STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

SENATE BILL 560

By: Standridge

AS INTRODUCED

An Act relating to schools; creating the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Act; providing short title; providing definitions; creating the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Program subject to certain enactment; providing a process for parents and legal guardians to request participation; requiring the parent or legal guardian of an eligible student to sign certain agreement; directing the provision of certain forms; requiring parents and legal guardians to provide notification of certain events; requiring annual renewal of education scholarship accounts; providing for an agreement to meet certain compulsory attendance requirement; providing end date for participation; stating that monies received pursuant to the program do not constitute taxable income; limiting use of an education scholarship account to certain qualified expenditures; providing for expenditure of unused education scholarship account funds; providing for transfer of funds upon graduation; establishing process for the State Board of Education to approve participating schools; requiring certain calculation of amount to be transferred into education scholarship accounts; providing for distribution of certain remaining amount; directing the State Board of Education to promulgate rules providing for verification of household income; directing the State Department of Education to reserve or retain certain calculated amount; directing the State Department of Education to transfer certain calculated amounts to the resident school district of the eligible student and to the Office of the State Treasurer; allowing the Office of the State Treasurer to retain certain amount for administrative services; creating the
Oklahoma Education Scholarship Account Revolving Fund; providing for expenditure of fund; directing the Office of the State Treasurer to adopt certain electronic payment system; requiring parents and legal guardians of eligible students to submit certain receipts; prohibiting a participating school from sharing, refunding or rebating funds from an education scholarship account with certain individuals; providing procedures for a parent or legal guardian to be removed from the program; providing for suspension of account; providing for notification in writing; providing for appeal of removal; providing for notification of the State Department of Education; allowing referral of certain cases for investigation; limiting participation in the program to a certain percentage to be verified by the State Department of Education; providing for sunset of limitation; prohibiting members of the Legislature from participating in the program; directing the State Board of Education and the Office of the State Treasurer to promulgate rules; providing for codification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 28-101 of Title 70, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Act".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 28-102 of Title 70, unless there is created a duplication in numbering, reads as follows:
As used in the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Act:

1. "Eligible student" means a resident of the state who:
   a. is not being provided an education by other means and who otherwise is eligible to enroll in pre-kindergarten in a public school district in a county having more than fifty thousand (50,000) population according to the latest Federal Decennial Census, or
   b. who is eligible to enroll in grades kindergarten through twelve in a public school district who previously was enrolled the first one hundred (100) days of the prior school year in an Oklahoma public school district in a county having more than fifty thousand (50,000) population according to the latest Federal Decennial Census;

2. "Participating school" means any private school accredited or in the process of obtaining accreditation by the Oklahoma Private School Accrediting Council that has been approved by the State Board of Education as eligible to participate in the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Program pursuant to subsection L of Section 3 of this act;

3. "Program" means the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Program;
4. "Qualified expenditure" means an expenditure that serves an educational purpose that has been approved by the State Board of Education pursuant to subsection J of Section 3 of this act; and

5. "Resident district" means the public school district in which the student resides as defined in Section 1-113 of Title 70 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 28-103 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Subject to the enactment of any appropriation that could be used to provide an increase in teacher salaries or, at the time the appropriation is made, for enacting legislation intended to provide an increase in teacher salaries, there is hereby created the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Program.

B. The parent or legal guardian of an eligible student shall submit a request to participate in the Program no later than December 1 of the school year during which an education scholarship account is requested to receive funding for the same school year. If a request is made after December 1, the education scholarship account will not begin receiving funds until the following school year.
C. To enroll an eligible student in the Program, the parent or legal guardian of the eligible student shall sign an agreement to do all of the following:

1. Provide, at a minimum, an education for the eligible student in at least the subjects of reading, grammar, mathematics, social studies and science;

2. Use funds provided by the Program only on qualified expenditures, as described in subsection J of this section;

3. Not enroll the eligible student in a public school or charter school without first notifying the State Board of Education;

4. Sign a document releasing the resident school district from all obligations to educate the eligible student; and

5. Not enroll the eligible student in the Lindsey Nicole Henry Scholarships for Students with Disabilities Program.

D. Agreements shall be executed on forms provided by the State Department of Education.

E. The parent or legal guardian of an eligible student shall notify the State Board of Education of the date the eligible student withdraws from the resident district to participate in the Program, the date the eligible student stops participating in the Program and the date the eligible student enrolls or re-enrolls in a public school or graduates.
F. An eligible student shall no longer be eligible for an education scholarship account upon high school graduation or upon reaching age twenty-one (21), whichever comes first.

G. A parent or legal guardian shall renew the education scholarship account of an eligible student on an annual basis by submitting a renewal request to the State Department of Education.

H. A signed agreement under this section shall be deemed school attendance and shall constitute compliance with the compulsory attendance requirements of Section 10-105 of Title 70 of the Oklahoma Statutes.

I. Monies received pursuant to the Program shall not constitute taxable income to the parent or legal guardian of the eligible student or the eligible student.

J. 1. Money deposited in an education scholarship account for an eligible student shall be used only for qualified expenditures, which may include but not be limited to:
   a. tuition and fees at a participating school,
   b. textbooks that are required for an eligible student who enrolls in participating school,
   c. tutoring or tutoring facility that is accredited by a state, regional or national accrediting organization,
   d. tuition and fees for concurrent enrollment provided by an institution within The Oklahoma State System of Higher Education or a private institution of higher
learning located within this state and accredited pursuant to Section 4103 of Title 70 of the Oklahoma Statutes,
e. tuition and fees for courses taken at a technology center school accredited by the State Board of Career and Technology Education, and
f. educational services for eligible students with disabilities from a licensed or accredited practitioner or provider.

2. The State Board of Education shall approve and publish a list of qualified expenditures on which education scholarship account funds may be used.

3. All education scholarship account funds that are unused by the end of the school year shall be carried forward to the next school year if the agreement entered into pursuant to subsection C of this section is renewed. If the agreement entered into pursuant to subsection C of this section terminates or is not renewed any unused education scholarship account funds shall revert to the State Board of Education to be used for the financial support of public schools.

K. Any funds remaining to the credit of an education scholarship account by July 31 following graduation of the eligible student shall be transferred into an Oklahoma College Savings Plan account created in the name of the eligible student to be used for
qualified higher education expenses as defined by Section 3970.3 of Title 70 of the Oklahoma Statutes or into a Coverdell Savings Account established pursuant to 26 U.S.C., Section 530 for the benefit of the eligible student.

L. The State Board of Education shall approve a participating school as eligible to receive education scholarship account funds upon determination that the private school:

1. Is accredited or in the process of obtaining accreditation by the Oklahoma Private School Accrediting Council or meets the accreditation requirements set by the State Board of Education;

2. Demonstrates fiscal soundness by having been in operation for one (1) school year or providing the State Board of Education with a statement by a certified public accountant confirming that the private school desiring to participate is insured and the owner or owners have sufficient capital or credit to operate the school for the upcoming year by serving the number of students anticipated with expected revenue from tuition and other sources that may be reasonably expected. In lieu of a statement, a surety bond or letter of credit for the amount equal to the scholarship funds for any quarter may be filed with the State Board of Education;

3. Complies with the antidiscrimination provisions of 42 U.S.C., Section 2000d;

4. Meets state and local health and safety laws and codes;
5. Will be academically accountable to the parent or legal guardian for meeting the educational needs of the eligible student;
6. Complies with all state laws relating to general regulation of private schools; and
7. Adheres to the tenets of its published disciplinary procedures prior to the expulsion of an eligible student.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 28-104 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For each eligible student who is accepted into the Program pursuant to Section 3 of this act, the annual amount to be deposited into the education scholarship account for the student shall be as follows:

1. If the total household annual income is equal to or less than the amount required to qualify for the federal free or reduced-price lunch program, the amount granted to the account shall be equal to ninety percent (90%) of the total State Aid factors multiplied by the grade level weight and the student category weights that would be generated by that student for the applicable school year. The remaining ten percent (10%) shall be distributed to the resident district of the eligible student;

2. If the total household annual income is greater than the amount required to qualify for the federal free or reduced-price lunch program but is equal to or less than two times that amount,
the amount granted to the account shall be equal to sixty percent (60\%) of the total State Aid factors multiplied by the grade level weight and the student category weights that would be generated by that student for the applicable school year. Ten percent (10\%) of the remaining amount shall be distributed to the resident district of the eligible student; and

3. If the total household annual income is greater than two times the amount required to qualify for the federal free or reduced-price lunch program, the amount granted to the account shall be equal to thirty percent (30\%) of the total State Aid factors multiplied by the grade level weight and the student category weights that would be generated by that student for the applicable school year. Ten percent (10\%) of the remaining amount shall be distributed to the resident district of the eligible student.

B. The State Board of Education shall promulgate rules establishing a process for verification of the household income of an eligible student for the purposes of this section.

C. 1. The State Department of Education shall calculate the total cost of all education scholarship accounts for all eligible students in the state pursuant to subsection A of this section. The State Department of Education shall then reserve or retain from the total amount appropriated to the State Board of Education for State Aid purposes and any other revenue available for allocation for
State Aid purposes the total cost for all education scholarship accounts.

2. The amount of State Aid remaining after grants are made to accounts pursuant to subsection A of this section shall be distributed by the State Board of Education to the resident district in which the eligible student would otherwise attend to be expended in a manner decided by the school district board of education.

D. The State Department of Education shall transfer to the Office of the State Treasurer an amount equal to the amount calculated pursuant to subsection C of this section in equal allocations pursuant to a schedule established by the State Department of Education. Of the funds transferred to the Office of the State Treasurer for the Program, an amount not exceeding three percent (3%) may be retained by the Office of the State Treasurer for administration of the Program.

E. There is hereby created in the State Treasury a revolving fund for the Office of the State Treasurer to be designated the "Oklahoma Education Scholarship Account Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Office of the State Treasurer from the State Department of Education pursuant to subsection C of this section. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Office of the State Treasurer for the purpose of funding
education scholarship accounts. Expenditures from the fund shall be made upon warrants issued by the Office of the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

F. The Office of the State Treasurer shall develop a system for payment for services from education scholarship accounts by electronic funds transfer, including but not limited to debit cards, electronic payment systems or any other means of electronic payment that the Office of the State Treasurer determines to be commercially viable, cost effective and parent friendly. The Office of the State Treasurer shall not adopt a system that relies exclusively on requiring parents to be reimbursed for out-of-pocket expenses.

G. The parent or legal guardian of an eligible student shall submit receipts for qualified expenditures to the Office of the State Treasurer.

H. A participating school or other recipient of education scholarship account funds shall not share, refund or rebate any amount expended from an education scholarship account with the parent or legal guardian of an eligible student or the eligible student.

I. 1. The Office of the State Treasurer may remove any parent or legal guardian of an eligible student from eligibility for the Program if the parent or legal guardian fails to comply with the
terms of the agreement executed pursuant to Section 3 of this act or applicable laws, rules or orders or misuses monies or fails to comply with the terms of the agreement with the intent to defraud.

2. The Office of the State Treasurer shall suspend the education scholarship account of the parent or legal guardian and shall notify the parent or legal guardian in writing that the education scholarship account has been suspended and that no further transactions shall be allowed. The notification shall specify the reason for the suspension and state that the parent or legal guardian has ten (10) days, not including weekends, to respond and take corrective action. If the parent or legal guardian refuses or fails to contact the Office of the State Treasurer, furnish any information or make any report that may be required for reinstatement within the ten-day period, the Office of the State Treasurer may remove the parent or legal guardian of the eligible student from participation in the Program.

3. The parent or legal guardian of an eligible student may appeal the Office of the State Treasurer's decision pursuant to the Administrative Procedures Act.

4. The Office of the State Treasurer shall notify the State Department of Education of the removal of a parent or legal guardian of an eligible student from participation in the Program.

5. The Office of the State Treasurer may refer cases of substantial misuse of monies to the attorney general for
investigation if evidence of fraudulent use of an education scholarship account is obtained.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 28-105 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The number of new students eligible to participate in the Parent Empowerment, Revenue Enhancement and Classroom Size Reduction Program shall be limited to not more than one percent (1%) of the total number of students enrolled in public schools statewide each school year. The State Department of Education shall verify the total number of students enrolled in public schools statewide by July 15 of each year to determine the number of eligible students for the Program for that school year. Applicants shall be granted on a first-come, first-serve basis. If more students apply than are eligible to participate, the State Department of Education shall utilize a waiting list for enrollment in the Program.

B. The limitations set forth in this section shall sunset ten (10) years from the implementation of the Program.

C. An eligible student whose parent or legal guardian is a member of the Legislature shall not be eligible to participate in the Program during the term for which the parent or legal guardian was elected or appointed.
SECTION 6. NEW LAW  A new section of law to be codified in the Oklahoma Statutes as Section 28-106 of Title 70, unless there is created a duplication in numbering, reads as follows:

The State Board of Education and the Office of the State Treasurer shall promulgate rules necessary to implement the provisions of this act.

SECTION 7. This act shall become effective July 1, 2017.

SECTION 8. It being immediately necessary for the preservation of the public peace, health or safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.