



TESTIMONY

February 2, 2016

SUPPORTING SCHOLARSHIPS FOR THE LEAST AMONG US

By Michael Q. McShane

Testimony Before the House Ways and Means Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE:

Thank you for the opportunity to testify. My name is Michael McShane, and I am Director of Education Policy for the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own. This testimony is intended to summarize HB 1589, “Tax Credit for Donations to Foster Child Education Fund,” a proposed bill to create a program to fund scholarships for children in state protective custody.

In the Book of Matthew, when Jesus describes God’s judgment over the nations, he says, “Amen, I say to you, whatever you did for one of these least brothers of mine, you did for me.”

It is hard for me to think of a group more disadvantaged and more in need of our care and assistance than

children who have been placed in protective custody by the state. Many have seen far too much in their young lives. Those of us who have been treated more kindly by fortune have an obligation to help them.

HB1589 creates a tax credit for those donating to a scholarship fund for these children to attend private schools. Across the country, over 200,000 students in 16 states participate in tuition tax credit scholarship programs with varying requirements for eligibility and funding levels.

We need such a credit here in Missouri for several reasons.

First, a stable school environment could help children whose lives are in flux. Moving from foster home to foster home might cause children to fall into different school attendance zones or even school districts, possibly within the course of the same school year. Moving schools is disruptive to a child’s education. Careful research

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has found both short- and long-term negative effects on students who move from school to school.¹ But beyond academics, schools are nurturing environments for children, filled with adults who care about them and classmates who can provide support. If students suffering from such difficulty in their home lives can find a school that provides the support they need, we should do everything that we can to help them stay there.

Second, it enlists our fellow citizens to these children's cause. Often, when government creates a program to help a particular set of citizens, the rest of the community can be insulated from it. Sure, we pay for some portion of it out of the taxes deducted from our paycheck or appended to our receipt at the grocery store, but who is benefitting and how is completely opaque. This program relies on private donations; that is, individuals deciding to support the cause and investing their own money in it. They will want to see those dollars go to good use. They will want to know that children are benefitting. They will demand a kind of accountability that government simply can't and will form yet another layer of support around these children in need.

Third, this tax credit would fit within the blueprint of a series of other pro-social "benevolent" tax credits that the state offers. While economic development tax credits are of dubious value, tax credits that encourage private citizens to support charitable organizations fit into the great American tradition of a vibrant civil society. Already, the state offers:

-The **Champion for Children (CFC) Tax Credit**, a tax credit for those who contribute to a qualified court appointed special advocate, child advocacy center, or crisis care center

-The **Developmental Disability Care Provider Tax Credit**, a tax credit for those who contribute to a qualified developmental disability care provider,

-The **Domestic Violence Shelter Tax Credit**, a tax credit for those who contribute to temporary shelters for victims of domestic violence,

-The **Maternity Home Tax Credit**, a tax credit for those who contribute to maternity homes to assist women in carrying their pregnancies to term,

-The **Pregnancy Resource Center Tax Credit**, a tax credit for those who contribute to a qualified pregnancy resource center, and

-The **Residential Treatment Tax Credit**, a tax credit for those who contribute to a qualified residential treatment center.

All of these promote citizen involvement in the lives of their fellow Missourians. A tax credit for donations to a scholarship fund for students who are wards of the state would supplement them well.

At the same time, I believe there are changes to the legislation that could be made to strengthen it.

First, the amount of the credit could be increased. As written, the bill gives a 65 percent credit for individuals or organizations donating to this new scholarship fund. That percentage

could be higher in order to attract more donations. Given the small size of the program (it is capped at \$5 million per fiscal year) the budgetary impact will be incredibly small, and moving from a 65 percent credit to a 75 or even 100 percent credit would help ensure that all possible dollars are raised.

Second, the program could be expanded to serve more needy kids. If we believe, as I think we should, that this program would have a positive effect on the children who are eligible, it could be modified to include more students. Students from low-income families, students whose parents are in the military and have to move frequently, and/or students with special needs could all benefit from the opportunity to attend the school, public or private, that best meets their needs. The amount of credits would need to be increased if the eligible population was expanded to ensure sufficient funding, but it would be worth doing.

All of that said, creating a program that gives tax credits to individuals and organizations that help support scholarships for students in state protective custody is sound policy. It enlists the broader Missouri community, our private schools, our citizens, and our businesses to these children's aid. They need all the help they can get. Why don't we give it to them?

Michael Q. McShane is the director of education policy for the Show-Me Institute.

1. http://steinhardt.nyu.edu/scmsAdmin/media/users/spa2/Working_Paper_01-15.pdf.

NOTES



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