

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

COMMITTEE SUBSTITUTE
FOR

SENATE BILL NO. 560

By: Standridge, Yen, Loveless
and Newhouse of the Senate

and

Echols of the House

COMMITTEE SUBSTITUTE

[schools - Parent Empowerment, Revenue Enhancement
and Classroom Size Reduction Act - codification -
~~effective date~~ -

~~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".

The purpose of the Parent Empowerment, Revenue Enhancement and
Classroom Size Reduction Act is to provide to students who would
otherwise not be able to afford an education at a private school of
choice with an education scholarship account to do so. The amount
of funding provided to a student to support an education at a

1 private school of choice shall be limited to the amount of State Aid
2 the student would otherwise generate in a public school setting and
3 shall not include any ad valorem funding or federal funding. If a
4 student withdraws from the private school of choice and re-enrolls
5 in the student's resident district, the remaining amount of State
6 Aid that had been placed in an education scholarship account shall
7 be returned to the resident district.

8 SECTION 2. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 28-102 of Title 70, unless there
10 is created a duplication in numbering, reads as follows:

11 As used in the Parent Empowerment, Revenue Enhancement and
12 Classroom Size Reduction Act:

13 1. "Eligible student" means a resident of the state who:

- 14 a. is not being provided an education by other means and
15 who otherwise is eligible to enroll in pre-
16 kindergarten in a public school district in a county
17 having more than one hundred fifty thousand (150,000)
18 population according to the latest Federal Decennial
19 Census,
20 b. who is eligible to enroll in grades kindergarten
21 through twelve in a public school district who has
22 spent the prior school year in attendance at an
23 Oklahoma public school district in a county having
24 more than one hundred fifty thousand (150,000)

1 population according to the latest Federal Decennial
2 Census, or

- 3 c. who was in out-of-home placement with the Department
4 of Human Services or the Office of Juvenile Affairs
5 who otherwise is eligible to enroll in a public school
6 district in a county having more than one hundred
7 fifty thousand (150,000) population according to the
8 latest Federal Decennial Census;

9 2. "Homeless student" means a person twenty-one (21) or younger
10 who is:

- 11 a. unaccompanied by a parent or legal guardian, and
12 b. without shelter where appropriate care and supervision
13 are available, or
14 c. without parent or guardian who is willing and able to
15 provide shelter and care, or
16 d. without a fixed, regular or adequate nighttime
17 residence;

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

1 4. "Program" means the Parent Empowerment, Revenue Enhancement
2 and Classroom Size Reduction Program;

3 5. "Qualified expenditure" means an expenditure that serves an
4 educational purpose that has been approved by the State Board of
5 Education pursuant to subsection J of Section 3 of this act; and

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

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

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

18 B. The parent or legal guardian of an eligible student shall
19 submit a request to participate in the Program to the State
20 Department of Education no later than December 1 of the school year
21 during which an education scholarship account is requested to
22 receive funding for the same school year. If a request is made
23 after December 1, the education scholarship account will not begin
24 receiving funds until the following school year.

1 C. To enroll an eligible student in the Program, the parent or
2 legal guardian of the eligible student shall sign an agreement to do
3 all of the following:

4 1. Provide, at a minimum, an education for the eligible student
5 in at least the subjects of reading, grammar, mathematics, social
6 studies and science through a participating school, an institution
7 within The Oklahoma State System of Higher Education or a private
8 institution of higher learning located within this state and
9 accredited pursuant to Section 4103 of Title 70 of the Oklahoma
10 Statutes or a technology center school accredited by the State Board
11 of Career and Technology Education;

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

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

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

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

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

22 E. The parent or legal guardian of an eligible student shall
23 notify the State Board of Education of the date the eligible student
24 withdraws from the resident district to participate in the Program,

1 the date the eligible student stops participating in the Program and
2 the date the eligible student enrolls or re-enrolls in a public
3 school or graduates. All education scholarship account funds that
4 are unused upon a student withdrawing from the Program shall revert
5 to the State Board of Education to be used for the financial support
6 of public schools.

7 F. An eligible student shall no longer be eligible for an
8 education scholarship account upon high school graduation or upon
9 reaching age twenty-one (21), whichever comes first.

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

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

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

20 J. 1. Money deposited in an education scholarship account for
21 an eligible student shall be used only for qualified expenditures,
22 which may include but not be limited to:

23 a. tuition and fees at a participating school,

24

- 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

1 unused education scholarship account funds shall revert to the State
2 Board of Education to be used for the financial support of public
3 schools.

4 K. Any funds remaining to the credit of an education
5 scholarship account by July 31 following graduation of the eligible
6 student shall be returned to the State Board of Education to be
7 allocated to school districts through the State Aid funding formula.

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

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

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

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

3 4. Meets state and local health and safety laws and codes;

4 5. Will be academically accountable to the parent or legal
5 guardian for meeting the educational needs of the eligible student;

6 6. Complies with all state laws relating to general regulation
7 of private schools; and

8 7. Adheres to the tenets of its published disciplinary
9 procedures prior to the expulsion of an eligible student.

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

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

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

1 weights that would be generated by that student for the applicable
2 school year shall be distributed by the State Board of Education to
3 school districts through the State Aid funding formula; and

4 2. If the total household annual income is greater than the
5 amount required to qualify for the federal free or reduced-price
6 lunch program but is equal to or less than two times that amount,
7 the amount granted to the account shall be equal to sixty percent
8 (60%) of the total State Aid factors multiplied by the grade level
9 weight and the student category weights that would be generated by
10 that student for the applicable school year. The remaining forty
11 percent (40%) of the total State Aid factors multiplied by the grade
12 level weight and student category weights that would be generated by
13 that student for the applicable school year shall be distributed by
14 the State Board of Education to school districts through the State
15 Aid funding formula.

16 3. Nothing herein shall be construed to require the local ad
17 valorem funding which is paid by the eligible student's parent or
18 legal guardian and/or federal funding received for the benefit of
19 the eligible student to be utilized in the funding of the education
20 scholarship account and shall continue to be utilized by the
21 resident district as provided by applicable law.

22 4. Eligible students who qualify for the education scholarship
23 amount provided for in paragraph 1 of this subsection and homeless
24 students shall be given priority status.

1 5. The amount to be deposited into the education scholarship
2 account pursuant to this subsection shall be prorated to reflect the
3 number of days remaining in the current school year, if the request
4 for the education scholarship account is granted after the beginning
5 of the school year.

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

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

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

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

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

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

4 H. 1. There is hereby created the Education Scholarship
5 Advisory Committee consisting of seven (7) members as follows:

6 a. the State Treasurer or his or her designee,

7 b. four voting members appointed by the State Treasurer
8 who are parents or legal guardians of eligible
9 students on behalf of whom an education scholarship
10 account has been established, and

11 c. two nonvoting advisory members appointed by the State
12 Treasurer who are educators or administrators at a
13 Participating School, other than the parent or legal
14 guardian of an eligible student.

15 2. The members of the Education Scholarship Advisory Committee
16 shall serve at the pleasure of the State Treasurer. Members shall
17 serve terms of one (1) year and may be reappointed.

18 3. The State Treasurer or his or her designee shall serve as
19 chair of the Committee and shall only vote in case of a tie.

20 4. The Committee shall meet at the call of the chair to
21 determine whether an expenditure of money from an education
22 scholarship account is authorized by Section 3 of this act.

23 I. A participating school or other recipient of education
24 scholarship account funds shall not share, refund or rebate any

1 amount expended from an education scholarship account with the
2 parent or legal guardian of an eligible student or the eligible
3 student.

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

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

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

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

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

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

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

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

3 C. An eligible student whose parent or legal guardian is a
4 member of the Legislature shall not be eligible to participate in
5 the Program during the term for which the parent or legal guardian
6 was elected or appointed.

7 SECTION 6. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 28-106 of Title 70, unless there
9 is created a duplication in numbering, reads as follows:

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

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

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

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