



AMENDMENT 3 SUMMARY

The “**Early Childhood Health and Education Amendment**” (**Amendment 3**) modifies the existing statutory-based Coordinating Board for Early Childhood to the constitutionally protected **Early Childhood Commission**. The purpose of the Commission is to “improve the health and education of children, from birth through five, and to improve accountability for early childhood health and education funding.”

Amendment 3 requires that the “Commission shall ensure a fair and equitable distribution of funds distributed as grants based on the established residency population of children ages birth through five.” Public, private and faith-based Missouri organizations may apply for grants from the Commission. Per the U.S. Constitution, no grants may be used for religious purposes, including religious curriculum and instruction. Specific grant distribution and requirement details will be determined during the rules and regulations process after **Amendment 3** becomes law. This process is open to the public and **Amendment 3** supporters are encouraged to engage.

Moreover, **Amendment 3** replaces the Coordinating Board for Early Childhood Trust Fund with the Early Childhood Health and Education Trust Fund, which collects the proceeds of a tax levied on the sale of all cigarettes, plus an equity fee levied on the sale of cigarettes manufactured by non-participating manufacturers, and **places the new revenues in a constitutionally protected lockbox**.

PURPOSES OF NEW REVENUES

Revenue will be disbursed as grants for the benefit of Missouri children, from ages birth through five, as follows:

- 75-85% for improving quality to and access of early childhood programs including:
 - preschool
 - home visitation
 - parent and family support and education
 - public information and coordination
- 10-15% for hospitals or other health care facilities to improve access to quality early childhood health and development programs for:
 - preventative health care
 - obesity prevention
 - infant mortality prevention
 - health and development screenings
- 5-10% for smoking cessation and prevention programs for pregnant mothers and youth



TAX PROVISIONS

Amendment 3 taxes cigarettes at a total of 60 cents per pack, phased-in over four years (2017-2020) at 15 cents per year.

Amendment 3 establishes an equity fee of 67 cents per pack levied on non-participating manufacturers, which are tobacco manufacturers who have not become participating manufacturers in accordance with provisions of the Master Settlement Agreement. Each year, Missouri taxpayers subsidize non-participating manufacturers to the tune of \$80 million because out-of-state discount tobacco companies take advantage of a loophole in the Master Settlement Agreement that only Missouri has failed to close.

Amendment 3 closes this loophole and dedicates the revenues gained from closing it to early childhood health and education.

REVENUE PROJECTIONS

Approximately \$300 million annually once fully phased in. Annual estimates as follows:

- Year one: \$110 million
- Year two: \$175 million
- Year three: \$240 million
- Year four: \$305 million

Amendment 3 allows for administrative, collection, enforcement and hold-harmless costs as follows:

- 3% of new revenues offset discount fees for tobacco wholesalers
- Up to 1.5% of new revenues for administration and collection of the tax
- 1% of revenues for enforcement
- 4% of revenues to hold harmless state and local funds that currently receive revenues from cigarette sales

Amendment 3 does not allow diversion, swapping or supplanting of funds: funds “shall not be used to replace existing funding as of July 1, 2016 for the same or similar activities, initiatives, and programs.”

Amendment 3 dedicates the remaining funds (no less than 90.5% of revenues) to the Commission and its established purpose. Estimates of the amounts dedicated to each purpose previously described are below:

- \$207-259 million for early childhood education
- \$28-41 million for health related programs
- \$14-28 million for smoking cessation



GOVERNANCE

The make-up of the Early Childhood Commission will include the following members:

- (1) Commissioner from the Department of Elementary and Secondary Education
- (1) Director from the Department of Health and Senior Services
- (1) Director from the Department of Social Services
- (1) Director from the Department of Mental Health
- (1) Director from the Missouri Head Start-State Collaboration Office
- (2) Members of the Missouri General Assembly
 - Members must also serve on the Joint Committee on Education
 - One member from the House
 - One member from the Senate
 - Members must be from different political parties
- (6) Citizens from the following areas:
 - early childhood education and development providers (State Ed board appoints)
 - local Head Start agencies (State Ed board appoints)
 - faith (State Ed board appoints)
 - higher education (Governor appoints)
 - business (Governor appoints)
 - medicine (Governor appoints)

Amendment 3 places a 3% cap on administrative expenses of the Commission. **Amendment 3** grants authority to the Commission to establish guidelines and controls for administrative expenses of grantees. The make-up of the Commission may be changed by statute.

AMENDMENT 3 BENEFITS

- Provides \$300 million annually in funding for early childhood health and education.
- Prevents and reduces smoking rates among teens and pregnant women by raising the price of cigarettes and adding an equity fee on off-brand, less expensive cigarettes.
- **Amendment 3** protects the new revenues for investment in early childhood health and education and prevents the legislature from tampering with the new funds.