

BILL SUMMARY
2nd Session of the 55th Legislature

Bill No.:	HB 2949
Version:	INT
Request Number:	8666
Author:	Rep. Nelson et al.
Date:	3/4/2016
Impact:	Re-direction of specified funds Admin. costs to SDE which may be offset

Research Analysis

The bill establishes a school voucher program for students beginning in the 2016-2017 school year. It establishes eligibility for the program and requires a signed agreement by the parent(s) of a student. The agreement includes several provisions such as notifying the state department of education when an eligible student withdraws from a public school to participate in the program; when the student stops participating in the program; when the student enrolls or reenrolls in a public school or graduates; and how funds deposited into an education savings account (ESA) can and cannot be spent. An ESA of a student must be renewed annually. The parent of an eligible student must submit a request to participate in the ESA program by December 1 of the school year during which an account is requested. The bill provides how the amount deposited into the ESA will be calculated and creates a new fund to cover the costs of administering the ESAs.

It stipulates a private school or educational service provider that receives funds from an ESA cannot share, refund, or rebate to the parent or student any of the funds from the account. Also, parents cannot receive or accept rebates, discounts, or payments from private schools or educational service providers using funds from an account, unless they are deposited back into the ESA. In the event that an ESA is closed any remaining funds will be returned to the State Board of Education for allocation to the school districts through the state aid formula. The Board may suspend an eligible student from the ESA program if the parent or student fails to comply with the provisions of the act or did so with the intent to defraud. Lastly, the Board may select an independent research organization to conduct a study of the program, and the report must be published on the State Department of Education website.

Prepared By: Scott Tohlen

Fiscal Analysis

HB 2949, as introduced, creates the Oklahoma Education Savings Account Program. Specific terms and eligibilities and allowable fund expenditures are provided, including the requirement that a student is a member of a household where the total annual income is equal to or less than two times the amount required to qualify for the federal free or reduced-price lunch program. The annual amounts to be deposited in an account for an eligible student are specified including criteria of certain total household annual incomes with the amounts granted equal to certain percentages 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 measure allows for specific re-direction of funds from public schools for eligible students leaving such schools for other certain educational options and uses. The amount of funds re-

directed will depend on a number of variables, including student participation rates, state aid formula weights, and state aid factors at the time of participation. According to the Department of Education personnel, the current economically disadvantaged (qualifying for federal free or reduced lunch) total count is 434,947, and the state aid factors as of 2/8/16 are \$3,053.60.

Further, funds calculated will be transferred to the State Treasurer for deposit into the education savings account for each eligible student. The Department of Education may retain an amount equal to 5% of the total amount set aside for the program for administrative services. The Department will transfer 1% of the total deposited into the established Education Savings Account Administrative Fund to the established Treasurer's Education Savings Account Administrative Fund. The account will be closed upon graduation from a postsecondary institution by an eligible student or after a period of four consecutive years after high school graduation if such student is not enrolled in a postsecondary institution. Remaining funds will be returned to the State Board of Education to be allocated through the State Aid funding formula. For the 2016-17 school year, the State Board of Education will set aside a certain amount of money for State Aid purposes to cover expected demand, and at the beginning of each subsequent school year, 120% of the total amount deposited into education savings accounts the previous school year and the total amount for which applications were received but no funds were available.

Department of Education personnel estimate costs to the department would be approximately \$1,500,000 which includes FTE, system upgrade, audit services and independent research services. Such costs may be offset by the percentage of funds returned to the agency for administrative purposes.

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Other Considerations

None