	\$0 Up To			
Personal Service	(\$157,571)	\$0	\$0	\$0
Fringe Benefits	(\$90,729)	\$0	\$0	\$0
Equipment and				
Expense	(\$53,467)	\$0	\$0	\$0
<u>Total Cost -</u>	(\$301,767)	\$0	\$0	\$0
FTE Change - STO	4 FTE	0 FTE	0 FTE	0 FTE
ESTIMATED NET		<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
EFFECT ON		<u>(\$4,168,627) to</u>	<u>(\$4,585,490) to</u>	<u>(\$4,585,490) to</u>
GENERAL		<u>(\$13,096,092) to</u>	<u>(\$14,405,701) to</u>	<u>(\$14,405,701) to</u>
REVENUE FUND	<u>\$0 to (\$301,767)</u>	<u>(\$25,000,000)</u>	<u>(\$27,500,000)</u>	<u>(\$27,500,000)</u>
Estimated Net FTE				
Change on General				
Revenue	4 FTE	0 FTE	0 FTE	0 FTE

FISCAL IMPACT -
State Government
 (continued)

FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**STATE SCHOOL
 MONEYS FUND**

Cost Avoidance -
 (Section 135.734) -
 General Revenue
 decreased ADA for
 transfer of qualified
 students

\$0 to	\$0 to	\$0 to
\$11,903,908 or	\$13,094,299 or	\$13,094,299 or
\$0 to	\$0 to	\$0 to
\$0	\$20,831,373	\$22,914,510

Loss - (Section
 135.734) - Schools
 decreased ADA for
 transfer of qualified
 students

<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
<u>(\$11,903,908) or</u>	<u>(\$13,094,299) or</u>	<u>(\$13,094,299) or</u>
<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
<u>\$0</u>	<u>(\$20,831,373)</u>	<u>(\$22,914,510)</u>

**ESTIMATED NET
 EFFECT ON
 STATE SCHOOLS
 MONEY FUND**

\$0	\$0	\$0	\$0
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**SHOW ME A
 BRIGHTER
 FUTURE
 SCHOLARSHIP
 FUND**

<u>Income</u> - donations from taxpayers	\$0	\$0 up to \$25,000,000	\$0 up to \$27,500,000	\$0 up to \$27,500,000
 <u>Cost</u> - STO - (Section 135.732)				
Personal Service	\$0	\$0 up to (\$190,976)	\$0 up to (\$192,886)	\$0 up to (\$194,813)
Fringe Benefits	\$0	\$0 up to (\$109,503)	\$0 up to (\$110,137)	\$0 up to (\$110,777)
Equipment and Expense	\$0	\$0 up to (\$21,730)	\$0 up to (\$22,274)	\$0 up to (\$22,831)
Total Cost	\$0	\$0 up to (\$322,209)	\$0 up to (\$325,297)	\$0 up to (\$328,421)
FTE Change - STO	0 FTE	0 to 4 FTE	0 to 4 FTE	0 to 4 FTE
 <u>Cost</u> - Scholarships	 \$0	 \$0 up to <u>(\$25,000,000)</u>	 \$0 up to <u>(\$27,500,000)</u>	 \$0 up to <u>(\$27,500,000)</u>

**ESTIMATED NET
 EFFECT TO THE
 SHOW ME A
 BRIGHTER
 FUTURE
 SCHOLARSHIP
 FUND**

<u>\$0</u>	<u>\$0 up to \$25,000,000</u>	<u>\$0 up to \$27,500,000</u>	<u>\$0 up to \$27,500,000</u>
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<u>FISCAL IMPACT -</u> <u>Local Government</u>	<u>FY 2021</u> <u>(10 Mo.)</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>Fully</u> <u>Implemented</u> <u>(FY 2024)</u>
<u>LOCAL PUBLIC SCHOOL DISTRICTS</u>				
<u>Savings - School Districts - Transfer of qualified students out of the school district (Section 135.734)</u>	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>Loss - of state funding Schools decreased ADA for transferred students</u>	<u>\$0</u>	<u>\$0 to (\$11,903,908) or (\$20,831,373)</u>	<u>\$0 to (\$13,094,299) or (\$22,914,510)</u>	<u>\$0 to (\$13,094,299) or (\$22,914,510)</u>
<u>ESTIMATED NET EFFECT ON LOCAL PUBLIC SCHOOL DISTRICT FUNDS</u>	<u>\$0</u>	<u>Less than (\$20,831,373)</u>	<u>Less than (\$22,914,510)</u>	<u>Less than (\$22,914,510)</u>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that makes a donation to the Show Me a Brighter Future Scholarship Fund as they could receive a tax credit to reduce the state income tax. (Section 135.732)

FISCAL DESCRIPTION

For all fiscal years beginning on July 1, 2021, any taxpayer who makes a qualifying contribution to the Show Me a Brighter Future Scholarship Fund set forth in the act may claim a tax credit equal to 100% of the total contribution. The amount of the tax credit claimed by an individual taxpayer or a married couple filing jointly shall not exceed 50% of the taxpayer's state tax liability for the year in which the credit is claimed, nor shall a corporate taxpayer claim a tax credit in excess of 50% of such taxpayer's state tax liability for the year.

FISCAL DESCRIPTION (continued)

The Department of Revenue shall create a receipt to be issued to a taxpayer to indicate the value of a contribution received. The State Treasurer shall certify the tax credit amount to the taxpayer. Such credit may be carried forward to any of the taxpayer's three subsequent tax years. No tax credits authorized under the program shall be transferred, sold, or assigned, and are not refundable.

The cumulative amount of tax credits that may be allocated to all taxpayers contributing to the scholarship fund in the first year of the program shall not exceed \$25 million. If the amount of the tax credits claimed in the first tax year exceeds 90% of the tax credits available, the amount of tax credits available shall increase by 10% in the subsequent year, except that the total amount of tax credits available in a year shall not exceed \$50 million. Tax credits shall be allocated by the State Treasurer on a first come, first served basis.

A taxpayer who makes a contribution to the scholarship fund shall not designate the student who will receive a scholarship grant. (Section 135.732)

The State Treasurer shall adopt rules and procedures necessary to implement the provisions of this act, including rules setting forth the procedure for awarding scholarship grants in the order of preference set forth in the act, reporting requirements, responsibilities of a parent of an eligible student, and responsibilities of an eligible student's district of residence.

The State Treasurer shall also provide each eligible student an explanation of a qualifying private school's special education program, as set forth in the act.

Under this act, an eligible student is any student who is a member of a household whose total annual income does not exceed an amount equal to two times the income standard used to qualify for free and reduced price lunch, who has attended a public school in the preceding semester or is starting school in the state for the first time, received a scholarship grant from the program in the preceding year, or who is starting school in Missouri for the first time and is a sibling of a student already enrolled in the program.

The dollar amount of a scholarship grant awarded to an eligible student shall not exceed the state adequacy target, or the actual tuition at a qualifying school, and the amount of a scholarship grant awarded to a special education eligible student shall not exceed an amount equal to the state adequacy target multiplied by 1.75, or the actual tuition at a qualifying school.

Scholarship funds in a qualified tuition savings account shall only be used for payment of tuition at a qualifying school, including special education services.

FISCAL DESCRIPTION (continued)

The State Treasurer may bar a parent from future participation in the program if the State Treasurer establishes that the parent has intentionally or negligently spent scholarship grant funds for a purpose other than that allowed under the act or by rule.

Six years after the program has gone into effect, the State Treasurer shall issue a report on the state of the program, which shall include information regarding the finances of a qualified school, the educational outcomes of eligible students, and the results of annual parental satisfaction surveys.

The State Treasurer shall provide a standardized format for qualifying schools to provide the results from an annual parental satisfaction survey, which shall include certain elements set forth in the act. (Section 135.734)

This act establishes the "Show Me a Brighter Future Scholarship Fund" within the State Treasury. Subject to appropriation, moneys in the fund shall be used solely by the State Treasurer to make scholarship grants and to pay for personal service, equipment, and other expenses of the State Treasurer related to the administration of this act. (Section 135.736)

The Missouri Sunset Act shall not apply to this act. (Section 135.738)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Office of Administration - Budget & Planning Division
Missouri Department of Revenue
Missouri State Treasurer's Office
Missouri Department of Elementary and Secondary Education
St. Charles School District
Joint Committee on Administrative Rules
Missouri Secretary of State's Office



Julie Morff
Director
February 4, 2020



Ross Strope
Assistant Director
February 4, 2020