

HB 1740 -- School Operations

Sponsor: Dieckhaus

This bill changes the laws regarding school operations.

PASSPORT SCHOLARSHIP PROGRAM

The Passport Scholarship Program is established to grant scholarships to students residing in an unaccredited school district to attend a qualified nonpublic school.

Beginning in tax year 2012, a taxpayer may make a qualifying contribution to an educational assistance organization and claim a tax credit. The annual cumulative amount of tax credits is limited to \$40 million in any one fiscal year, which will be modified based on the federal Consumer Price Index. The tax credit is for 60% of the amount of the contribution, is nonrefundable, and may be carried forward for four years or transferred. The Director of the Department of Economic Development must establish a procedure to apportion the amount of tax credits among all educational assistance organizations and may reapportion credits to educational assistance organizations that have used all, or a certain percentage, of their tax credits.

An educational assistance organization must meet certain requirements, including 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; providing the department, upon request, with criminal background checks on all of its employees and board members; and demonstrating financial accountability and viability, as described in the bill.

Each educational assistance organization must ensure that qualified schools:

- (1) Comply with all health and safety laws applicable to nonpublic schools;
- (2) Hold a valid occupancy permit if required by its municipality;
- (3) Do not discriminate in admissions based on race, color, national origin, or disability; and
- (4) Provide academic accountability to parents.

An educational assistance organization must annually and publicly

report to the department information by June 1 about the organization, information about the scholarship recipients, and the total number and dollar amounts of scholarships awarded. An educational assistance organization cannot provide scholarships to any school with paid staff or board members in common with the organization's board or staff. An educational assistance organization must not limit its scholarships to the students of only one school.

A qualified school must comply with all state laws applicable to public schools regarding criminal background checks for employees and exclude from employment anyone prohibited from working in a public school. A qualified school must administer one of three specified types of assessment to its scholarship students. A qualified school must also meet certain accountability measures, including fiscal soundness, accreditation, and surveys of parents and students.

Subject to appropriations or available private donations, the Joint Committee on Legislative Research must contract with a qualified researcher to conduct a study of the program. The study must begin within one year of commencement of the program and must cover a period of six years.

SCHOOL ACCREDITATION

The State Board of Education within the Department of Elementary and Secondary Education is authorized to intervene in and establish alternatives for a failing school district. In its main provisions, the bill:

(1) Removes the two-year period between the classification of a district as unaccredited and the time when the district will lapse. The state board will establish conditions under which the existing school district board may continue to govern or determine the date that the district will lapse and an alternative governing structure for the district;

(2) Changes the timing and the purpose of the hearing that the department must hold in the unaccredited district regarding the accreditation status of the district;

(3) Specifies the options available to the state board upon the classification of a district as unaccredited including the ability of the state board to determine an alternative governing structure which must include a rationale for the decision and a review and recertification of the alternative form of governance every three years, a method for the residents of the district to provide comment, expectations for progress on academic achievement which includes an anticipated timeframe for the

district to reach full accreditation, and annual reporting to the General Assembly and the Governor on an unaccredited district's progress toward accreditation including a review of the effectiveness of the alternative governance;

(4) Delegates the authority of the board of education of the lapsed district to the special administrative board and deletes provisions relating to the assignment of funds and the transfer of authority from the special administrative board to the district to which a lapsed district may be attached; and

(5) Repeals the provisions requiring a provisionally accredited and an unaccredited school district to develop a plan to divide the district if it cannot attain accreditation within three years.

EDUCATION FUNDING FORMULA

The bill changes the laws regarding the elementary and secondary education funding formula. In its main provisions, the bill:

(1) Restores the 5% per recalculation cap on current operating expenses, which is to be imposed on the FY 2013 recalculation of the state adequacy target;

(2) Specifies that in any year in which appropriations do not equal the amount necessary to fully fund the formula, payments to school districts will be modified to accommodate available appropriations. Reductions and increases will be calculated differently for hold-harmless and formula districts. If the formula is underfunded, payments to hold-harmless districts will be decreased at one-third of the rate of the decrease to formula districts. If the formula is overfunded, payments to hold-harmless districts will be increased at one-third of the rate of the increase to formula districts;

(3) Requires the dollar-value modifier to be recalculated every fiscal year, beginning in Fiscal Year 2013, using a three-year rolling average of the wage data from the Bureau of Economic Analysis of the United States Department of Commerce for the fourth, fifth, and sixth years before the payment year. Currently, the definition uses only the fourth previous year's information and the dollar value modifier has not been recalculated since the adoption of the formula in 2005;

(4) Requires, for Fiscal Year 2014, the General Assembly to appropriate an amount for school funding that equals or exceeds the appropriation in Fiscal Year 2011. Each fiscal year thereafter through Fiscal Year 2017, an increasing factor will be used to determine the target school funding appropriation until

the factor is at least 1.0;

(5) Repeals the provision which allows the state adequacy target to be adjusted to accommodate available appropriations once the phase-in is completed; and

(6) Repeals several obsolete provisions regarding the formula's phase-in period.

The provisions of the bill regarding the Passport Scholarship Program will expire six years after the effective date of the bill.

The provisions of the bill regarding school accreditation and the education funding formula contain an emergency clause.