

Missouri Empowerment Scholarship Accounts Program – Educational Assistance Organizations Request for Information (RFI)

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The Missouri State Treasurer's Office (STO)

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Responses are requested by:

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Responses are to be submitted to:

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Introduction –

House Bill 349 (2021) and SB 86 (2021) create the Missouri Empowerment Scholarship Accounts Program (MESAP) - MOScholars. The intent of this program is to provide education savings accounts (ESAs) for low-income students as well as students with Individual Education Plans (IEPs) via tax-credit eligible donations to Education Assistance Organizations (EAOs). MOScholars funds can be used for a variety of education-related expenditures including, but not limited to, tuition at public and private schools.

The State Treasurer's Office (STO) is charged with a number of responsibilities related to MOScholars including – program design, tax credit allocation, certification of EAOs, and ongoing program oversight.

Background –

Under the enacting legislation, the STO is charged with certifying one or more EAOs, up to a maximum of 10, with no more than six EAOs located in specific geographic region of the state.

MOScholars will be funded with an initial allotment of \$25 million in tax credits, which will be allocated by the STO to one or more EAOs. These tax credits will then be issued to taxpayer contributors in an amount equal to the amount of the donation to the EAO, provided that a taxpayer cannot claim a credit in excess of 50% of the taxpayer's liability for the tax year for which the credit is claimed. EAOs must spend all MOScholars revenue on education expenses with the following exceptions: 1) an EAO may retain marketing and/or administrative expenses up to 10% of the first \$250k in tax credits, eight percent (8%) of the next \$500k in tax credits, and three percent (3%) of any amount over the initial \$750k; and 2) four percent (4%) of all qualifying contributions must be remitted to the STO for program administration.

Eligible students must reside in Missouri, in a county with a charter form of government, or any city with at least 30,000 inhabitants. They must have an approved IEP, or be a member of a household whose total annual income does not exceed 200% of the free and reduced lunch income standard. Preference will be given to students with IEPs and households whose total annual income does not exceed 100% of the free and reduced lunch standard. Additionally, non-IEP eligible students must have attended a public school as a full-time student for at least one semester during the previous 12 months, or be a child who is eligible to start kindergarten or first grade.

ESA amounts for individual students are capped at the "state adequacy target" as determined by the Missouri Department of Elementary and Secondary Education (DESE). For Fiscal Year (FY) 2022, the state adequacy target is \$6,375. ESA funds can be used for the following expenses:

- Tuition or fees at a qualified school;
- Textbooks required by a qualified school;
- Educational therapies or services from a licensed or accredited practitioner or provider including, but not limited to, licensed or accredited paraprofessionals or educational aides;
- Tutoring services;
- Curriculum;
- Tuition or fees for a private virtual school;
- Fees for a nationally standardized norm-referenced achievement test, advanced placement examinations, or any examinations related to college or university admission;

- Fees for management of the Missouri empowerment scholarship account by firms selected by the educational assistance organization;
- Services provided by a public school including, but not limited to, individual classes and extracurricular programs;
- Computer hardware or other technological devices that are used to help meet the qualified student's educational needs and that are approved by an educational assistance organization;
- Fees for summer education programs and specialized after-school education programs;
- Transportation costs for mileage to and from a qualified school.

The governing statute includes a trigger provision based on state education transportation funding. This provision was triggered on July 1, 2021 making the statute effective July 1, 2022.

Vision –

The STO envisions certifying one or more EAOs in spring 2022 in preparation for tax credit allocation beginning July 1, 2022, with active ESAs in use by students and their families as soon as possible, ideally for the 2022-2023 school year.

Purpose of Request for Information (RFI) –

The purpose of this Request for Information (RFI) is to obtain information to support development of a procurement approach for consideration by the STO in certifying one or more EAOs. The STO is seeking information regarding interest and capability among Missouri charitable organizations who may consider serving as an EAO with the ultimate goal of providing low-income students and students with disabilities more flexible education options.

RFI questions -

1. What is the name of your organization?
2. Are you a 501(c)(3) organization?
3. How long have you been incorporated in the State of Missouri?
4. Who is your primary contact for MOScholars related inquiries?
5. Where is your principal place of business?
6. How many employees do you currently employ?
7. How much money do you fundraise on an annual basis? How much of that annual fundraising is currently used for educational scholarships?
8. What is your organization's fiscal year?
9. Has your organization utilized/been the recipient of state tax credits in the past? If so, what kind?
10. Does your organization currently operate in the education and/or scholarship areas?
 - a. If so how many Missouri students currently participate?
 - b. What is the total dollar amount of scholarships administered by your organization for the most recent school year?
 - c. What data do you currently track for scholarship recipients (e.g. Graduation rates, college attendance, etc.)?
11. Do you currently provide scholarships for expenses other than tuition? If so please elaborate.

- a. If you provide scholarships for additional expenses, do you preapprove those expenses? If so, do you use a manual review process or do you use a third party service or software?
12. What is your current annual schedule for raising money and awarding scholarships? (i.e. – money is raised from January – May for scholarships distributed in the fall for the beginning of the school year.)
13. What geographic area(s) do you plan to serve?
14. If certified as a participating Educational Assistance Organization, what amount of tax credits would you request in year one?
15. How many students would you plan to serve in year one?
16. Roughly how many schools will be part of your program? How will you select the schools?
17. How much money do you plan to spend on administrative expenses, including marketing, to administer MOScholars?
18. Will you pay for the entire cost of tuition at a school or only a partial amount? How will you make that determination?
19. Do you have the capacity to implement and provide oversight for all of the spending categories listed above? If not, how would you acquire that capacity?
20. How will you verify the geographic eligibility requirements?
21. How will you verify income eligibility requirements?
22. How will you verify IEP eligibility requirements?
23. How will you verify public school attendance requirements?
24. How will you verify that no payments or reimbursements are made to any person related within the third degree of consanguinity or affinity to a qualified student?
25. How would you satisfy the annual testing requirement for students?
26. How will you market the program to potential donors?
27. How will you market the program to potential scholarship applicants and their families?
28. What challenges do you anticipate in implementing this program?
29. What is a reasonable timeframe to solicit donations, certify applications, and provide scholarship funding?
30. How early will your organization need to be certified by the State Treasurer’s Office in order to solicit donations and offer scholarships for the 2022-2023 school year?

RFI response -

As noted above, the purpose of this RFI is to obtain information to support the design of the Missouri Empowerment Scholarship Accounts Program and to gauge interest from Missouri charitable organizations. This RFI does not constitute a solicitation of proposals, a commitment to conduct procurement, an offer to contract, or a prospective contract. The descriptions in this RFI are tentative and may change.

The STO is not liable for any costs incurred by respondents to produce and submit a response to this RFI.

All submitted responses to this RFI will be subject to Missouri’s Sunshine Law and will be shared upon request or will be made publicly available on the State of Missouri website. More information regarding the Missouri Sunshine Law can be found at <http://ago.mo.gov/sunshinelaw/>.

All information received from respondents becomes the property of the STO. As such, RFI responses can be published in the public domain at the conclusion of the selection process. The STO does not guarantee protection of any information from public disclosure.

RFI designated point of contact –

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