

SB 3 BACKGROUND

Education Savings Account:

- Establishes Education Savings Account program, administered by the Comptroller, which provides parents with funds to pay for education needs of their child, including:
 - private school tuition (at accredited private schools), or
 - online course/school, or
 - education assistance (tutor/tutoring service), or
 - computer hardware/software (for students with a disability only)
- Eligibility:
 - Live within a county with 285,000 or more in population.
 - School-age, and must have attended a Texas public school the entire preceding academic year.
 - Low-income students (with a household income not greater than 175% of free or reduced lunch guidelines), **or**
 - Students with disabilities
- Funding for eligible students:
 - 75% of state average Maintenance & Operations (M&O) per student for the preceding state fiscal year (or)
 - For children with disabilities, 90% of state average M&O per student for the preceding state fiscal year
- Administration of accounts:
 - Comptroller approves financial institutions which may establish and manage accounts under the program;
 - Contracts with vendor to audit participants
- Other:
 - Tutors, services, online courses/programs must apply and be approved by the Commissioner of Education to be used with ESA.
 - For students leaving a public school, districts receive funding equal to 50% of the savings, and are held harmless for recapture payments, for one year.

Tax Credit Scholarship:

- Establishes a Tax Credit Scholarship program, administered by an education assistance organization that is selected by the Comptroller (with a secondary organization selected as a back-up).
- Businesses are able to receive a tax credit up to 50% of their annual insurance tax liability for contributions made to the education assistance organizations for education tuition scholarships.
- Program capped at \$25m annually.
- Eligibility:
 - Live within a county with 285,000 or more in population.
 - Students in foster care or institutional care,
 - Students with active duty military parent,
 - Low-income students (with a household income not greater than 175% of free or reduced lunch guidelines), and
 - Students with disabilities.
 - Students must have attended a Texas public school the entire preceding academic year.
- Students may apply for:
 - a scholarship up to 75% of state average Maintenance & Operations (M&O) per student for the preceding state fiscal year or the cost of tuition at a private school, whichever is the lesser; or
 - a scholarship up to \$500 for academic support programs at a public school.
- Other:
 - Students are eligible to receive an Education Savings Account and a Tax Credit Scholarship, but the scholarships may only fund the difference between the amount an ESA provides and a tuition amount, plus transportation.
 - 75% of available funds are dedicated to scholarships for tuition and 15% dedicated to education assistance programs.

Three additional floor amendments from Sen. Larry Taylor:

- 1) "Parent Trigger" - establishing criteria for voters in exempted counties to call for an election to opt in to a school choice program.
- 2) Clarifying amendment to include more special education students (CH. 504 classification).
- 3) Clarifying amendment regarding county lines.