

HCS HB 349 -- EMPOWERMENT SCHOLARSHIP ACCOUNTS

SPONSOR: Christofanelli

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Elementary and Secondary Education by a vote of 11 to 7.

The following is a summary of the House Committee Substitute for HB 349.

This bill creates the "Missouri Empowerment Scholarship Accounts Program" and specifies that any taxpayer may claim a tax credit, not to exceed 50% of the taxpayer's state tax liability, for any qualifying contribution to an educational assistance organization for all fiscal years beginning on or after July 1, 2021. The cumulative amount of tax credits issued in any one calendar year shall not exceed \$50 million. In any year that the total tax credits issued is 90% of the total the cap on credits will be raised by 10% in the subsequent year. Each educational assistance organization (EAO) shall meet certain requirements and provide specified information during an annual audit.

The Department of Revenue shall provide a standardized format for a receipt to be issued by the EAO to indicate the value of a contribution received as well as a standardized format for EAOs to report the information. The State Treasurer or State Auditor may conduct an investigation if he or she possesses evidence of fraud committed by the educational assistance organization. The EAO may be barred from participating in the program if it is found to have intentionally and substantially failed to comply with certain requirements. In addition, the State Treasurer shall issue a report on the Missouri Empowerment Scholarship Accounts program five years after its effective date. Each EAO shall ensure that student recipients are tested to measure learning gains in math and English, and report these results along with graduation rates, college attendance, and a parental survey as specified in the bill. The state treasurer shall provide this data to the public via a state website after the 3rd year of collection.

A qualified student may receive a grant to be deposited in the student's Missouri Empowerment Scholarship Account if he or she is a resident of Missouri, and has an individualized education plan (IEP) or has attended a public school as specified in the bill, is entering Kindergarten or first grade, or is attending school for the first time. Missouri Empowerment Scholarship Accounts are renewable on an annual basis. Moneys deposited into the account shall be used for specified services and fees. If a qualified student withdraws from the program, is disqualified from the

program, or graduates, the student's account shall be closed and remaining funds shall be returned to the educational assistance organization for redistribution to other qualified students.

Beginning in the 2023-24 school year the bill requires the State Treasurer to conduct or contract for annual audits of empowerment scholarship accounts to ensure compliance.

Any person who is found to have knowingly used moneys granted under the provisions of this bill other than the purposes provided, shall be guilty of a class A misdemeanor.

This bill is similar to HB 1733 (2020) and HB 478 (2019).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that providing parents an opportunity to make a choice for their students education is a fundamental right. This bill provides parents with support that will allow them to make a choice that will impact their children's education. Using the education scholarship money to supplement tuition or get tutoring can provide that little extra that is needed. Supporters stated that education can be more of an ala carte menu where parents and students can make reasonable choices on what best suits their needs.

Testifying for the bill were Representative Christofanelli; Sarah Slay-Norden; Izabella Uccello; Missouri Century Foundation; American Federation for Children; Kimberlee Gill, Summit Christian Academy and Association of Christian Schools International; Marcus Richardson; Rebecca Uccello; and Scott Williams.

OPPONENTS: Those who oppose the bill say that this bill could siphon more than 500 million from the General Revenue over the course of 10 years, and that the state has obligations that they don't currently meet such as transportation costs and withholdings. This language does not provide accountability and only meets two of 10 criteria established for a quality program.

Testifying against the bill were Patrick S. Lane; Dr. Daniel N. Clemens, North Kansas City School District; Janet Stiglich; Missouri State Teachers Association; American Federation of Teachers; Missouri Association of School Administrators; and Missouri National Education Association.