

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3857S.01I
Bill No.: SB 1118
Subject: Education, Elementary and Secondary; State Treasurer
Type: Original
Date: February 19, 2024

Bill Summary: This proposal modifies provisions relating to the Missouri Empowerment Scholarship accounts program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume §135.713.3 RSMo, does not appear to modify Department of Elementary and Secondary Education's (DESE) responsibilities for the Empowerment Scholarship, but could increase the number of students qualified for the scholarship. DESE may have additional Formula Funds to pay out until this provision expires but there is no way to calculate what that impact could be at this time.

Officials from the **Office of the State Treasurer (STO)** note the proposal will have a direct fiscal impact on STO as the potential program expansion would then cause an uptick in tax credits to donors.

Oversight assumes this proposal modifies the definition of "qualified student" to expand which students may qualify for a Missouri empowerment scholarship account. However, Oversight notes this proposal does not increase the tax credit.

For purposes of this fiscal note, **Oversight** will not show an additional cost from expanding the definition of qualified student as the full value of the tax credit cap (full participation) was accounted for in HB 349 (2021) & SB 86 (2021). Increasing the number of students who may participate will not impact the amount of tax credits.

Oversight, for informational purposes, requested additional information from the STO below:

Number of Student Awarded (by Grade Level) 2022-2023 School Year														
EAO Name	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
Agudath Israel	30	22	2	0	2	3	2	1	1	7	2	1	2	75
Bright Futures	112	87	19	21	14	21	23	14	7	40	3	3	0	364
Children's Tuition	6	9	2	0	0	0	4	3	1	2	0	1	1	29
Herzog Tomorrow	160	143	14	24	39	36	45	57	35	30	9	8	4	604
Missouri District	21	15	3	7	12	11	9	7	2	7	1	2	0	97
Today and Tomorrow	28	20	5	6	10	18	26	11	18	27	11	8	3	191
Total	357	296	45	58	77	89	109	93	64	113	26	23	10	1360

Number of Student Awarded (by Grade Level) 2023-2024 School Year														
EAO Name	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
Agudath Israel	23	21	27	11	3	1	5	6	2	4	6	5	2	116
Bright Futures	154	107	119	59	40	34	43	37	25	51	28	23	4	724
Children's Tuition	9	11	4	7	3	2	1	4	2	2	1	3	2	51
Herzog Tomorrow	12	83	158	35	26	29	40	33	35	38	22	15	9	535
Missouri District	14	20	20	7	6	14	22	8	6	8	4	6	1	136
Today and Tomorrow	43	54	27	19	32	23	39	36	32	67	27	21	15	435
Total	255	296	355	138	110	103	150	124	102	170	88	73	33	1997

Additionally, officials from the **STO** noted:

Scholarships are funded through tax credit based donations made directly to a certified Educational Assistance Organization (EAO). Each EAO awards scholarships from these donations. The fund the STO uses for administration and marketing is not used to award scholarships.

The EAOs awarded 1,360 students scholarships in the 2022-2023 school year at a total of \$7,733,022.

The EAOs awarded 1,997 students scholarships in the 2023-2024 school year at a total of \$12,730,875.

Oversight notes that the average scholarship per pupil were as follow:

2022-2023 - **\$5,686** (\$7,733,022/1,360)

2022-2024 - **\$6,375** (\$12,730,875/1997)

Officials from the **Office of Administration – Budget & Planning (B&P)** and **Department of Revenue** both assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR and B&P organizations.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for the CKC.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

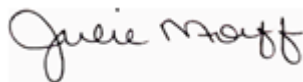
FISCAL DESCRIPTION

This proposal appears to have no direct fiscal impact.

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

Office of the State Treasurer
 Department of Elementary and Secondary Education
 Department of Revenue
 Office of Administration – Budget & Planning
 City of Kansas City
 Joint Committee on Administrative Rules
 Office of the Secretary of State



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 Director
 February 19, 2024



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 Assistant Director
 February 19, 2024