

Messenger

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Missouri Rolls Out School Choice Scholarship Program

School choice advocates take note! The Missouri Treasurer's office is rolling out the new Missouri Empowerment Scholarship Accounts (ESA) program, passed into law in 2021, that allows qualifying students to apply for a scholarship to attend a private or other qualifying school. Scholarships are funded by donations made to scholarship granting organizations called education assistance organizations (EAOs), which distribute the scholarships and provide donors with a state tax credit equal to the amount of their donation. The total amount of tax credits available is currently capped at \$25M, limiting the number of scholarships available to around 3,900. Each scholarship is \$6,375, which is the state "adequacy target," the amount of money the state allocates to public school districts for each public-school student.

Education scholarships like these have been a priority for school choice advocates for years, including the Missouri Catholic Conference, but passing such a bill in Missouri has proven elusive until last year. House Bill 349, sponsored by Rep. Phil Christofanelli (R-St. Charles), passed the House early in the 2021 legislative session with just 82 votes, the minimum required for passage, before heading to the Senate. The bill was expected to face significant resistance on the Senate floor, but once it was brought up for a vote in the final weeks of session, the Senate voted 20 in favor and 13 against, sending the bill to the governor, who signed it on July 14th.

Since that time, the Missouri Treasurer's office has selected the education assistance organizations that will distribute the tax credits and the scholarships. It has also published regulations governing the program.

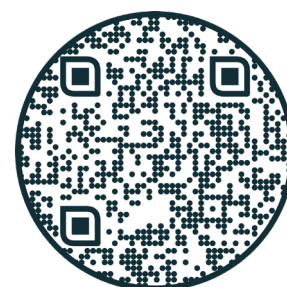
In this *Messenger*, you'll learn more about the program, including which students qualify, donation standards and EAO regulations.



MCC FROM THE
CAPITOL

The accompanying episode of MCC from the Capitol features guests Jeremy Lillig from the Bright Futures Fund and Nicolette Gibson from MoCAPE. Join along as we dive into the program, how it works, and what it means for the students in your life.

Scan here to listen



Who qualifies for the Missouri ESA program?

The Missouri ESA program, MOScholars, provides scholarship accounts for qualified students using tax credit- leveraged contributions from private donors.

Qualified students, in order of priority, are defined as:

- Any elementary or secondary school student who is a resident of Missouri and resides in an eligible city or county (a county with a charter form of government, or any city with at least 30,000 residents), who:
- Has an approved "individualized education plan" (IEP) developed under the federal Individuals with Disabilities Education Act (IDEA). The term "individualized education plan" means: An individualized education program (IEP) as defined in 20 U.S.C. §1414(d)(1)(A)(i); or
- An individual service plan (ISP) that is developed in cooperation with a local educational agency under the IDEA, specifically those provisions pertaining to parentally placed private school children found in 20 U.S.C. §1412(a)(10) and 34 CFR §300.132(b).
- Any IEP or ISP that is proffered for program eligibility must be dated within thirty-six months of the date of the student's application to the program.
- Students with ISPs that are not developed under the IDEA are not eligible.

OR

- Lives in a household whose total annual income does not exceed 100% of the free and reduced lunch rate; and, Attended a public school as a full-time student for at least one (1) semester during the previous twelve (12) months; or Is a child who is eligible to begin kindergarten or first grade.

If funding remains available after all students who meet these qualifications have been served, then the next category of qualified student is any student who: Is a member of a household whose total annual income does not exceed 200% of the standard used to qualify for free and reduced lunches and meets at least one of the following qualifications:

- Attended a public school as a full-time student for at least one (1) semester during the previous twelve (12) months; or Is a child who is eligible to begin kindergarten or first grade.

What expenses do scholarship funds cover?

Scholarship funds may be used only for eligible program expenses, including: Tuition or fees at a qualified school; Textbooks required by a qualified school; Educational therapies or services from a licensed or accredited practitioner or provider including, but not limited to, licensed or accredited paraprofessionals or educational aides; Tutoring services; Curriculum; Tuition or fees for a private virtual school; Fees for a nationally standardized norm-referenced achievement test, advanced placement examinations, international baccalaureate examinations, or any examinations related to college or university admission; Fees for management of the Missouri empowerment scholarship account by firms selected by the EAO; Services provided by a public school including, but not limited to, individual classes and extracurricular programs; Computer hardware or other technological devices that are used to help meet the qualified student's educational needs and that are approved by an EAO; Fees for summer education programs and specialized after-school education programs; Transportation costs for mileage to and from a qualified school.

Funding Scholarship Accounts

Certified EAOs will utilize MOScholars tax credits to solicit contributions from eligible donors. Donors reserve tax credits through the MOScholars online system, then make a contribution to the certified EAO. The contribution is used to fund scholarships, and the donor receives a tax credit that is used to offset their Missouri tax liability under sections 143 and 153.

The certified EAO is responsible for accepting eligible contributions and submitting supporting documentation from eligible donors, then providing donors with a State Treasurer's Office (STO) approved receipt for the contribution.

See the donation process graphic on the next page

Eligible Contributions

Eligible contributions are monetary donations of \$500 or more, including: Checks drawn on a US banking institution; Money orders; Electronic funds transfers

MOScholars Tax Credits - Special Features and Limitations

- The credit is equal to 100% of a contribution to a certified EAO, not to exceed 50% of the donor's state tax liability for the tax year the credit is used.
- Any portion of the tax credit not used against Missouri tax liability in the year it was first claimed may be carried forward for four (4) subsequent tax years.
- The contribution date is the date the funds are deposited in the EAO's account.
- Tax credit contributions cannot be designated for a particular student.
- The tax credit is not sellable, transferrable, or refundable.
- Prior to issuing tax credits to donors, the Missouri Department of Revenue will check for tax delinquencies and offset any donor credits accordingly.



MOScholars Organization Eligibility

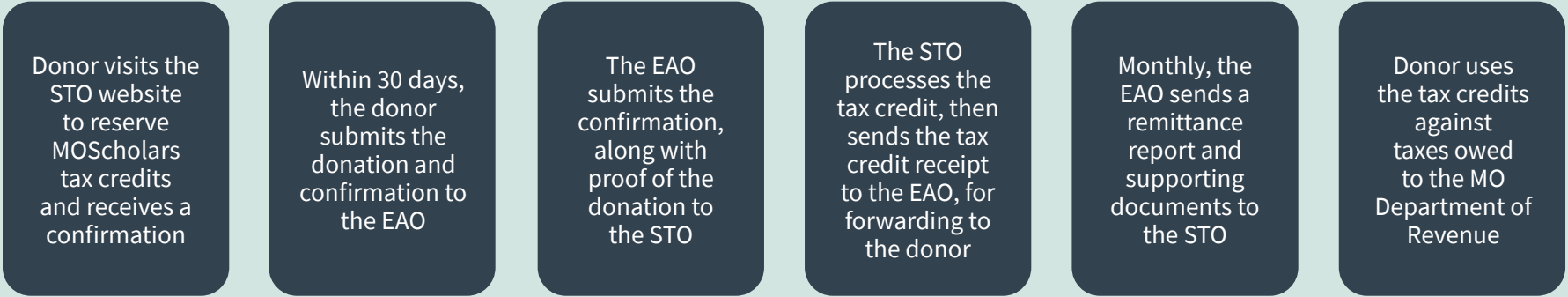
An EAO is a nonprofit organization that, after being certified by the Missouri State Treasurer’s office, can receive qualified contributions from individuals and businesses to award scholarship accounts to qualified Missouri students. The EAO establishes and maintains relationships with eligible schools to create a network of schools students may use scholarship funds to attend.

- An organization that desires to be an EAO must meet the following eligibility criteria:
- The organization is exempt from federal income tax under Section 501(c)(3).
- The organization is registered to do business and is in Good Standing with the Missouri Secretary of State’s Office.
- The organization has a physical presence in Missouri.
- The organization has not been through a Chapter 7 or Chapter 11 bankruptcy in the seven years immediately preceding the application for certification.
- The organization participates in E-Verify. E-Verify is a web-based system that allows enrolled employers to confirm employee eligibility to work in the United States. E-Verify employers verify the identity and employment eligibility of newly hired employees by matching information provided by employees on the Form I-9 against records available to the Social Security Administration (SSA) and the Department of Homeland Security (DHS). Entities receiving allocations of Missouri state tax credits are required to participate in the employment verification program. To learn more about E-Verify or to register, visit: <https://www.e-verify.gov/>
- An EAO may not have a president, officer, or director who owns or operates a qualified school that is participating in the program. Additionally, an EAO may not provide a scholarship account to a child of: a president, officer, or director; a member of the board; or, an employee of the EAO.

More information can be found at <https://treasurer.mo.gov/pdf/MOScholarsEAOGuidelines.pdf>



The Donation Process



Learn more about two Catholic organizations that have been selected to serve as EAOs.



The Bright Futures Fund strives to challenge and encourage students in Kansas City to discover their full potential while developing a personal relationship with Christ. The money raised by this fund fully supports operating costs of our two Bright Futures Schools and subsidizes tuition for nearly 100 percent of students at those schools. Additionally, Honoring Family Scholarships and the Richard and Olivia Mock Scholarship Program provide assistance for families who wish to continue with Catholic education for their children at select Catholic high schools. Through these programs, we aim to develop a foundation of social justice within every student and build communities where families can feel safe and welcome, regardless of economic or immigration status.

The Bright Futures Fund is an independent 501(c)(3) corporation, with 100% of donations going directly to students. All administrative costs are underwritten by the Diocese of Kansas City-St. Joseph.



The Today and Tomorrow Educational Foundation (TTEF) was founded in 1991 as a 501(c)(3) organization by a concerned group of corporate and civic leaders, and has grown into largest elementary school scholarship organization in the state of Missouri and the 4th largest of its kind in the United States. Since its founding 30 years ago, TTEF has raised more than \$175 million from local and national funding sources to provide need-based tuition assistance scholarships, enabling thousands of St. Louis children to attend the school of their choice.

Today, TTEF provides need-based, tuition assistance scholarships to any eligible family in St. Louis and the surrounding counties who desires to offer their Kindergarten through 8th grade child(ren) a private or parochial elementary school education.

The Missouri General Assembly has completed its work on the Congressional Map for Missouri for the 2022 election cycle. This map will govern the congressional districts until the next U.S. Census in 2030. For more information about the end of 2022 legislative session, visit mocatholic.org.

Proposed 2022 Missouri Congressional Districts (HCS HB 2909 Perfected)

