

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1659H.011
 Bill No.: HB 729
 Subject: Education, Elementary and Secondary; Tax Credits; Elementary and Secondary
 Education, Dept. of
 Type: Original
 Date: February 1, 2021

Bill Summary: This proposal would establish and modify alternative educational options for students in elementary and secondary education programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue*	Less than or greater than (\$2,337,882)	Less than or greater than (\$16,598,893) to less than or greater than (\$52,358,662)	Less than or greater than (\$16,602,770) to less than or greater than (\$52,362,539)
Total Estimated Net Effect on General Revenue	Less than or greater than (\$2,337,882)	Less than or greater than (\$16,598,893) to less than or greater than (\$52,358,662)	Less than or greater than (\$16,602,770) to less than or greater than (\$52,362,539)

*The range in the fiscal impact includes the amount of savings (if any) that can be realized by the state as a result of scholarships provided to students who attend qualifying schools who would have otherwise attended public schools. Also, **Oversight** notes Section 163.036 states school districts **may** use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the losses reported to occur in future years, rather than the years reported. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

*Also, as written (section 161.670), Oversight assumes the payments to course providers would vary greatly by district. A payment rate equal to district's average daily attendance (ADA) would functionally make provider payments a product of district size. Oversight assumes this was not the intent of this proposal. However, Oversight assumes the impact from this proposal is largely unknown until the language is clarified.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Cost avoidance and loss of approximately \$35.7 million and \$43.3 million net \$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund – STO	4 FTE	4 FTE	4 FTE
General Revenue Fund – DESE	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE

FORMCHECKBOX Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Political Subdivisions	Up to \$1,963,500	Greater than or less than (\$33,796,269)	Greater than or less than (\$33,796,269)
Local Government	Up to \$1,963,500	Greater than or less than (\$33,796,269)	Greater than or less than (\$33,796,269)

FISCAL ANALYSIS

ASSUMPTION

Section 135.712 – Missouri Empowerment Scholarship Accounts Program

Oversight notes this section establishes the Missouri Empowerment Scholarship Accounts Program to provide options toward ensuring the education of students in the State of Missouri. This section further provides the definitions applicable to Section(s) 135.712 to 135.719.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this proposed legislation creates the Missouri Empowerment Scholarship Accounts Program, which grants scholarships to qualified students for qualified schools through educational assistance organizations.

A “qualified student” is any resident of Missouri that: attended a public school as a full-time student; must have previously participated in the Missouri Empowerment Scholarship Accounts Program; is a child eligible to begin kindergarten; is attending school for the first time; or is a child of a parent in active military service.

A “qualified school” is a charter school, a home school, a private school, or a public or private virtual school that is incorporated in Missouri.

An “educational assistance organization” is a charitable organization that is registered in this state, that is certified by the state treasurer, and that allocates all annual revenue for educational assistance.

Section 135.713 – Tax Credit for Contribution(s) to Educational Assistance Organizations

Officials from **B&P** state, beginning on or after July 1, 2022, a taxpayer may claim a tax credit for qualifying contributions to an educational assistance organization in an amount equal the amount the taxpayer contributed during the tax year for which the credit is claimed. This proposal provides, to a taxpayer who makes a qualifying contribution to an educational assistance organization, a tax credit not to exceed 50 percent of the taxpayer’s state tax liability. This credit may be carried forward for four (4) subsequent tax years. This tax credit is capped at \$50 million per calendar year. This proposal may reduce General Revenue (GR) and Total State Revenue (TSR) up to a maximum of \$50 million annually starting on or after July 1, 2022.

This proposal may impact the calculation under Article X, Section 18(e).

In response to similar legislation (SB 25 – 2021), officials from the **Missouri State Treasurer’s Office (STO)** stated this section requires STO to operate a tax credit program related to donations to scholarship-granting organizations.

STO does not operate tax credit programs and does not currently have the resources to absorb these duties. STO anticipates a minimum of four (4) FTE is required to perform the functions illustrated in this proposed legislation.

STO has assigned these costs to GR as these duties are beyond the scope of permitted expenditures from the State Treasurer’s General Operations Fund pursuant to Section 30.605 which authorizes STO to retain interest to fund STO functions pertaining to the management of state funds. The basis point cap included within this section cannot absorb additional functions without being raised above 15 basis points.

Oversight notes the STO anticipates the need for one (1) FTE Director (\$84,925 annual salary), two (2) FTE Analysts (\$39,708 annual salary/FTE), and one (1) FTE Clerk (\$24,744 annual salary) to administer the tax credit program created under this proposed legislation.

Oversight notes STO is usually funded by the State Treasurer’s General Operating Fund (0164); however, as mentioned by STO, the State Treasurer’s General Operating Fund cannot absorb the costs anticipated. Therefore, Oversight will report the administrative cost(s) reported by STO being paid from GR.

Officials from the **Missouri Department of Revenue (DOR)** state this section creates a tax credit for taxes due under Chapters 143 and 153 in an amount equal to one-hundred percent (100%) of contributions made to an educational assistance organization. The amount of tax credit claimed shall not exceed fifty percent (50%) of the taxpayer’s state tax liability. The tax credits allocated may not exceed \$50 million per calendar year. The loss to GR is the \$50 million cap annually.

This tax credit begins on July 1, 2022, and therefore the first year in which the returns claiming the credit can be filed would be in January 2023 (Fiscal Year 2023). This credit is not refundable but can be carried forward four (4) years.

Fiscal Year	Loss to GR
FY 2022	\$0
FY 2023	Up to the \$50 million
FY 2024	Up to the \$50 million

DOR anticipates the need for one (1) FTE Associate Customer Service Representative (\$24,360 annual salary/FTE) for every 6,000 tax credits redeemed, one (1) FTE Associate Customer Service Representative for every 7,600 errors/correspondence generated and cost(s) for forms and programming changes.

Oversight notes this proposed legislation allows for a tax credit equal to one hundred percent (100%) of the contribution to an educational assistance organization with no cap on the amount a taxpayer may claim on their Missouri tax return, other than it may not exceed fifty percent (50%) of the taxpayer's state tax liability. Oversight does not anticipate the increase in the number of redemptions will justify an increase in DOR FTE. Therefore, for purposes of this fiscal note, Oversight will not report an administrative (FTE) fiscal impact for this organization. Should the increase prove to be significant, DOR may seek additional FTE through the appropriation process.

Oversight notes this section provides a tax credit to taxpayers who make a qualifying contribution to an educational assistance organization.

An "educational assistance organization" is defined as: a charitable organization registered in this state and: 1) exempt from federal taxation, 2) is certified by the Missouri State Treasurer, 3) allocates all of its annual revenue for educational assistance except otherwise stated, and 4) does not discriminate on the basis of race, color, or national origin.

The tax credit created under this section shall be for all fiscal years beginning on or after July 1, 2022 (Fiscal Year 2023). Oversight notes contributions made during in Calendar Year 2022, on or after July 1, 2022, will qualify for a tax credit to be claimed on the taxpayer's Tax Year 2022 tax return which will not be filed until after January 1, 2023 (Fiscal Year 2023).

The tax credit shall be equal to one hundred percent (100%) of the amount such taxpayer contributed to the educational assistance organization during the tax year in which the credit is claimed.

However, the tax credit, may not exceed fifty percent (50%) of the taxpayer's state tax liability for the tax year which the tax credit is claimed. Any amount of tax credit that exceeds the taxpayer's state tax liability may be carried forward to any four (4) subsequent tax years.

The tax credits created under this section may **not** be transferred, sold, or assigned and are **not** refundable.

This proposed legislation states the Missouri State Treasurer shall certify the amount(s) of tax credit to qualifying taxpayers.

The cumulative amount of tax credits that may be allocated to all taxpayers contributing to educational assistance organizations shall not exceed fifty million dollars (\$50,000,000) in any one calendar year.

The tax credits created shall be allocated to taxpayers on a first come, first served basis.

Oversight assumes that a tax credit equal to one hundred percent (100%) of the qualifying contribution provides enough incentive to contributors that the maximum cap of fifty million dollars (\$50,000,000) will be reached each calendar year.

Oversight notes individuals can begin contributing and receiving tax credits under this section beginning July 1, 2022 (Fiscal Year 2023). Contributions made in Tax Year 2022 will not be claimed until such taxpayers file their Tax Year 2022 tax return after January 1, 2023 (Fiscal Year 2023).

Oversight notes tax credits reduce GR by an amount equal to the amount of tax credit redemptions each year. Therefore, due to the lucrativeness of the tax credit created (100% of a taxpayer's contribution), Oversight will report a reduction to GR by an amount "Up to \$50,000,000" each fiscal year beginning in Fiscal Year 2023 as a result of the tax credit created.

Section 135.714 – Educational Assistance Organization and Missouri State Treasurer Requirements

Oversight notes this section establishes the requirements of educational assistance organizations in regards to: intent to participate in the program, financials/financial accountability/financial viability, distribution of moneys in scholarship accounts, criminal background checks, state/national test(s) administration, state achievement testing result(s) reporting, graduation rate(s) reporting, and parental satisfaction survey reporting.

Oversight notes this section requires that each educational assistance organization spend at least ninety percent (90%) of its revenues from qualifying contributions on scholarship accounts.

Oversight notes this section states distributions to Missouri Empowerment Scholarship accounts shall occur "four times per year or in a single lump sum at the beginning of the year as requested by the parent or guardian of a qualified student, **not to exceed a total grant amount equal to the state adequacy target [\$6,375]... calculated by the Department of Elementary and Secondary Education**".

Oversight assumes, since this proposed legislation states distributions of money(s) shall not exceed a **total** grant amount equal to the state adequacy target, and since this proposed legislation does not specifically state that such distribution shall not exceed the state adequacy target annually, that the maximum grant each qualifying student may receive under this program totals \$6,375, regardless of the length of time such qualifying student participates in the program.

Oversight notes, assuming each qualified student receives a **total** scholarship grant equal to the state adequacy target (\$6,375), each student/parent/guardian would benefit financially (specific to the incentives of this program) for, roughly, two-thirds (2/3) of one (1) year (\$6,375 (max scholarship grant) / \$10,132 ([average private school tuition in Missouri](#))).

Oversight notes this section establishes requirements of the Missouri State Treasurer in regards to: compliance of student privacy laws, collection of test results, public reporting of state/national test(s) results and associated learning gains, and public reporting of graduation rate(s).

Section 135.716 – State Treasurer Requirements

Oversight notes this section establishes requirements of the Missouri State Treasurer in regards to: the format of the receipt issued by an educational assistance organization to contributing taxpayers, standardized formatting for the reporting required of educational assistance organizations, removing eligibility from educational assistance organizations from participating in the Missouri Empowerment Scholarship Program, and Missouri Empowerment Scholarship Program reporting.

This section further states the Missouri State Treasurer or the Missouri State Auditor may conduct investigations if evidence is found of fraud by an educational assistance organization.

Section 160.400 – Student Transfer(s) to Charter School(s)

Oversight notes Section 160.400 currently allows charter schools to operate in the St. Louis City School District, Kansas City Public School District, and school districts with an unaccredited or provisionally accredited status. Oversight assumes the changes to this section would allow charter schools to operate in any county with a charter form of government or in any municipality with a population greater than 30,000 inhabitants.

This section further removes specific procedures relating to changes in a school district's accreditation status that impact charter schools.

In response to similar legislation (SB 603 – 2020), information was obtained from the Missouri Department of Elementary and Secondary Education that indicated charters would be permitted to open in the following districts:

Affton 101	Hazelwood	Pattonville R-III
Bayless	Hickman Mills C-1	Raytown C-2
Blue Springs R-IV	Hillsboro-R-III	Ritenour
Brentwood	Independence 30	Riverview Gardens
Cape Girardeau 63	Jefferson City	Rockwood R-VI
Center 58	Jefferson Co. R-VII	Springfield R-XII
Clayton	Jennings	St. Charles R-VI
Columbia 93	Joplin Schools	St. Joseph
Crystal City 47	Kirkwood R-VII	Sunrise R-IX
Desoto 73	Ladue	University City
Dunklin R-V	Lee's Summit R-VII	Valley Park
Ferguson-Florissant R-II	Lindbergh Schools	Webster Groves
Festus R-VI	Lone Jack C-6	Wentzville R-IV
Fort Osage R-I	Maplewood-Richmond Heights	Windsor C
Fort Zumwalt R-II	Mehlville R-IX	
Fox C-6	Normandy Schools	
Francis Howell R-III	Collaborative	
Grain Valley R-V	Northwest R-I	
Grandview C-4	Oak Grove R-VI	
Grandview R-II	Orchard Farm R-V	
Hancock Place	Parkway C-2	

In response to similar legislation (SB 603 – 2020), information from the Missouri Department of Elementary and Secondary education indicated the overall average daily attendance for these school districts was 376,161 and, in total, \$1,680,758,690 was spent in state aid.

The [National Center for Education Statistics](#) suggests, as of 2017, three percent (3%) of Missouri's public school students are enrolled in public charter schools. The National Center for Education Statistics further suggests there are six (6) states that do not have charter school laws, eight (8) states that have less than one percent (1%) of each state's public school students enrolled in public charter schools, fourteen (14) states that have one percent (1%) but less than five percent (5%) of each state's public school students enrolled in public charter schools, fifteen (15) states that have five percent (5%) but less than ten percent (10%) of each state's public school students enrolled in public charter schools, and seven (7) states and one (1) district that have ten percent (10%) or more of each state's/district's public school students enrolled in public charter schools. The National Center for Education Statistics state the United States' average percent of public school students enrolled in public charter schools per state is six percent (6%).

Oversight estimates six percent (6%) of the students in these districts will transfer to charter schools that could open as a result of this proposed legislation.

If the districts mentioned above experience a six percent (6%) shift of students from public schools to charter schools, approximately 22,570 students would transfer from public schools to charter schools ($376,161 * 6\%$).

If the districts mentioned above experience a six percent (6%) shift of students from public schools to charter schools, local public schools would recognize a negative net direct fiscal impact of state aid to local public school districts equal to \$100,845,521 ($(\$1,680,758,690 / 376,161) * 22,570$ or $\$1,680,758,690 * 6\%$).

If six percent (6%) of the students from public schools shift to charter schools, charter schools would recognize a positive net direct fiscal impact to local charter school districts equal to \$100,845,521.

Oversight notes the negative and positive amount(s) reported above could be either low or high.

The amount(s) reported above are likely to be low, as: 1) it does not include the local effort approximation that the Missouri Department of Elementary and Secondary Education distributes to each charter school on the basis of historical property tax valuation, 2) it does not include federal money distributed to charters, and 3) it does not include non-resident students who might enroll.

The amount(s) reported above are likely to be high because it is unlikely that charter schools would open immediately after implementation and it is unlikely that charter schools would open in the same proportion in every district.

Oversight notes the amount(s) reported above could be low, as the United States' average percent of public school students enrolled in public charter schools is calculated including states that have no charter schools.

Due to the uncertainty of the number of students that would shift from public schools to charter schools, Oversight will report the negative fiscal impact to Local Political Subdivisions – Public School Districts equal to \$0 (no public school students transfer to charter school) to an amount that “Could Exceed \$100,845,521.” Oversight will report the positive fiscal impact to Local Political Subdivisions – Charter Schools equal to \$0 (no public school students transfer to charter school) to an amount that “Could Exceed \$100,845,521.”

Oversight notes, even as this proposed legislation may reduce the number of students educated by public school districts, public school districts may not immediately reduce their fixed and variable costs proportionately, including buildings and staff.

Oversight notes Section 163.036 states school districts **may** use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the losses reported to occur in future years, rather than the years reported. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

Section 160.405 – Establishment of Charter School(s)

Oversight notes, currently, this section provides the requirements in proposing and establishing a charter school. Currently, this section states that any charter school operating on August 27, 2012 shall have until August 28, 2015 to meet the requirements set forth under this section.

This proposed legislation removes the language requiring that a charter school in operation on August 27, 2012 meet the requirements set forth under this section by August 28, 2015.

Oversight assumes this **could** result in additional charter schools opening/re-opening provided a charter school in operation on August 27, 2012 had not met the requirements set forth under this section by August 28, 2015.

For purposes of this fiscal note, Oversight assumes this section will not result in an additional fiscal impact.

Section 160.422 – Property Transfers to Charter Schools

Oversight notes this section would prohibit the City of St. Louis from adopting, enforcing, imposing, or administering any ordinances, local policies, or local resolutions that prohibits property sold, leased, or transferred by the City of St. Louis from being used for any lawful educational purpose by a charter school.

This section prohibits the City of St. Louis from imposing, enforcing, or applying any deed restrictions that prohibits property sold, leased, or transferred by the City of St. Louis from being used for any lawful educational purpose by a charter school.

This section states if the City of St. Louis offers property of the City of St. Louis for sale, lease, or rent, the City of St. Louis shall not refuse to sell, lease, or rent such property to a charter school.

Oversight does not anticipate this section will have a direct fiscal impact. Therefore, for purposes of this fiscal note, Oversight will not report a fiscal impact as it relates to this section.

Section 161.670 – Virtual Schools

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state the current full-time provider indicates an enrollment of 1,500 students. DESE expects this legislation could increase total enrollment significantly. This section states that DESE will pay a full time virtual school program provider an amount equal to the average daily attendance for the student’s district of residence.

DESE notes **the daily average attendance is not a monetary amount** and, for purposes of this fiscal note, DESE will use the state adequacy target to determine the fiscal impact. However, if the average daily attendance is meant to represent another value, the cost could increase significantly.

The current cost to the state for these students will vary by school districts as all school districts receive a different amount of state funding. In the 2019-2020 school year, the average state funding per ADA is \$5,066. For the purposes of this fiscal note and assuming, “average daily attendance” in the proposed legislation is meant to represent the state adequacy target, the impact to state revenue will be stated as the difference between the state adequacy target and the average state funding per ADA.

State Adequacy Target:	\$6,375
State Funding/ADA:	\$5,066
Difference:	\$1,309

DESE states the estimated impact is based on the number of students who may have otherwise been denied by a school district as well as those students who would have opted to choose another program offered by the district (during the approval process).

Payments to Providers

Current

1,500 students x \$1,309 = \$1,963,500 - Total new payment to full-time provider(s)

Future

For every 500 new student full-time enrollments x \$1,309 = \$654,500 - Total future payment to full-time providers per 500 students.

DESE estimates a range of impact to state revenue of \$1,963,500 to an amount that may exceed \$2,617,500.

DESE indicates, at a minimum, one FTE Supervisor (\$40,248 annual salary) will be required to monitor the changes in full-time students. As additional students enroll in full-time virtual schools, additional FTE may be required.

For purposes of this fiscal note, **Oversight** will include DESE’s administrative costs being paid from GR.

Oversight notes, the impact of this proposed legislation, as it relates to increased participation in full-time virtual instruction cannot be determined. Oversight notes, though, that DESE anticipates for every increase of 500 students in full-time virtual instruction, state revenues will decrease by \$654,500. For purposes of this fiscal note, Oversight will report a negative (Unknown) as it relates to increased participation in full-time virtual instruction.

Oversight notes this proposal does not appear to expand the eligibility requirements for virtual school enrollment. Oversight notes this proposed legislation removes the existing requirement for school districts to approve a student's enrollment in virtual courses as well as the process for appealing that decision. Currently, parents can appeal a decision to the local school board and to DESE. Under this proposed legislation, parents have the ultimate decision on whether to enroll their child in a virtual program.

Oversight assumes this proposed legislation removes full-time equivalent students from the student's resident district enrollment numbers - consequently reducing the average daily attendance and, therefore; the state aid received by the school district. This would result in a decreased call to the foundation formula for school districts with full-time equivalent students. Oversight notes the foundation formula payment varies by district, however the State Revenue per pupil by regular term ADA is estimated at \$5,066 (per DESE). Oversight will show an estimated savings of \$7,599,000 to the foundation formula ($\$5,066 * 1,500$) and a subsequent loss to school districts.

Oversight notes Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the losses reported to occur in future years, rather than the years reported. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

This proposed legislation also transfers the payment responsibility from school districts to the DESE for the amount that is reimbursed to course providers for full-time equivalent virtual students. School districts would no longer pay virtual course providers for FTE virtual students. The savings to school districts is estimated at up to \$9,562,500 based on the current maximum payment rate of \$6,375 and the current MOCAP enrollment of 1,500 students.

Oversight notes this proposal states "The [D]epartment shall pay any Missouri course access and virtual school program provider an amount equal to the average daily attendance for the student's district of residence for each full-time equivalent student."

In addition, **Oversight** notes this proposed legislation states “The [D]epartment shall pay any Missouri course access and virtual school program provider an amount equal to the average daily attendance for the student's district of residence for each full-time equivalent student.” Currently, providers are reimbursed up to the State Adequacy Target (\$6,375). Oversight notes the following average daily attendance numbers for a sample of districts below and the resulting difference in provider payments, **if payments were calculated using average daily attendance**:

District	Average Daily Attendance (Proposed Provider Reimbursement)	State Adequacy Target (Current cap on Provider Reimbursement)	Difference in Provider Payments
Columbia 93	\$17,114	\$6,375	\$10,739
Hermitage R-IV	\$223	\$6,375	(\$6,152)
Springfield R-XII	\$24,039	\$6,375	\$17,664
Eldon R-I	\$1,745	\$6,375	(\$4,630)
Gasconade Co. R-I	\$856	\$6,375	(\$5,519)

As written, **Oversight** assumes the payments to course providers would vary greatly by district. A payment rate equal to district’s average daily attendance would functionally make provider payments a product of district size. Oversight assumes this was not the intent of this proposal. Therefore, Oversight assumes the impact from this provision would range from an unknown positive to an unknown negative.

Oversight has requested the number of students approved and denied for enrollment by school districts in the MOCAP program. However, DESE has not collected this type of data prior to rule 5 CSR 20-100.230 going into effect. 5 CSR 20-100.230 became effective on 1/30/21. Oversight has requested the number of applicants that have appealed to DESE and been denied or approved. However, as of the date of this fiscal note, Oversight has not received this information.

Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional information, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 166.705 – Missouri Empowerment Scholarship Accounts

Officials from **DESE** state this proposed legislation could reduce TSR by an amount equal to \$14,240,231 to \$50,000,000 annually.

DESE provides the following:

Basic data

\$50,000,000 Tax Credit Cap
-10% for administration and marketing (\$5,000,000)
=\$45,000,000
÷ \$6,375 state adequacy target at full funding
= 7,059 maximum number of available scholarships

DESE states, for the 2019 – 2020 school year, state funding amounted to \$4,275,593,319 with a regular term ADA equal to 843,960. DESE assumes state revenue per pupil by regular term ADA totals \$5,066 ($\$4,275,593,319 / 843,960$).

DESE provides the first scenario that could occur:

Public School to Private School or Non-Resident Public School

If scholarship recipients are public school students who use the scholarship at a non-public school or a public school outside their district of residence, the cost to the state would be \$14,240,231.

7,059 scholarships
× \$1,309 (difference between average state funding per pupil and scholarship amount)
= \$9,240,231
+\$5,000,000 (costs for administration and marketing subtracted from \$50,000,000)
=**\$14,240,231**

DESE provides the second scenario that could occur:

Non-public school to non-public school

If all scholarship recipients go from non-public schools to non-public schools (or are incoming kindergartners who would be going to non-public schools), the cost to the state is \$50,000,000. All of these students would be new inclusions in state support. This scenario assumes that any non-public students using the scholarship meet the requirement of previously being enrolled in public school or are incoming kindergartners who would choose to attend non-public school.

DESE provides the third scenario that could occur:

Proportionate distribution of students from public (87.7%) and non-public (12.3%) all going to non-public

Total scholarships available –7,059

Public – 6,194

Non-public – 865

Public - \$1,309 per pupil new cost to state (difference between scholarship amount and current average state aid per pupil)

Non-public - \$6,375 per pupil new cost to state

$6,194 \times \$1,309 = \$8,107,946$

$865 \times \$6,375 = \$5,514,375$

$= \$13,622,321$

+\$5,000,000 (costs for administration and marketing subtracted from \$50,000,000)

TOTAL \$18,622,321

The total new cost to the state if a proportionate distribution of students from public and non-public schools use the scholarship at a non-public school = \$18,622,321.

This scenario assumes that any non-public students using the scholarship meet the requirement in the legislation of having previous enrollment in public school or are incoming kindergartners.

Oversight notes DESE assumes this proposed legislation could reduce TSR by \$14,240,231 (Tax Credit Cap minus savings from per pupil cost from state – first scenario) to \$50,000,000 (all scholarship recipients are non-public schools who continue to attend non-public schools).

Oversight notes Section 135.714 states distributions to Missouri Empowerment Scholarship accounts shall occur “four times per year or in a single lump sum at the beginning of the year as requested by the parent or guardian of a qualified student, **not to exceed a total grant amount equal to the state adequacy target** (\$6,375)... calculated by the Department of Elementary and Secondary Education”.

Oversight assumes, since this proposed legislation states distributions of money(s) shall not exceed a **total** grant amount equal to the state adequacy target, and since this proposed legislation does not specifically state that such distribution shall not exceed the state adequacy target annually, that the maximum grant each qualifying student may receive under this program totals \$6,375, regardless of the length of time such qualifying student participates in the program.

Oversight notes, assuming each qualified student receives a total scholarship grant equal to the state adequacy target (\$6,375), each student/parent/guardian would benefit financially (specific to the incentives of this program) for, roughly, two-thirds (2/3) of one (1) year (\$6,375 (max scholarship grant) / \$10,132 ([average private school tuition in Missouri](#))).

Oversight notes this section states a parent of a qualified student may establish a Missouri Empowerment Scholarship account.

A “Qualified Student” is defined as a resident of this state who: attended a public school as a full-time student for at least one semester from the previous twelve months, previously participated in the Missouri Empowerment Scholarship Accounts Program, is a child who is eligible to begin kindergarten, is attending school for the first time, or a child of a parent in active military service.

This section states that the qualified student shall not be enrolled in a school operated by the qualified student’s district of residence or a charter school except for qualified students that are in the custody of the state. The qualifying student must release the district of residence from all obligations to educate the qualified student while the qualified student is enrolled in the program.

Oversight notes “Qualified School” is defined as a charter school, a home school, a private school, a public school, or a public or private virtual school.

This section states that each student qualifying student shall receive a grant deposited into the qualifying student’s Missouri Empowerment Scholarship account.

The money(s) deposited shall be used for: tuition or fees at a qualified school, textbooks, educational therapies or services, tutoring services, curriculum, tuition or fees for a private virtual school, fees for a nationally standardized norm-referenced achievement test, advanced placement examinations, international baccalaureate examinations, or any exams related to college or university admission, fees for management of the Missouri Empowerment Scholarship account, services provided by a public school, computer hardware or other technological devices, fees for summer education and specialized after-school education programs, and other expense related to home school instruction.

The money(s) deposited shall not be used for consumable educational supplies or tuition at a private school located outside of the State of Missouri.

This section states that any funds remaining in a Missouri Empowerment Scholarship account after a student: withdraws from the program, is disqualified from the program, or graduates shall be returned to the educational assistance organization for redistribution to other qualifying students.

This section states the money(s) deposited into the Missouri Empowerment Scholarship accounts shall not be considered Missouri taxable income.

Oversight notes Section 135.713 establishes a tax credit program for taxpayers who contribute to educational assistance organizations. The tax credit program will reduce GR by an amount equal to the amount of tax credit redemptions that occur as a result of the tax credit program created.

However, the contributions made to educational assistance organizations will be used to fund scholarship grants to qualifying students. Oversight notes educational assistance organizations must ensure that they spend at least ninety percent (90%) of its revenues from qualifying contributions on scholarship accounts.

The scholarship(s) could result in a cost savings to the GR by an amount equal to the savings in GR transfers to the State School Moneys Fund.

Oversight notes this proposed legislation would provide scholarship grants in an amount not to exceed the state adequacy target (\$6,375).

Below, **Oversight** estimates the amount of saving(s) that would be recognized as a result of the scholarship program calculated using a scholarship amount equal to the state adequacy target. The savings are shown in green. The estimated net cost to the state, as it relates to the Missouri Empowerment Scholarship Accounts Program (not including FTE expenses) is reported in yellow.

Grant Equal To \$6,375 - Qualified Student				
Program Year	Year 1	Year 2	Year 3	Year 9
Fiscal Year	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2031
Tax Credit Cap	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
90% of Contributions to Scholarship Accounts	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
State Adequacy Target	\$6,375	\$6,375	\$6,375	\$6,375
Maximum Number of Scholarships	7,059	7,059	7,059	7,059
Current ADA Cost Per Pupil	\$ 5,066	\$ 5,066	\$ 5,066	\$ 5,066
Total Savings From Qualified Student Transfers	\$35,760,769	\$35,760,769	\$35,760,769	\$35,760,769
Total Cost to State (Tax Credit Cap - Savings)	\$14,239,231	\$14,239,231	\$14,239,231	\$14,239,231
	up to	up to	up to	up to
	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000

Oversight notes the State School Moneys Fund would recognize a cost avoidance equal to the estimated savings to GR and the State School Moneys Fund would recognize a loss equal to the amount that would no longer be transferred to the State School Moneys Fund. Therefore, Oversight assumes the impact to the State School Moneys Fund would net \$0.

Oversight notes, even as this proposed legislation may reduce the number of students educated by public school districts, public school districts may not immediately reduce their fixed and variable costs proportionately, including buildings and staff. Therefore, Oversight will report a positive impact for local public school districts equal to “Unknown” as it relates to reduced fixed costs associated with educating public school students.

Furthermore, **Oversight** will report a negative impact for local public school districts equal to the amount of state aid that would no longer be provided to public school districts as a result of the transfer of eligible students/reduced ADA.

Oversight notes Section 163.036 states school districts **may** use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the savings/losses reported to occur in future years, rather than the years reported. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

Section 166.710 – Auditing of Missouri Empowerment Scholarship Accounts

Oversight notes this section requires educational assistance organizations to conduct or contract for annual audits of Missouri Empowerment Scholarship accounts beginning in the 2023-2024 school year.

Furthermore, this section provides that STO shall promulgate rules for conducting random, quarterly and annual reviews of accounts.

Oversight notes, if a parent, qualified student, or vendor is disqualified from program participation at the discretion of the Missouri State Treasurer’s Office, such parent, qualified student, or vendor may appeal such decision to the Administrative Hearing Commission.

Officials from the **Administrative Hearing Commission (AHC)** do not anticipate that this proposed legislation will have significantly alter its caseload. However, if similar pieces of legislation pass, resulting in more cases, there will be a fiscal impact.

This section states that STO may refer cases of substantial misuse of moneys to the Missouri Attorney General for investigation.

Officials from the **Missouri Attorney General’s Office (AGO)** assume any additional litigation costs arising from this proposed legislation can be absorbed with existing personnel and resources. However, AGO may seek additional appropriation if there is a significant increase in litigation.

Section 166.715 – Cause for Criminal Charge

Oversight notes this section states a person commits a Class A Misdemeanor if such person is found to have used money(s) for purposes other than provided for.

Section 166.725 – Participation Confidentiality

Oversight notes this section states that all information concerning eligible students and parents within the Missouri Empowerment Scholarship Accounts Program shall be confidential.

Legislation As A Whole

Officials from the **Bowling Green R-I School District** assume this proposed legislation will have a negative impact.

Officials from the **Springfield R-XII School District** anticipate this proposed legislation will reduce state aid to the Springfield R-XII School district by \$4,600,000.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for administrative rules is less than \$5,000. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what SOS can sustain with SOS's core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposed legislation. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules from this proposed legislation with existing resources.

Officials from the **Missouri Department of Commerce and Insurance, the Missouri Department of Higher Education and Workforce Development, the Missouri State Highway Patrol, the State Auditor's Office, the Office of State Courts Administrator, the City of Corder, the City of Hughesville, the City of Kansas City, the City of Liberty, the City of Mansfield, the City of O'Fallon, the City of Springfield, the City of St. Louis - Budget Division, the Crestwood Police Department, the Kansas City Police Department, the St. Joseph Police Department, the St. Louis County Police Department, and the High Point R-III School District** do not anticipate this proposed legislation will have a fiscal impact on their organization(s). Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Revenue Reduction –</u> Section 135.713 – Tax Credit For Donations To Educational Assistance Organizations – p. 3-6	\$0	Up to (\$50,000,000)	Up to (\$50,000,000)
<u>Savings/Cost</u> <u>Avoidance –</u> Section(s) 135.714 & 166.705 – State School Moneys Fund Transfers Decreased Due to Qualified Students – p. 6-7 & 13-18	\$0	\$0 to \$35,759,769	\$0 to \$35,759,769
<u>Cost – Section</u> 161.670 – Increased Enrollment of Virtual Students As A Result Of Lesser Approval Requirements – p. 11-13	(Unknown)	(Unknown)	(Unknown)
<u>Savings – Section</u> 161.670 – Reduced Call To Foundation Formula For Public School Districts With Full-Time Equivalent Virtual Students - p. 11-13	Could exceed \$7,599,000	Could exceed \$7,599,000	Could exceed \$7,599,000

<u>Costs</u> – Section 161.670 – Virtual Course Provider Payments Paid By DESE	Could exceed (\$9,562,500)	Could exceed (\$9,562,500)	Could exceed (\$9,562,500)
<u>Cost/Savings</u> – Section 161.670 – DESE – Cost Of Paying Virtual Course Providers At A Rate Of Average Daily Attendance - p. 11-13	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
<u>Cost</u> – STO – Section 135.713 – p. 4			
Personnel Services	(\$157,571)	(\$190,976)	(\$192,886)
Fringe Benefits	(\$90,052)	(\$108,638)	(\$109,220)
Equipment & Expense	(\$57,000)	(\$21,836)	(\$22,491)
Total Cost – STO	(\$304,623)	(\$321,450)	(\$324,597)
FTE Change – STO	4 FTE	4 FTE	4 FTE
<u>Cost</u> – DESE – Section 161.670 - p. 11-13			
Personnel Services	(\$33,540)	(\$40,650)	(\$41,057)
Fringe Benefits	(\$21,270)	(\$25,659)	(\$25,797)
Equipment & Expense	(\$14,949)	(\$7,403)	(\$7,588)
Total Cost – DESE	(\$69,759)	(\$73,712)	(\$74,442)
FTE Change – DESE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Less than or greater than (2,337,882)</u>	<u>Less than or greater than (\$16,598,893) to less than or greater than (\$52,358,662)</u>	<u>Less than or greater than (\$16,602,770) to less than or greater than (\$52,362,539)</u>

STATE SCHOOL MONEYS FUND (0616)			
<u>Savings/Cost Avoidance</u> – Section 135.714 & 166.705 – General Revenue Decreased ADA For Transfer Of Qualified Students – p. 6-7 & 13-18	\$0	\$0 to \$35,759,769	\$0 to \$35,759,769
<u>Loss</u> – Section 135.714 & 166.705 – Schools Decreased ADA for Transfer Of Qualified Students - p. 6-7 & 13-18	\$0	\$0 to (\$35,759,769)	\$0 to (\$35,759,769)
<u>Savings/Cost Avoidance</u> – Section 161.670 – General Revenue Decreased ADA For Removal of Full-Time Equivalent Virtual Students From Inclusion In Public School Foundation Formula - p. 11-13	Could exceed \$7,599,000	Could exceed \$7,599,000	Could exceed \$7,599,000
<u>Loss</u> – Section 161.670 – Public Schools Decreased ADA for Virtual Students – p. 11-13	Could exceed (\$7,599,000)	Could exceed (\$7,599,000)	Could exceed (\$7,599,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – Section(s) 135.714 & 166.705 - Reduction In Fixed Costs For Transfer Of Qualified Students Out of School District Or To Non- Public School District – p. 6-7 & 13-18	\$0	Unknown	Unknown
<u>Loss</u> – Section(s) 135.714 & 166.705 – State Funding Schools Decreased ADA For Transferred Students – p. 6-7 & 13-18	\$0	\$0 to (\$35,759,769)	\$0 to (\$35,759,769)
<u>Loss</u> – Section 160.400 – Public School Districts – Transfer of Public School Students To Newly Implemented Charter Schools - p. 7-10	\$0 to could exceed (\$100,845,521)	\$0 to could exceed (\$100,845,521)	\$0 to could exceed (\$100,845,521)
<u>Revenue Gain</u> – Section 160.400 - Charter Schools – Increased Funding For New Charter Schools – p. 7-10	\$0 to could exceed \$100,845,521	\$0 to could exceed \$100,845,521	\$0 to could exceed \$100,845,521

<u>Loss</u> – Section 161.670 – Public Schools Decreased ADA for Virtual Students – p. 11-13	Could exceed (\$7,599,000)	Could exceed (\$7,599,000)	Could exceed (\$7,599,000)
<u>Savings</u> – Section 161.670 – Decreased Payment Transferred to Virtual Course Providers – p. 11-13	<u>Up to \$9,562,500</u>	<u>Up to \$9,562,500</u>	<u>Up to \$9,562,500</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Up to \$1,963,500</u>	<u>Greater than or less than (\$33,796,269)</u>	<u>Greater than or less than (\$33,796,269)</u>

FISCAL IMPACT – Small Business

This proposed legislation could impact any small business that makes a contribution to an educational assistance organization as such small business could receive a tax credit that would reduce or eliminate such small business's tax liability.

This proposed legislation could impact any small business operating as a Missouri course access and virtual program provider, as such provider may receive less or more in provider payments. In addition each small business operating as a Missouri course access and virtual program provider would become classified as an attendance center as defined in Section 167.895.

FISCAL DESCRIPTION

For all fiscal years beginning on or after July 1, 2022, a taxpayer may make a qualifying contribution to an educational assistance organization and claim a tax credit equal to the contribution. The amount of the tax credit claimed shall not exceed 50% of the taxpayer's state tax liability for the tax year for which the credit is claimed, and a taxpayer may carry the credit forward to any of the next four tax years. Tax credits authorized under the program may not be transferred, sold, or assigned, and are not refundable.

The annual cumulative amount of tax credits that may be allocated shall not exceed \$50 million. The State Treasurer shall establish a procedure to allocate the tax credits to the educational assistance organizations on a first come, first served basis. (Section 135.713 RSMo)

An educational assistance organization shall meet certain requirements set forth in the bill, including notifying the State Treasurer of its intent to provide scholarship accounts; being a 501(c)(3) organization; providing a receipt to taxpayers for contributions; ensuring that funds are used as specified in the bill; distributing scholarship payments four times per year in an amount not to exceed the state adequacy target; carry forward no more than 25% of the revenue from contributions into the following fiscal year; providing the State Treasurer, upon request, with criminal background checks on all employees and board members; annually administer either the state achievement tests or nationally norm-referenced tests and provide such results to the parents of participating students and to the State Treasurer; conduct an annual parental satisfaction survey; and demonstrate financial accountability and viability, as described in the bill. Each educational assistance organization shall publicly report to the State Treasurer, by June first annually, the name and address of the organization, the total number and dollar amount of contributions during the previous calendar year, and the total number and dollar amount of scholarship accounts opened during the previous calendar year. (Section 135.714)

The State Treasurer shall provide standardized forms for program participants, and shall require a taxpayer to provide a copy of such receipt if claiming a tax credit under the program.

The State Treasurer or State Auditor may conduct an investigation of any educational assistance organization if it possesses evidence of fraud. In addition, the State Treasurer may bar an educational assistance organization from participating if the organization has failed to comply with program requirements.

The State Treasurer shall issue a report on the state of the program five years after it goes into effect, including information regarding the finances of the educational assistance organization, and educational outcomes of qualified students. (Section 135.716)

The provisions of the Missouri Sunset Act shall not apply to the program. (Section 135.719)

A student is eligible to receive funds in a Missouri Empowerment Scholarship Account if he or she attended public school full-time for at least one semester in the last year, previously participated in the program, is eligible to begin kindergarten, is attending school for the first time, or is the child of active duty military members. (Section 166.700)

A parent of a qualified student shall only use the money in the account for certain expenses related to the qualified student's education, as described in the bill. The parent of a qualified student shall sign an agreement with an educational assistance organization to enroll the qualified student in a qualified school to receive an education for the student in certain subjects; not enroll the student, other than a student that is in the custody of the state, in a school operated by the qualified student's district of residence or in a charter school; release the district of residence from the obligation of educating the student while the student is enrolled in the program; use the Missouri Empowerment Scholarship Account money for only specified purposes; and not use the funds for consumable education supplies or tuition at a private school located outside of the state.

The scholarship accounts are renewable on an annual basis upon request of the parent of a qualified student. A qualified student shall remain eligible for renewal until the student completes high school. If a qualified student withdraws from the program by enrolling in a school other than a qualified school, or is disqualified from the program for violations specified in the bill, the scholarship account shall be closed and any remaining funds shall be returned to the educational assistance organization for redistribution to other qualified students. When a student withdraws from the program, the responsibility for providing an education for that student transfers back to the student's district of residence.

The funds remaining in the scholarship account at the end of a school year shall remain in the account for the following school year. Any funds remaining in the account after graduation shall be returned to the educational assistance organization for redistribution to other qualified students. (Section 166.705)

Beginning in the 2023-24 school year, the educational assistance organization shall conduct or contract for an annual audit of accounts to ensure compliance. A parent may be disqualified from program participation if the State Treasurer determines that the parent is found to have committed an intentional program violation. The State Treasurer may refer cases of substantial misuse of moneys to the Attorney General. (Section 166.710)

A person commits a Class A misdemeanor if he or she is found to have knowingly used moneys for any purposes other than those set forth in the bill. (Section 166.715)

Under this bill, charter schools may be operated in any school district located within a charter county as well as in any municipality with a population greater than 30,000.

Procedures relating to changes in a school district's accreditation status that affect charter schools are repealed under this bill. (Section 160.400)

Under this bill, St. Louis City shall not adopt, enforce, impose, or administer an ordinance, local policy, or local resolution that prohibits property sold, leased, or transferred by the city from being used for any lawful education purpose by a charter school.

St. Louis City may not impose, enforce, or apply any deed restriction that expressly, or by its operation, prohibits property sold, leased, or transferred by the city from being used for any lawful educational purpose by a charter school.

If St. Louis City offers property of the city for sale, lease, or rent, St. Louis shall not refuse to sell, lease, or rent to a charter school solely because the charter school intends to use the property for an educational purpose.

Any deeds that have been executed and recorded prior to the effective date of this bill shall be exempt from this provision. (Section 160.422)

Under current law, for purposes of calculation and distribution of state school aid, all students enrolled in the Missouri Course Access and Virtual School Program commonly called (MOCAP) shall be included in the student enrollment of the school district in which the student physically is enrolled.

This bill excludes full-time equivalent students from the student enrollment of the school district in which such student resides. The Department of Elementary and Secondary Education (DESE) shall pay any MOCAP provider an amount equal to the average daily attendance for the student's district of residence. A virtual school program serving full-time equivalent students shall be considered an attendance center as defined in current law.

Current law requires a school district or charter school to allow any eligible student who resides in such district to enroll in MOCAP courses if, prior to enrolling in any such course, a student has received approval from his or her school district or charter school. This bill repeals the provision requiring a student to receive approval from his or her school district. If the school district or charter school believes a student's request to enroll in a virtual program is not in the best educational interest of the student, the reason shall be provided in writing to the student's parent or guardian, who shall have final decision-making authority.

DESE, rather than each school district or charter school, shall adopt a policy that delineates the process by which a student may enroll in courses provided by MOCAP.

Current law requires costs associated with such virtual courses to be paid by the school district or charter school directly on a pro rata monthly basis based on a student's completion of assignments and assessments. Under this bill, costs shall be paid by the school district or charter school, or by DESE for full-time equivalent students, to the provider on a pro rata basis once per semester based on a student's completion of assignments and assessments.

Current law also requires DESE to monitor student success and engagement and report such information to the school district or charter school. Under this bill, DESE shall report such information to the parent or guardian of the student, who may withdraw the student at any time if the course is not meeting the educational needs of the student. This bill also repeals the provision setting forth the responsibility of school districts and charter schools to monitor full-time student progress and success.

Virtual school providers are required, under this bill, to monitor student progress and success, and may remove a student from the program if the provider believes it to be in the best educational interest of the student.

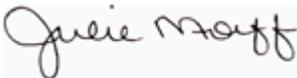
A full-time virtual school shall, under this bill, submit a notification to a parent or legal guardian of a student who is not consistently engaged in instructional activities, as defined in the bill. Such school shall also develop a policy setting forth the consequences for a student's failure to attend school and complete instructional activities, including disenrollment from the virtual school.

School districts or charter schools are required, under current law, to inform parents of their child's right to participate in the virtual schools program. Under this bill, any school district or charter school that fails to notify parents of their child's right to participate in the program shall be subject to civil penalties in an amount equal to \$100 for each day such school district or charter school is in violation of this requirement, including reasonable attorney's fees. (Section 161.670)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Attorney General's Office
Administrative Hearing Commission
Office of Administration – Budget & Planning Division
Missouri Department of Commerce and Insurance
Missouri Department of Elementary and Secondary Education
Missouri Department of Higher Education and Workforce Development
Missouri Department of Revenue
Missouri Department of Public Safety – Highway Patrol
Missouri Secretary Of State's Office
City of Corder
City of Hughesville
City of Kansas City
City of Liberty
City of Mansfield
City of O'Fallon
City of Springfield
St. Louis Budget Division
Crestwood Police Department
Kansas City Police Department
St. Joseph Police Department
St. Louis County Police Department
Bowling Green R-I School District
High Point R-III School District
Springfield R-XIII School District
State Auditor's Office
State Treasurer's Office
Joint Committee on Administrative Rules
Office of State Courts Administrator



Julie Morff
Director
February 1, 2021



Ross Strobe
Assistant Director
February 1, 2021