



House K-12 Budget Committee

Verbal Testimony in Support of HB 2068: Amending the tax credit for low income students scholarship program act to expand student eligibility.

January 26, 2021

Ross Izard: ACE Scholarships

Madam Chair and Members of the House K-12 Budget Committee:

My name is Ross Izard, and I am vice president of policy and government affairs for ACE Scholarships. I respectfully offer testimony in support of HB 2068 on behalf of my organization.

ACE is a nonprofit scholarship-granting organization that provides privately funded K-12 scholarships to more than 6,000 students attending 800 diverse partner schools across eight states, including nearly 300 students attending approximately 81 schools in Kansas. In addition to our traditional fundraising efforts in the state, we are a certified scholarship-granting organization in the Kansas Tax Credit for Low Income Students Scholarship Program.

As a student- and family-focused scholarship organization, ACE is constantly looking for ways to improve our programs' ability to serve disadvantaged children. We believe that HB 2068 accomplishes this goal for the reasons outlined below.

HB 2068 Proposed Changes

This bill seeks to make two small, yet critical, changes to current statute.

1. Expand student income eligibility to better reflect student need in Kansas. The bill would raise income eligibility from the current free lunch line under the National School Lunch Program (130 percent of federal poverty guidelines) to the free *and* reduced-price lunch line (185 percent of federal poverty guidelines).

For an average Kansas family of four, this change would raise the income-eligibility threshold from \$28,500 to \$40,600.

We are supportive of this change because it:

- **Aligns more realistically with the disadvantaged communities ACE serves** – The average household income for a Kansas family applying for an ACE scholarship is \$35,400 for a family of four—above the program's current limit for families of the same size (\$34,450).
- **Better reflects the financial realities faced by families** – For families on the ground, there is very little real-world difference between 130 percent of federal poverty and 185 percent of federal poverty when it comes to paying private school tuition. The federal government already classifies low-income students as those with household incomes below 185 percent, and Kansas should follow that example when creating and administering programs to aid these families.
- **Better aligns with successful programs in other states** – Kansas has the lowest income-eligibility threshold in the nation. Of the 24 scholarship tax credit programs in 19 states, only the Kansas program sets eligibility below the FRL line. Most other programs set income thresholds significantly higher.

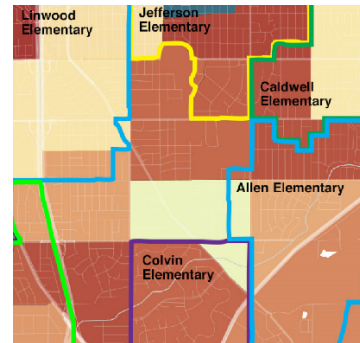
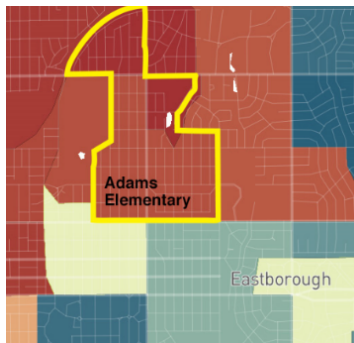
2. Allow participating students to come from ANY Kansas public school, not only those in the lowest-performing 100 elementary schools. Currently, access to scholarships is only available to students who happen to reside in the right enrollment zone AND who are in grades K-5.

We are supportive of this change because:

- **The current eligibility requirements are unfair and unable to effectively serve the target population of disadvantaged students** – Students from the same economically disadvantaged neighborhoods can have their eligibility for a scholarship restricted because they live on the wrong block in the same neighborhood. In some cases, students on one side of a residential street are eligible for a scholarship while students on the other side are not.

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As examples, see the following two images of eligible public elementary schools in Wichita and their enrollment zones overlaid with an income map from the U.S. Census Bureau.



If the intent of this program is to serve disadvantaged and at-risk students, those opportunities should be determined solely by need, not by arbitrary enrollment zones or invisible geographic boundaries.

- **It better aligns Kansas with successful programs in other states** – While many other states with scholarship tax credit programs require students to come from public schools, only two others (Pennsylvania and Alabama) restrict eligibility to students attending certain struggling public schools. And even in these cases, eligibility is not restricted to a predetermined list of schools serving specific grade levels.
- **It eliminates age restrictions that restrict opportunity for middle and high school students** – The change from a list of the 100 lowest-performing public schools to the lowest-performing public elementary schools reflected the fact that most scholarship students enter the program in early grades. However, it also excluded students in grades 6-12 who may be looking for new opportunities for a variety of reasons. Allowing students to come from *any* public school ensures that there are no age limits on opportunity in Kansas.

What HB 2068 DOES NOT change

This bill makes modest changes to student eligibility within the existing programmatic framework. It does NOT:

- Alter the annual revenue impact on the state by increasing the \$10mm annual credit cap
- Change the value of the 70 percent state income tax credit for individuals and corporations
- Alter the \$500,000 limit on how much any single contributor can give each year
- Expand or otherwise alter the value of scholarships given

HB 2068 reflects changes that will make the Tax Credit for Low Income Students Scholarship Program fairer, stronger, and better able to serve the intended population of disadvantaged Kansas students. Thank you for your support.