

HB 729 -- ALTERNATIVE EDUCATIONAL OPTIONS

SPONSOR: O'Donnell

This bill modifies provisions related to charter schools and establishes the Missouri Empowerment Scholarship Accounts Program.

MISSOURI EMPOWERMENT SCHOLARSHIP PROGRAM (Sections 135.712 to 135.719 and 166.720 to 166.725, RSMo.)

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).

CHARTER SCHOOLS (Sections 160.400 to 160.425)

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).

Virtual Education (Section 161.670)

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.

This bill is similar to HB 349, SB 25, and SB 95 (2021).