



TESTIMONY

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HOUSE BILL 2068 AND TAX-CREDIT SCHOLARSHIPS

By Abigail Burrola

Testimony before the Missouri Elementary and Secondary Education Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Thank you for the opportunity to testify. My name is Abby Burrola and I am an education policy analyst 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 and summarize research regarding the need for tax-credit scholarships in Missouri.

WHAT WOULD THIS LEGISLATION DO?

This legislation would create a dollar-for-dollar credit toward state taxes when individuals or corporations donate to the Show Me a Brighter Future scholarship fund. Qualifying students could then apply for the scholarships and use them toward private school tuition. The program

would provide families access to a private-school education that they could not otherwise afford.

The funding for the scholarships is private, since it comes directly from individuals or corporations. The legislation would cap the maximum amount of tax credits allowed at \$25 million per year. If \$25 million were available in scholarships, then approximately 7,100 students could receive a scholarship averaging \$3,500.¹

WHAT DO WE KNOW ABOUT TAX-CREDIT SCHOLARSHIPS?

There are currently eighteen states with tax-credit scholarship programs in place, and nearly 300,000 students receive scholarships annually from these programs nationwide.² Tax-credit scholarships have proved to be popular in the states that have enacted them. In Pennsylvania, one scholarship organization received five times as many applications for

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scholarships than they were able to award through the Opportunity Scholarship Tax Credit Program.³ When Illinois opened up applications for its Invest in Kids tax credit program, nearly 25,000 students applied—four times as many students than there were scholarships available for the 2020–2021 school year.⁴

Beyond their popularity, tax-credit programs have also been found to boost student achievement. A 2019 study of Florida’s tax-credit scholarship, which serves more than 100,000 students each year, found that students who participated in the program were more likely to enroll in college than similar students who didn’t participate in the program. It also found that the scholarship students were more likely to graduate from college.⁵ Other private school choice programs have also been found to increase student achievement and parental satisfaction with schools.⁶ There have been seventeen studies analyzing the fiscal effects of tax-credit scholarships, and all of them found that a tax-credit scholarship program saved taxpayers money.⁷

HOW WOULD A TAX-CREDIT SCHOLARSHIP AFFECT MISSOURI?

In a 2014 survey of Missourians, 39 percent preferred a private school as their first-choice option, yet only 9 percent of Missouri K-12 students attended a private school at the time. Additionally, 88 percent of parents of school-aged children supported tax-credit scholarships in the survey.⁸ Parents want to find the school that is the right fit for their child, and that can depend on a variety of factors including academics, extracurricular activities, staff and resources, or school culture. The tax credit scholarship program in HB 2068 would provide families with another possible option for their students. The bill would make scholarships available to students from families with income no more than twice the amount needed to qualify for free or reduced-price lunch. Already, 50 percent of Missouri students qualify for free or reduced-price lunch with the current income threshold, which could indicate high demand for the scholarships as many students are eligible and would likely be interested.⁹

Furthermore, Show Me Institute researchers have found that there are over 28,000 available seats in Missouri private schools across the state.¹⁰ This indicates that a lack of available space in private schools is unlikely to be

an obstacle to student participation with a scholarship program. Additionally, Show-Me Institute researchers have found that a tax credit program would generate tax savings for Missouri.¹¹ Because the value of each scholarship would likely be less than the approximately \$6,300 state adequacy target for state spending, the state could save millions of dollars each year.¹²

CONCLUSION

In the near term, a tax-credit scholarship program could provide thousands of students with the opportunity to find the school that best meets their needs. Demand for the program is likely to be high, as it has been in other states. Over the longer term, Missouri taxpayers could save money through the program, and data from other states indicate that students here could benefit academically.

Abigail Burrola is a policy analyst for the Show-Me Institute.

ENDNOTES

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⁴ Lauterbach, Cole. The Center Square Illinois. “Illinois private school tuition program reports big opening night for applications.” January 24, 2020 <https://www.thecentersquare.com/illinois/illinois-private-school-tuition-program-reports-big-opening-night-for/article7b1123a0-3e2b-11ea-9b20-9b3436990d4a.html>.

⁵ Burrola, Abigail. The Show-Me Institute. “Private school choice students more likely to graduate college.” February 7, 2019 <https://showmeinstitute.org/blog/school-choice/private-school-choice-students-more-likely-graduate-college>.

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⁸ Morley, Darin. “Missouri School Choice Survey.” May 2, 2014 <https://showmeinstitute.org/publication/school-choice/missouri-school-choice-survey>.

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¹⁰ Shuls, James. “Available Seats 2.0: Opportunities Abound with School Choice.” November 26, 2018 <https://showmeinstitute.org/publication/school-choice/available-seats-20-opportunities-abound-school-choice>.

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