

January 8, 2018

To the Honorable Members of
The Illinois Senate,
100th General Assembly:

Today I return Senate Bill 444 with specific recommendations for change.

In August 2017, Illinois passed historic school funding reform into law in Senate Bill 1947 with the intent of closing the unacceptable equity gap in education funding and creating more opportunity for students across our state. Senate Bill 444 was intended to correct for errors and unintended consequences stemming from last year's reform bill to effectuate the overall goals and improve the functionality of the new law.

A central component of the school funding reform law was the Invest in Kids Act ("the Act"), which offers tax credit scholarships totaling up to \$100 million for low-income students to attend non-public schools. This program gives families the opportunity to make the best possible educational choices for their students, and ensures that all Illinoisans, regardless of socioeconomic status, have equitable access to high-quality schooling options. However, the current drafting of the law will stand in the way of effectively and fairly implementing the very program it creates, and should be cleaned up along with the other fixes to Senate Bill 1947.

As written, the Act requires non-public schools to be "recognized" by the Illinois State Board of Education (ISBE). This language creates an eligibility mandate from what is otherwise a voluntary distinction for which schools may apply. Eligibility should be expanded to also include schools that are *registered* with ISBE, a necessary precursor to becoming "recognized." While it is prudent to require compliance with ISBE measures that protect the health, safety and well-being of students, the current timelines to become recognized will exclude at least 36 schools that are still in the process of registering for and moving toward recognition; the ramifications of this initial exclusion could potentially last for two years. The students attending or looking to attend these schools deserve the same access to Invest in Kids scholarships as those in already recognized schools. Their educational opportunities cannot wait for years.

By including those who have registered with ISBE as well as those already recognized, the law will better maximize the number of schools and therefore the number of children who can benefit from this promising new program.

Therefore, pursuant to Section 9(e) of Article IV of the Illinois Constitution of 1970, I hereby return Senate Bill 444, entitled "AN ACT concerning education," with the following specific recommendations for change:

On page 1, immediately after line 3, by inserting the following:

"Section 5. The Invest in Kids Act is amended by changing Section 5 as follows:

(35 ILCS 40/5)

Sec. 5. Definitions. As used in this Act:

"Authorized contribution" means the contribution amount that is listed on the contribution authorization certificate issued to the taxpayer.

"Board" means the State Board of Education.

"Contribution" means a donation made by the taxpayer during the taxable year for providing scholarships as provided in this Act.

"Custodian" means, with respect to eligible students, an Illinois resident who is a parent or legal guardian of the eligible student or students.

"Department" means the Department of Revenue.

"Eligible student" means a child who:

(1) is a member of a household whose federal adjusted gross income the year before he or she initially receives a scholarship under this program, as determined by the Department, does not exceed 300% of the federal poverty level and, once the child receives a scholarship, does not exceed 400% of the federal poverty level;

(2) is eligible to attend a public elementary school or high school in Illinois in the semester immediately preceding the semester for which he or she first receives a scholarship or is starting school in Illinois for the first time when he or she first receives a scholarship; and

(3) resides in Illinois while receiving a scholarship.

"Family member" means a parent, child, or sibling, whether by whole blood, half blood, or adoption; spouse; or stepchild.

"Focus district" means a school district which has a school that is either (i) a school that has one or more subgroups in which the average student performance is at or below the State average for the lowest 10% of student performance in that subgroup or (ii) a school with an average graduation rate of less than 60% and not identified for priority.

"Necessary costs and fees" includes the customary charge for instruction and use of facilities in general and the additional fixed fees charged for specified purposes that are required generally of non-scholarship recipients for each academic period for which the scholarship applicant actually enrolls, including costs associated with

student assessments, but does not include fees payable only once and other contingent deposits that are refundable in whole or in part. The Board may prescribe, by rules consistent with this Act, detailed provisions concerning the computation of necessary costs and fees.

"Scholarship granting organization" means an entity that:

- (1) is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- (2) uses at least 95% of the qualified contributions received during a taxable year for scholarships;
- (3) provides scholarships to students according to the guidelines of this Act;
- (4) deposits and holds qualified contributions and any income derived from qualified contributions in an account that is separate from the organization's operating fund or other funds until such qualified contributions or income are withdrawn for use; and
- (5) is approved to issue certificates of receipt.

"Qualified contribution" means the authorized contribution made by a taxpayer to a scholarship granting organization for which the taxpayer has received a certificate of receipt from such organization.

"Qualified school" means a non-public school located in Illinois ~~and~~ that is registered on or before February 15, 2018, or recognized by the Board pursuant to Section 2-3.25o of the School Code.

"Scholarship" means an educational scholarship awarded to an eligible student to attend a qualified school of their custodians' choice in an amount not exceeding the necessary costs and fees to attend that school.

"Taxpayer" means any individual, corporation, partnership, trust, or other entity subject to the Illinois income tax. For the purposes of this Act, 2 individuals filing a joint return shall be considered one taxpayer."; and

On page 1, by replacing lines 4 and 5 with "Section 10. The School Code is amended by changing Section 18-8.15 as follows:".

With these changes, Senate Bill 444 will have my approval. I respectfully request your concurrence.

Sincerely,

Bruce Rauner
GOVERNOR