

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 780** HLS 14RS 1345  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 1, 2014	11:05 AM	<b>Author:</b> TALBOT
<b>Dept./Agy.:</b> Education		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> School Tuition Organization Rebates: Qualified Student		

TAX/TAX REBATES EG SEE FISC NOTE GF EX See Note Page 1 of 1

Provides relative to the requirements of certain school tuition organizations and the definition of a "qualified student" for purposes of the rebate

Current law reimburses 95% of the amount donated to school tuition organizations, when those organizations pay the tuition of qualified students to attend nonpublic schools. A qualified student is one whose household income is less than 250% of the federal poverty level (\$39,325 family of 2 in 2014, \$59,625 family of 4) and who is entering kindergarten for the first time, or attended a public school the previous year, or had tuition supported by a participating organization in the previous year.

Proposed law extends the program to students participating in the Student Scholarships for Educational Excellence Program in the previous school year. The bill also clarifies that tuition awards are portable among schools served by a school tuition organization.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

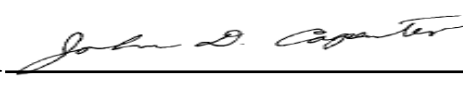
The bill would allow a student participating in the Student Scholarships for Educational Excellence Program (the scholarship program) to move to the tuition donation reimbursement program (the tuition program). The cost of such a student would shift to the reimbursements made by the state in the tuition program which are open-ended and unappropriated, freeing up a slot for an additional student in the scholarship program whose costs are capped at the level appropriated each year. The combination of the two programs, under this bill, could increase the number of private school students funded by the state.

The tuition rebate program does attempt to generate a revenue neutral or better financial result for the state fisc by limiting the tuition award to 80% - 90% of state average per pupil funding and not allowing state reimbursements for administrative costs covered by donations. In addition, the definition of qualifying student attempts to target children already in public school or about to enter school for the first time. State cost savings would primarily be reflected in smaller MFP costs than would otherwise be the case. Some students in the program probably generate net costs to the state, though, in that they would generate reimbursement payments but were not going to be MFP costs to be saved, since some students switch from public to private school or would have first entered private school, both without regard to this program.

The state fiscal consequences of the program, and any modifications to it as proposed by this bill or other bills, are contingent upon the level of donations (reimbursed by the state) to participating school tuition organizations. These reimbursed donations are necessary to support tuition for students in the program. According to the Dept. of Education, there is currently only one such organization registered with the Department, administering tuition for essentially a pilot-level program of 20 students.

**REVENUE EXPLANATION**

The reimbursements paid to donors are actually paid by the Department of Revenue from current collections without appropriation, and are realized against the state fisc as a reduced level of net state tax collections. The overall effects on the state fisc are a combination of lower net state revenue receipts and lower MFP expenditures. Both of these effects are essentially state spending, and are discussed as expenditures above.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> Legislative Fiscal Officer
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		