



What is the Children's Education Initiative (CEI)?

It is a proposed amendment to the Missouri Constitution that will provide additional funds to local public school districts, offer scholarships to children who attend nonpublic schools, and assist children with disabilities. If sufficient voter signatures are obtained, CEI will be considered at the November 4, 2014 election.

Won't this require a tax increase?

No. CEI does **not** raise taxes on anyone.

How does CEI raise funds for K-12 schooling?

By attracting private investment – charitable donations. These additional funds will supplement the current tax monies K-12 public schools receive and assist children who learn best in nonpublic school settings. CEI does this by offering a state income tax credit when donors give to K-12 school foundations that help local schools and school children.

How much can be claimed by this tax credit?

The tax credit is for 50% of the dollar amount donated. If a person gives \$1000 he or she can claim a \$500 tax credit, provided he or she has this much tax liability. If a person's tax liability does not allow the full amount of the tax credit to be claimed in that tax year, the tax credit can be carried over for as many as four years until the full benefit of the tax credit is realized.

Can't donors already get a tax break for charitable donations?

Yes, donors can now claim a tax *deduction* for their charitable gift, but the CEI tax credit will offer an additional, more substantial tax break for charitable givers. Combined, the tax deduction and the CEI tax credit will offer a powerful incentive for donors to give to K-12 school foundations.

But public schools are funded by taxes; do they need this help?

Yes. Many public school districts struggle financially. As a result, many districts have established nonprofit school foundations that raise funds to supplement the monies received from taxes. The CEI credit will allow these foundations to provide more help to their local public school. With this CEI money a public school district can improve or add programs, such as a new science or computer laboratory.

Can a donor help nonpublic school children?

Yes. The donor can claim the CEI tax credit when giving to a foundation that offers scholarships for children to attend nonpublic schools. A donor can also claim the credit when providing assistance to special education programs. In this way, CEI helps children who learn best in nonpublic school settings.

Will this tax credit reduce state aid to school districts?

Viewed in the context of a multi-**billion** dollar state budget, CEI is a very modest program that should not jeopardize state funding of public schools. No more than \$90 million in total CEI tax credits may be claimed annually. This is not an insignificant sum of money, but state general revenue (GR) exceeds \$8 billion annually (\$8.28 billion in fiscal year 2014); hence, the CEI credit will account for only 1.08% of Missouri's multi-billion dollar budget. Budget writers will know how much CEI cost and they can plan for its cost each year.

Will public school districts be penalized by a reduction in state aid if they receive CEI assistance?

No. The proposed constitutional amendment explicitly states that no school district shall have its state aid reduced because it received CEI contributions.

How are the CEI tax credits divided up among schools?

On the state level, the Missouri Commissioner of Education will divide the \$90 million in available tax credits into three categories to which foundations can apply to offer the tax credits locally. Public schools are guaranteed 50% of all the tax credits, or \$45 million; nonpublic school scholarships are allotted 40% of the credits, or \$36 million; and, special education programs are granted 10%, or \$9 million.

But can a donor give all of his or her donation to one K-12 school foundation?

Yes. A donor can give 100% of his or her donation to a K-12 school foundation of his or her choice. If the donor just wants to help the local public school district, he or she can give to the foundation that helps the district; or, if the donor wants to ensure children have scholarships to attend a local nonpublic school, he or she can give to the foundation that provides these scholarships. It's the donor's choice. The division of the tax credits among public, nonpublic and special education is made on the state level before the tax credits are offered to donors locally.

So, CEI puts a total of \$90 million into K-12 education, right?

Actually, CEI can generate up to \$180 million for K-12 education because with a 50% tax credit donors can make a larger contribution; thus generating twice as many dollars for foundations. The \$90 million in public funds generates an additional \$90 million in large donations for a total of \$180 million for K-12 education.

Would public schools get more money if the \$90 million in CEI credits were placed in state general revenue?

No. Public schools would get less. Right now public schools get 35% of all state general revenue (GR). CEI, however, ensures that public schools get 50% of all the tax credit monies. So, if the \$90 million in CEI credits instead went into GR public schools would get 35% of this sum, or \$31.5 million. But by earmarking to CEI, public schools get 50% or \$45 million. Public schools will do better through the CEI formula than they do through GR.

Will CEI lead to government regulation of nonpublic schools?

No. No state aid is given to nonpublic schools so there is no basis for legislators to impose state regulations on these schools. The CEI credit benefits individual taxpayers. The donations are made to nonprofit foundations. The scholarships are awarded to school families. Nonpublic schools are many steps removed from any direct involvement with government.

What if a local community does not have a K-12 school foundation?

A nonprofit foundation that assists local schools can easily be established by registering with the Missouri Secretary of State. Once established, a foundation can apply to offer the CEI tax credits locally.

So CEI money is not guaranteed to every community or school?

No. Local leaders and donors will need to step forward. It may take a little work but in this way communities take ownership and pride in educating their children. CEI is designed to call forth more community involvement to improve local schools.

Will low-income school children benefit from CEI?

Yes. The CEI tax credits may be claimed by donors who give to K-12 school foundations that assist economically deprived school children. Such foundations exist now, such as the Today and Tomorrow Foundation sponsored by the Archdiocese of St. Louis, and more can be established.

Can CEI foundations be established on a regional basis?

Yes. And the regional approach may work best for very small communities. They can band together to raise funds for their local schools.

Can a K-12 school foundation undertake non-CEI projects?

Yes. A K-12 school foundation is not limited to managing the tax credits it receives through CEI. A foundation can pursue other projects to help local schools. For example, a foundation could promote more parental involvement in schools or educate the public on the needs of schools in the community.