



# Tax Credit School Vouchers Would Increase Costs for Local Taxpayers

State lawmakers are considering legislation that would expand the Missouri Empowerment Scholarship Accounts Program, or vouchers. The expansion of school vouchers and associated tax credits would divert state funding from local, neighborhood public schools. However, many public school costs, like buildings and utilities, are fixed costs that do not automatically decrease based on student population. If state funding for neighborhood schools *decreases*, local funding must increase to cover those fixed costs. Missouri Budget Project projected the fiscal impact of vouchers on a sample of school districts across the state. **While the financial impact of vouchers would vary widely by district, some increases could be substantial and may require a local tax increase.**

## By Diverting State Funding to Private Schools, Tax Credit Vouchers Would Further Increase the Share of School Costs Paid By Local Taxpayers

If a Missouri child uses a tax credit voucher to attend a private school, state funding that went or would have gone to the public school the child attended would be reduced in accordance with the formula that allocates state funding to public schools.

Although some costs “follow the child” and may change with the number of students attending a school, like teacher salaries and support services, each school also faces many “fixed costs” that do not decrease. For example, expenses like building maintenance, heating and cooling, and other utilities are fixed, noninstructional costs that vary only slightly with attendance.

If state funding for a neighborhood school is decreased, local funding would need to increase to cover the amount that state funding had contributed to those noninstructional costs for the departing students.

The budgetary impact on neighborhood schools and school districts could be considerable, depending on a number of factors, including the number of students that switch to private schools.

To illustrate the range of financial impact, MBP projected the revenue loss associated with tax credit vouchers (or ESAs) – and the corresponding local revenue increases that would be needed to fund fixed costs in a sample of school districts in counties across Missouri.

**In some cases, the amount of the increase could be substantial and may require a local tax increase.**

Moreover, in many cases, tax credit vouchers would provide a higher level of funding to a private school than to a public school for the same child. *For more information, see Appendix 1: Missouri Empowerment Scholarship Accounts Program*

Further, private school tuition is still out of reach for most families, even with tax credit vouchers. *For more information, see Appendix 2: Expanded ESAs More Likely to Benefit Children in Higher Income Families.*

County	School District	Number of Students	2022-2023 State Funding	2022-2023 State Funding Per Student	Revenue Loss if 10% of Students Shift to Tax Credit Vouchers / ESA	Revenue Loss if 20% of Students Shift to Tax Credit Vouchers / ESA	Fixed Costs Now Funded by State that Would Instead Require Local Funds (10% Student Shift) <sup>a</sup>	Fixed Costs Now Funded by State that Would Instead Require Local Funds (20% Student Shift) <sup>a</sup>	Percent Local Revenue Must Increase to Cover Fixed Costs (10% Student Shift) <sup>b</sup>	Percent Local Revenue Must Increase to Cover Fixed Costs (20% Student Shift) <sup>b</sup>
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<b>Boone County</b>	Hallsville R-IV	1489	\$8,178,544	\$5,493	\$818,457	\$1,636,914	\$92,493	\$184,986	1.28%	2.56%
	Southern Boone Co	1946	\$11,964,658	\$6,148	\$1,198,860	\$2,397,720	\$445,489	\$890,978	3.39%	6.78%
	Sturgeon R-V	1391	\$8,851,001	\$6,363	\$884,457	\$1,768,914	\$80,578	\$161,156	2.85%	5.70%
	Centralia R-VI	1307	\$6,223,857	\$4,762	\$623,822	\$1,247,644	\$201,098	\$402,196	2.52%	5.04%
	Harrisburg R-VIII	571	\$2,832,486	\$4,961	\$282,777	\$565,554	\$80,458	\$160,916	2.11%	4.22%
	Columbia 93	17838	\$81,645,727	\$4,577	\$8,165,368	\$16,330,736	\$4,092,942	\$8,185,884	2.12%	4.24%
<b>Dallas County</b>	Dallas Co R-I	1687	\$9,389,049	\$5,566	\$940,654	\$1,881,308	\$75,746	\$151,492	1.04%	2.08%
<b>Jackson County</b>	Blue Springs R-IV	14384	\$64,560,970	\$4,488	\$6,453,744	\$12,907,488	\$2,739,821	\$5,479,642	2.13%	4.26%
	Grain Valley R-V	4383	\$26,474,891	\$6,040	\$2,645,520	\$5,291,040	\$860,473	\$1,702,946	2.86%	5.72%
	Oak Grove R-VI	1897	\$9,936,993	\$5,238	\$995,220	\$1,990,440	\$189,297	\$378,594	1.59%	3.18%
	Lee Summit R-VII	17410	\$81,759,071	\$4,696	\$8,175,736	\$16,351,472	\$3,207,758	\$6,415,516	1.77%	3.54%
	Hickman Mills C-1	4972	\$33,069,574	\$6,651	\$3,305,547	\$6,611,094	\$983,076	\$1,966,152	2.13%	4.26%
	Raytown C-II	7738	\$46,708,249	\$6,036	\$4,671,864	\$9,343,728	\$769,070	\$1,538,140	1.17%	2.34%
	Grandview C-4	3519	\$18,064,740	\$5,133	\$1,806,816	\$3,613,632	\$759,243	\$1,518,486	1.68%	3.36%
	Lone Jack C-6	673	\$3,519,536	\$5,230	\$350,410	\$700,820	\$65,707	\$131,414	1.10%	2.20%
	Independence 30	13799	\$84,291,822	\$6,109	\$8,430,420	\$16,860,840	\$1,868,796	\$3,737,592	2.12%	4.24%
	Kansas City 33	13619	\$12,217,003	\$897	\$1,221,714	\$2,443,428	\$127,592	\$255,184	less than 1/10th of 1%	less than 1/10th of 1%
	Center 58	2437	\$6,648,023	\$2,728	\$665,632	\$1,331,264	\$120,136	\$240,272	0.33%	0.66%
	Fort Osage	4700	\$29,013,188	\$6,173	\$2,901,310	\$5,802,620	\$887,933	\$1,775,866	2.97%	5.94%

<b>McDonald County</b>	McDonald Co R-I	3,368	\$23,817,011	\$7,072	\$2,383,264	\$4,766,528	\$201,715	\$403,430	1.61%	3.22%
<b>Mississippi County</b>	East Prairie R-I	985	\$5,487,013	\$5,571	\$551,529	\$1,103,058	\$40,194	\$80,388	1.07%	2.14%
	Charleston R-I	721	\$3,171,051	\$4,398	\$316,656	\$633,312	\$69,500	\$139,000	2.04%	4.08%
<b>Putnam County</b>	Putnam CO R-I	654	\$2,614,111	\$3,997	\$259,805	\$519,610	\$32,204	\$64,408	0.61%	1.22%
<b>Schuyler County</b>	Schuyler CO R-I	597	\$2,873,497	\$4,813	\$288,780	\$577,560	\$67,040	\$134,080	1.13%	2.26%
<b>Ste. Genevieve County</b>	Ste. Genevieve CO R-II	1743	\$5,015,059	\$2,877	\$500,598	\$1,001,196	\$46,113	\$92,226	0.19%	0.38%
<b>St. Louis City</b>	St. Louis City	18,335	\$24,700,259	\$1,347	\$2,470,398	\$4,940,796	\$254,523	\$509,046	less than 1/10th of 1%	less than 1/10th of 1%
<b>St. Louis County</b>	Hazelwood	15,650	\$65,507,313	\$4,186	\$6,551,090	\$13,102,180	\$1,643,344	\$3,286,688	1%	2%
	Ferguson/Florissant R-II	8,946	\$42,630,829	\$4,765	\$4,264,675	\$8,529,350	\$595,712	\$1,191,424	0.79%	1.58%
	Pattonville R-III	5,857	\$12,072,926	\$2,061	\$1,207,746	\$2,415,492	\$150,075	\$300,150	0.16%	0.32%
	Rockwood R-VI	19,662	\$47,783,264	\$2,430	\$4,777,380	\$9,554,760	\$789,664	\$1,579,328	0.32%	0.64%
	Kirkwood R-VII	5,778	\$6,804,390	\$1,178	\$680,884	\$1,361,768	\$310,317	\$620,634	0.33%	0.66%
	Lindbergh Schools	7,062	\$11,165,698	\$1,581	\$1,116,186	\$2,232,372	\$439,909	\$879,818	0.54%	1.08%
	Mehlville R-IX	9,677	\$23,759,680	\$2,455	\$2,376,440	\$4,752,880	\$320,137	\$640,274	0.33%	0.66%
	Parkway C-2	16,695	\$15,790,342	\$946	\$1,579,820	\$3,159,640	\$320,056	\$640,112	0.12%	0.24%
	Affton 101	2,417	\$5,444,919	\$2,253	\$545,226	\$1,090,452	\$37,752	\$75,504	0.12%	0.24%
	Bayless	1,769	\$8,171,477	\$4,619	\$817,563	\$1,635,126	\$248,122	\$496,244	2.09%	4.18%
	Brentwood	700	\$683,902	\$977	\$68,390	\$136,780	\$35,700	\$71,400	0.15%	0.30%
	Clayton	2,303	\$2,363,932	\$1,026	\$235,980	\$471,960	\$26,669	\$53,338	less than 1/10th of 1%	less than 1/10th of 1%
	Hancock Place	1,194	\$7,456,207	\$6,245	\$743,155	\$1,486,310	\$239,879	\$479,758	1.99%	3.98%
	Jennings	2,316	\$15,104,254	\$6,522	\$1,513,104	\$3,026,208	\$148,294	\$296,588	1.70%	3.40%
	Ladue	4,181	\$3,575,696	\$855	\$357,390	\$714,780	\$305,123	\$610,246	0.36%	0.72%

	Maplewood - Richmond Heights	1,362	\$2,511,394	\$1,844	\$250,784	\$501,568	\$104,844	\$209,688	0.41%	0.82%
	Normandy	2,902	\$21,554,613	\$7,428	\$2,154,120	\$4,308,240	\$917,166	\$1,834,332	4.04%	8.08%
	Ritenour	5,433	\$29,401,723	\$5,412	\$2,938,716	\$5,877,432	\$444,478	\$888,956	1.12%	2.24%
	Riverview Gardens	5,108	\$31,231,614	\$6,114	\$3,124,254	\$6,248,508	\$434,248	\$868,496	2.12%	4.24%
	University City	2,417	\$7,628,336	\$3,156	\$763,752	\$1,527,504	\$96,331	\$192,662	0.23%	0.46%
	Valley Park	777	\$948,228	\$1,220	\$95,160	\$190,320	\$16,867	\$33,734	0.13%	0.26%
	Webster Groves	4,174	\$9,551,806	\$2,288	\$954,096	\$1,908,192	\$143,615	\$287,230	0.24%	0.48%
<b>Worth County</b>	Worth CO R-III	275	\$1,707,770	\$6,210	\$173,880	\$347,760	\$7,328	\$14,656	0.41%	0.82%
<b>Greene County</b>	Ash Grove R-IV	690	\$3,624,587	\$4,731	\$326,439	\$652,878	\$36,993	\$73,986	0.99%	1.98%
	Fair Grove R-X	1208	\$6,203,508	\$5,144	\$622,424	\$1,244,848	\$50,464	\$100,928	1.02%	2.04%
	Logan-Rogersville R-VIII	2363	\$10,973,010	\$4,644	\$1,095,984	\$2,191,968	\$410,890	\$821,780	2.25%	4.50%
	Republic R-III	5027	\$28,272,725	\$5,624	\$2,828,872	\$5,657,744	\$777,381	\$1,554,762	2.41%	4.82%
	Springfield R-XII	22352	\$90,039,391	\$4,028	\$9,002,580	\$18,005,160	\$2,733,852	\$5,467,704	1.22%	2.44%
	Strafford R-VI	1342	\$4,560,851	\$3,399	\$455,466	\$910,932	\$183,718	\$367,436	1.71%	3.42%
	Walnut Grove R-V	265	\$1,472,402	\$5,556	\$150,012	\$300,024	\$51,963	\$103,926	2.53%	6.40%
	Willard R-II	4529	\$24,428,707	\$5,394	\$2,443,482	\$4,886,964	\$383,872	\$767,744	1.43%	2.86%

Note: MBP used base figures from state funding and school district spending listed in the Missouri Department of Elementary and Secondary Education Annual Secretary of the Board Report (ASBR) for the 2022-2023 School Year for these calculations.

### Assumptions & Methodology:

Not all of the base numbers used in these calculations are shown in the table due to space constraints, but are available upon request.

a. As a basis for these calculations, MBP used each district's actual noninstructional spending as listed in the Missouri Department of Elementary and Secondary Education Annual Secretary of the Board Report (ASBR) for the 2022-2023 School Year. To estimate the amount of noninstructional spending (or fixed costs) currently paid for by the state, MBP determined the overall proportion of state funding relative to total funding for each district and applied that proportion to noninstructional fixed costs. This was then prorated to determine the amount of hard costs per student that is currently paid for by the state but would instead require local funding in these scenarios.

b. The percent of total revenue comprised by local revenue differs significantly by district. MBP used the actual amount of local spending as a percent of total spending in each district to then estimate the percentage local revenue would need to increase to make up the difference.

# APPENDIX 1: Missouri Empowerment Scholarship Accounts Program

The Missouri Empowerment Scholarship Accounts Program (ESA) was established by legislation in 2021, but tax credit vouchers were not available for redemption until Fiscal Year 2023. In that year, slightly more than \$2 million in vouchers were redeemed. The FY 2023 cap on the program is \$26,850,000.

Under current law the ESA program can increase annually based on inflation, with an overall cap of \$50 million. [Proposed legislation](#) would increase the cap to \$75 million in the first year, with inflationary increases in following years.

Tax credit vouchers are currently available to students in families with incomes up to 200% of the income limit for free and reduced lunch, as shown. [The proposal would increase that income limit](#) to 300% of the income limit for free and reduced lunch.

Family Size	Income Eligibility for Free and Reduced Lunch	Current ESA Income Limits (200% of the Free and Reduced Lunch Limit)	Proposed Income Limits
2	\$37,814	\$75,628	\$113,442
3	\$47,767	\$95,534	\$143,301
4	\$57,720	\$115,440	\$173,160

## How Tax Credit Vouchers Through Missouri Empower Scholarship Accounts Program Work

Under the current structure, eligible families apply to a designated Education Assistance Organization to receive a tax credit voucher (scholarship grant) to offset the cost of attending private school.

The grant amount is capped at the amount of the “State Adequacy Target,” which is used as a basis for determining state funding amounts for public schools. The State Adequacy Target is currently capped at \$6,375 per student but will increase to \$6,760 in the 2024-2025 School Year.

However, it is important to note that not every public school district receives this amount. The state funding provided to public schools is based on a complex formula that takes into account the amount of local revenue that schools have access to, as well as various needs such as poverty. As a result, the average amount of state funding provided to public schools is well below the adequacy target at just \$5,519 per student per year.

**Therefore, while the state may provide just \$5,519 (or in some cases less) to support a student in a local neighborhood school, under the tax credit voucher program the state will provide as much as \$6,760 to a private school for that same child.**

## APPENDIX 2: Expanded Tax Credit Vouchers More Likely to Benefit Children in Higher Income Families

Although tax credit vouchers provide up to the maximum amount given to public schools in the state, the amount of the voucher will still fall well below the tuition of private schools. According to Private School Review, the average tuition for private K-12 schools in Missouri is \$10,586 per child per year. Some schools, particularly those in urban areas, can be much more expensive.

As such, while a child may be eligible for an ESA voucher of \$6,760, that amount would not cover the tuition payment. Instead, a family would need to cover, on average, at least \$3,800 of the cost of private school for each of their children. By comparison, the annual income for a family of three living in poverty is \$25,820. **This family would need to spend nearly 15% of their annual income to make up the gap between the voucher amount and actual tuition costs. Families living at or near the poverty level simply cannot afford to do that.**

School	Tuition Cost	Tax Credit Voucher 2024-2025 School Year	Gap Between Voucher and Cost of Private School	Income for a Family of Three at the Federal Poverty Level
Rockhurst (Kansas City)	\$15,300	\$6,760	\$8,540	\$25,820
Barstow K-12 (Kansas City)	Starting at \$18,980	\$6,760	\$12,220	\$25,820
Sacred Heart Elementary (Sedalia)	\$8,775	\$6,760	\$2,015	\$25,820
Springfield Catholic	Starting at \$7,102	\$6,760	\$342	\$25,820
St. Louis University High School	\$19,750	\$6,760	\$12,990	\$25,820
Vianney High School (St. Louis)	\$18,150	\$6,760	\$11,390	\$25,820
Mary Institute and Country Day School (St. Louis)	Starting at \$24,250	\$6,760	\$17,490	\$25,820