#### SECOND REGULAR SESSION

# [TRULY AGREED TO AND FINALLY PASSED]

### SENATE SUBSTITUTE FOR

# **HOUSE BILL NO. 1744**

## 99TH GENERAL ASSEMBLY

5478S.03T 2018

### AN ACT

To repeal sections 160.545, 162.441, 166.435 as enacted by senate bill no. 366, ninety-eighth general assembly, first regular session, 166.435 as enacted by senate bill no. 863, ninety-fourth general assembly, second regular session, 173.1101, 173.1102, 173.1104, 173.1105, and 173.1107, RSMo, and to enact in lieu thereof nine new sections relating to higher education, with an emergency clause for a certain section.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 160.545, 162.441, 166.435 as enacted by senate bill no. 366, ninety-

- 2 eighth general assembly, first regular session, 166.435 as enacted by senate bill no. 863, ninety-
- 3 fourth general assembly, second regular session, 173.1101, 173.1102, 173.1104, 173.1105, and
- 4 173.1107, RSMo, are repealed and nine new sections enacted in lieu thereof, to be known as
- 5 sections 160.545, 162.441, 166.435, 173.1101, 173.1102, 173.1104, 173.1105, 173.1107, and
- 6 173.1592, to read as follows:

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- 160.545. 1. There is hereby established within the department of elementary and
- 2 secondary education the "A+ Schools Program" to be administered by the commissioner of
- 3 education. The program shall consist of grant awards made to public secondary schools that
- 4 demonstrate a commitment to ensure that:
  - (1) All students be graduated from school;
- 6 (2) All students complete a selection of high school studies that is challenging and for
- 7 which there are identified learning expectations; and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

8 (3) All students proceed from high school graduation to a college or postsecondary vocational or technical school or high-wage job with work place skill development opportunities.

- 2. The state board of education shall promulgate rules and regulations for the approval of grants made under the program to schools that:
- (1) Establish measurable districtwide performance standards for the goals of the program outlined in subsection 1 of this section; and
- (2) Specify the knowledge, skills and competencies, in measurable terms, that students must demonstrate to successfully complete any individual course offered by the school, and any course of studies which will qualify a student for graduation from the school; and
- (3) Do not offer a general track of courses that, upon completion, can lead to a high school diploma; and
- (4) Require rigorous coursework with standards of competency in basic academic subjects for students pursuing vocational and technical education as prescribed by rule and regulation of the state board of education; and
- (5) Have a partnership plan developed in cooperation and with the advice of local business persons, labor leaders, parents, and representatives of college and postsecondary vocational and technical school representatives, with the plan then approved by the local board of education. The plan shall specify a mechanism to receive information on an annual basis from those who developed the plan in addition to senior citizens, community leaders, and teachers to update the plan in order to best meet the goals of the program as provided in subsection 1 of this section. Further, the plan shall detail the procedures used in the school to identify students that may drop out of school and the intervention services to be used to meet the needs of such students. The plan shall outline counseling and mentoring services provided to students who will enter the work force upon graduation from high school, address apprenticeship and intern programs, and shall contain procedures for the recruitment of volunteers from the community of the school to serve in schools receiving program grants.
- 3. Any nonpublic school in this state may apply to the state board of education for certification that it meets the requirements of this section subject to the same criteria as public high schools. Every nonpublic school that applies and has met the requirements of this section shall have its students eligible for reimbursement of postsecondary education under subsection 8 of this section on an equal basis to students who graduate from public schools that meet the requirements of this section. Any nonpublic school that applies shall not be eligible for any grants under this section. Students of certified nonpublic schools shall be eligible for reimbursement of postsecondary education under subsection 8 of this section so long as they meet the other requirements of such subsection. For purposes of subdivision (5) of subsection 2 of this section, the nonpublic school shall be included in the partnership plan developed by the

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public school district in which the nonpublic school is located. For purposes of subdivision (1) of subsection 2 of this section, the nonpublic school shall establish measurable performance standards for the goals of the program for every school and grade level over which the nonpublic school maintains control.

- 4. A school district may participate in the program irrespective of its accreditation classification by the state board of education, provided it meets all other requirements.
- 5. By rule and regulation, the state board of education may determine a local school district variable fund match requirement in order for a school or schools in the district to receive a grant under the program. However, no school in any district shall receive a grant under the program unless the district designates a salaried employee to serve as the program coordinator, with the district assuming a minimum of one-half the cost of the salary and other benefits provided to the coordinator. Further, no school in any district shall receive a grant under the program unless the district makes available facilities and services for adult literacy training as specified by rule of the state board of education.
- 6. For any school that meets the requirements for the approval of the grants authorized by this section and specified in subsection 2 of this section for three successive school years, by August first following the third such school year, the commissioner of education shall present a plan to the superintendent of the school district in which such school is located for the waiver of rules and regulations to promote flexibility in the operations of the school and to enhance and encourage efficiency in the delivery of instructional services in the school. The provisions of other law to the contrary notwithstanding, the plan presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil testing requirements pursuant to section 160.257 in the school. Further, the provisions of other law to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements otherwise imposed on the school related to the authority of the state board of education to classify school districts pursuant to subdivision (9) of section 161.092 and such other rules and regulations as determined by the commissioner of education, except such waivers shall be confined to the school and not other schools in the school district unless such other schools meet the requirements of this subsection. However, any waiver provided to any school as outlined in this subsection shall be void on June thirtieth of any school year in which the school fails to meet the requirements for the approval of the grants authorized by this section as specified in subsection 2 of this section.
- 7. For any school year, grants authorized by subsections 1, 2, and 5 of this section shall be funded with the amount appropriated for this program, less those funds necessary to reimburse eligible students pursuant to subsection 8 of this section.
- 8. The department of higher education shall, by rule, establish a procedure for the reimbursement of the cost of tuition, books and fees to any public community college or

vocational or technical school or within the limits established in subsection 10 of this section for any two-year private vocational or technical school for any student:

- (1) Who has attended a high school in the state for at least three years [immediately] prior to graduation that meets the requirements of subsection 2 of this section **and who has graduated from such a school**; except that, students who are active duty military dependents, and students who are dependents of retired military who relocate to Missouri within one year of the date of the parent's retirement from active duty, who, in the school year immediately preceding graduation, meet all other requirements of this subsection and are attending a school that meets the requirements of subsection 2 of this section shall be exempt from the three-year attendance requirement of this subdivision; and
- (2) Who has made a good faith effort to first secure all available federal sources of funding that could be applied to the reimbursement described in this subsection; and
- (3) Who has earned a minimal grade average while in high school as determined by rule of the department of higher education, and other requirements for the reimbursement authorized by this subsection as determined by rule and regulation of the department; and
  - (4) Who is a citizen or permanent resident of the United States.
- 9. The commissioner of education shall develop a procedure for evaluating the effectiveness of the program described in this section. Such evaluation shall be conducted annually with the results of the evaluation provided to the governor, speaker of the house, and president pro tempore of the senate.
- 10. For a two-year private vocational or technical school to obtain reimbursements under subsection 8 of this section, the following requirements shall be satisfied:
- (1) Such two-year private vocational or technical school shall be a member of the North Central Association and be accredited by the Higher Learning Commission as of July 1, 2008, and maintain such accreditation;
- (2) Such two-year private vocational or technical school shall be designated as a 501(c)(3) nonprofit organization under the Internal Revenue Code of 1986, as amended;
- (3) No two-year private vocational or technical school shall receive tuition reimbursements in excess of the tuition rate charged by a public community college for course work offered by the private vocational or technical school within the service area of such college; and
- (4) The reimbursements provided to any two-year private vocational or technical school shall not violate the provisions of Article IX, Section 8, or Article I, Section 7, of the Missouri Constitution or the first amendment of the United States Constitution.
- 162.441. 1. If any school district desires to be attached **to a community college district**2 **organized under sections 178.770 to 178.890 or** to one or more adjacent seven-director school

districts for school purposes, upon the receipt of a petition setting forth such fact, signed either by voters of the district equal in number to ten percent of those voting in the last school election at which school board members were elected or by a majority of the voters of the district, whichever is the lesser, the school board of the district desiring to be so attached shall submit the question to the voters.

- 2. As an alternative to the procedure in subsection 1 of this section, a seven-director district may, by a majority vote of its board of education, propose a plan to the voters of the district to attach the district to one or more adjacent seven-director districts and call [for] an election upon the question of such plan.
- 3. As an alternative to the procedures in subsection 1 or 2 of this section, a community college district organized under sections 178.770 to 178.890 may, by a majority vote of its board of trustees, propose a plan to the voters of the school district to attach the school district to the community college district, levy the tax rate applicable to the community college district at the time of the vote of the board of trustees, and call an election upon the question of such plan. The tax rate applicable to the community college district shall not be levied as to the school district until the proposal by the board of trustees of the community college district has been approved by a majority vote of the voters of the school district at the election called for that purpose. The community college district shall be responsible for the costs associated with the election.
- **4.** A plat of the proposed changes to all affected districts shall be published and posted with the notice of election.

24	[4.] 5. The question s	shall be submit	ted in substanti	ally the follow	ing form:
25	Shall the sch	ool district be	annexed to the	ne sch	ool districts
26	effective the	lay of,	?		
2.7	[ <del>5-</del> ] <b>6.</b> If a majorit	v of the votes	cast in the di	strict proposin	g annexation

- [5.] 6. If a majority of the votes cast in the district proposing annexation favor annexation, the secretary shall certify the fact, with a copy of the record, to the board of the district and to the boards of the districts to which annexation is proposed; whereupon the boards of the seven-director districts to which annexation is proposed shall meet to consider the advisability of receiving the district or a portion thereof, and if a majority of all the members of each board favor annexation, the boundary lines of the seven-director school districts from the effective date shall be changed to include the district, and the board shall immediately notify the secretary of the district which has been annexed of its action.
- [6:] 7. Upon the effective date of the annexation, all indebtedness, property and money on hand belonging thereto shall immediately pass to the seven-director school district. If the district is annexed to more than one district, the provisions of sections 162.031 and 162.041 shall apply.

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166.435. 1. Notwithstanding any law to the contrary, the assets of the savings program held by the board, the assets of any deposit program authorized in section 166.500, and the assets 3 of any qualified tuition savings program established pursuant to Section 529 of the Internal 4 Revenue Code and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from the savings program, deposit, or other qualified tuition savings programs established under Section 529 of the Internal Revenue Code [program], or refunds of qualified higher education expenses received by a beneficiary 7 from an eligible educational institution in connection with withdrawal from enrollment at such institution which are contributed within sixty days of withdrawal to a qualified tuition savings program of which such individual is a beneficiary shall not be subject to state income tax 10 imposed pursuant to chapter 143 and shall be eligible for any benefits provided in accordance 11 with Section 529 of the Internal Revenue Code. The exemption from taxation pursuant to this 12 13 section shall apply only to assets and income maintained, accrued, or expended pursuant to the 14 requirements of the savings program established pursuant to sections 166.400 to 166.455, the 15 deposit program established pursuant to sections 166.500 to 166.529, and other qualified tuition 16 savings programs established under Section 529 of the Internal Revenue Code, and no exemption 17 shall apply to assets and income expended for any other purposes. Annual contributions made to the savings program held by the board, the deposit program, and any qualified tuition savings 18 19 program established under Section 529 of the Internal Revenue Code up to and including eight 20 thousand dollars per participating taxpayer, and up to sixteen thousand dollars for married 21 individuals filing a joint tax return, shall be subtracted in determining Missouri adjusted gross 22 income pursuant to section 143.121. 23

- 2. If any deductible contributions to or earnings from any such program referred to in this section are distributed and not used to pay qualified higher education expenses, not transferred as allowed by 26 U.S.C. 529(c)(3)(C)(i), as amended, and any Internal Revenue Service regulations or guidance issued in relation thereto, or are not held for the minimum length of time established by the appropriate Missouri board, then the amount so distributed shall be [added to] included in the Missouri adjusted gross income of the participant, or, if the participant is not living, the beneficiary.
- 3. The provisions of this section shall apply to tax years beginning on or after January 1, 2008, and the provisions of this section with regard to sections 166.500 to 166.529 shall apply to tax years beginning on or after January 1, 2004.
- [4. The repeal and reenactment of this section shall become effective only upon notification by the State Treasurer to the Revisor of Statutes of the passage of H.R. 529 of the 114th United States Congress.]

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[166.435. 1. Notwithstanding any law to the contrary, the assets of the savings program held by the board, the assets of any deposit program authorized in section 166.500, and the assets of any qualified tuition savings program established pursuant to Section 529 of the Internal Revenue Code and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from the savings program, deposit, or other qualified tuition savings programs established under Section 529 of the Internal Revenue Code program shall not be subject to state income tax imposed pursuant to chapter 143 and shall be eligible for any benefits provided in accordance with Section 529 of the Internal Revenue Code. The exemption from taxation pursuant to this section shall apply only to assets and income maintained, accrued, or expended pursuant to the requirements of the savings program established pursuant to sections 166.400 to 166.455, the deposit program established pursuant to sections 166.500 to 166.529, and other qualified tuition savings programs established under Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions made to the savings program held by the board, the deposit program, and any qualified tuition savings program established under Section 529 of the Internal Revenue Code up to and including eight thousand dollars per participating taxpayer, and up to sixteen thousand dollars for married individuals filing a joint tax return, shall be subtracted in determining Missouri adjusted gross income pursuant to section 143.121.

- 2. If any deductible contributions to or earnings from any such program referred to in this section are distributed and not used to pay qualified higher education expenses or are not held for the minimum length of time established by the appropriate Missouri board, the amount so distributed shall be added to the Missouri adjusted gross income of the participant, or, if the participant is not living, the beneficiary.
- 3. The provisions of this section shall apply to tax years beginning on or after January 1, 2008, and the provisions of this section with regard to sections 166.500 to 166.529 shall apply to tax years beginning on or after January 1, 2004.

173.1101. The financial assistance program established under sections 173.1101 to 173.1107 shall be hereafter known as the "Access Missouri Financial Assistance Program". The coordinating board and all approved private [and], public, and virtual institutions in this state shall refer to the financial assistance program established under sections 173.1101 to 173.1107 as the access Missouri student financial assistance program in their scholarship literature, provided that no institution shall be required to revise or amend any such literature to comply with this section prior to the date such literature would otherwise be revised, amended, reprinted or replaced in the ordinary course of such institution's business.

173.1102. **1.** As used in sections 173.1101 to 173.1107, unless the context requires 2 otherwise, the following terms mean:

- 3 (1) "Academic year", the period from July first of any year through June thirtieth of the following year;
  - (2) "Approved private institution", a nonprofit institution, dedicated to educational purposes, located in Missouri which:
- 7 (a) Is operated privately under the control of an independent board and not directly 8 controlled or administered by any public agency or political subdivision;
  - (b) Provides a postsecondary course of instruction at least six months in length leading to or directly creditable toward a certificate or degree;
  - (c) Meets the standards for accreditation as determined by either the Higher Learning Commission or by other accrediting bodies recognized by the United States Department of Education or by utilizing accreditation standards applicable to nondegree-granting institutions as established by the coordinating board for higher education;
  - (d) Does not discriminate in the hiring of administrators, faculty and staff or in the admission of students on the basis of race, color, religion, sex, or national origin and is in compliance with the Federal Civil Rights Acts of 1964 and 1968 and executive orders issued pursuant thereto. Sex discrimination as used herein shall not apply to admission practices of institutions offering the enrollment limited to one sex;
  - (e) Permits faculty members to select textbooks without influence or pressure by any religious or sectarian source;
    - (3) "Approved public institution", an educational institution located in Missouri which:
    - (a) Is directly controlled or administered by a public agency or political subdivision;
  - (b) Receives appropriations directly or indirectly from the general assembly for operating expenses;
  - (c) Provides a postsecondary course of instruction at least six months in length leading to or directly creditable toward a degree or certificate;
  - (d) Meets the standards for accreditation as determined by either the Higher Learning Commission, or if a public community college created under the provisions of sections 178.370 to 178.400 meets the standards established by the coordinating board for higher education for such public community colleges, or by other accrediting bodies recognized by the United States Department of Education or by utilizing accreditation standards applicable to the institution as established by the coordinating board for higher education;
  - (e) Does not discriminate in the hiring of administrators, faculty and staff or in the admission of students on the basis of race, color, religion, sex, or national origin and is otherwise

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in compliance with the Federal Civil Rights Acts of 1964 and 1968 and executive orders issued 37 pursuant thereto;

- (f) Permits faculty members to select textbooks without influence or pressure by any 39 religious or sectarian source;
  - (4) "Approved virtual institution", an educational institution that meets all of the following requirements:
- 42 (a) Is recognized as a qualifying institution by gubernatorial executive order, unless 43 such order is rescinded;
  - (b) Is recognized as a qualifying institution through a memorandum of understanding between the state of Missouri and the approved virtual institution;
  - (c) Is accredited by a regional accrediting agency recognized by the United States **Department of Education:**
  - (d) Has established and continuously maintains a physical campus or location of operation within the state of Missouri;
  - (e) Maintains at least twenty-five full-time Missouri employees, at least one-half of which shall be faculty or administrators engaged in operations;
  - (f) Enrolls at least one thousand Missouri residents as degree or certificate seeking students:
  - (g) Maintains a governing body or advisory board based in Missouri with oversight of Missouri operations;
    - (h) Is organized as a nonprofit institution; and
    - (i) Utilizes an exclusively competency-based education model;
    - (5) "Coordinating board", the coordinating board for higher education;
  - [(5)] (6) "Expected family contribution", the amount of money a student and family should pay toward the cost of postsecondary education as calculated by the United States Department of Education and reported on the student aid report or the institutional student information record;
  - [(6)] (7) "Financial assistance", an amount of money paid by the state of Missouri to a qualified applicant under sections 173.1101 to 173.1107;
  - [(7)] (8) "Full-time student", an individual who is enrolled in and is carrying a sufficient number of credit hours or their equivalent at an approved private [or], public, or virtual institution to secure the degree or certificate toward which he or she is working in no more than the number of semesters or their equivalent normally required by that institution in the program in which the individual is enrolled. This definition shall be construed as the successor to subdivision (7) of section 173.205 for purposes of eligibility requirements of other financial assistance programs that refer to section 173.205.

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- 72 **2.** The failure of an approved virtual institution to continuously maintain all of the 73 requirements in paragraphs (a) to (i) of subdivision (4) of subsection 1 of this section shall 74 preclude such institution's students or applicants from being eligible for assistance under 75 sections 173.1104 and 173.1105.
- 173.1104. 1. An applicant shall be eligible for initial or renewed financial assistance only if, at the time of application and throughout the period during which the applicant is receiving such assistance, the applicant:
  - (1) Is a citizen or a permanent resident of the United States;
  - (2) Is a resident of the state of Missouri, as determined by reference to standards promulgated by the coordinating board;
  - (3) Is enrolled, or has been accepted for enrollment, as a full-time undergraduate student in an approved private [or], public, or virtual institution; and
- 9 (4) Is not enrolled or does not intend to use the award to enroll in a course of study leading to a degree in theology or divinity.
  - 2. If an applicant is found guilty of or pleads guilty to any criminal offense during the period of time in which the applicant is receiving financial assistance, such applicant shall not be eligible for renewal of such assistance, provided such offense would disqualify the applicant from receiving federal student aid under Title IV of the Higher Education Act of 1965, as amended.
  - 3. Financial assistance shall be allotted for one academic year, but a recipient shall be eligible for renewed assistance until he or she has obtained a baccalaureate degree, provided such financial assistance shall not exceed a total of ten semesters or fifteen quarters or their equivalent. Standards of eligibility for renewed assistance shall be the same as for an initial award of financial assistance, except that for renewal, an applicant shall demonstrate a grade-point average of two and five-tenths on a four-point scale, or the equivalent on another scale. This subsection shall be construed as the successor to section 173.215 for purposes of eligibility requirements of other financial assistance programs that refer to section 173.215.
- 173.1105. 1. An applicant who is an undergraduate postsecondary student at an approved private [or], public, or virtual institution and who meets the other eligibility criteria shall be eligible for financial assistance, with a minimum and maximum award amount as follows:
  - (1) For academic years 2010-11, 2011-12, 2012-13, and 2013-14:
- 6 (a) One thousand dollars maximum and three hundred dollars minimum for students 7 attending institutions classified as part of the public two-year sector;

- 8 (b) Two thousand one hundred fifty dollars maximum and one thousand dollars 9 minimum for students attending institutions classified as part of the public four-year sector, 10 including State Technical College of Missouri; and
  - (c) Four thousand six hundred dollars maximum and two thousand dollars minimum for students attending approved private institutions;
    - (2) For the 2014-15 academic year and subsequent years:
  - (a) One thousand three hundred dollars maximum and three hundred dollars minimum for students attending institutions classified as part of the public two-year sector; and
  - (b) Two thousand eight hundred fifty dollars maximum and one thousand five hundred dollars minimum for students attending institutions classified as part of the public four-year sector, including State Technical College of Missouri, [or] approved private institutions, or approved virtual institutions.
  - 2. All students with an expected family contribution of twelve thousand dollars or less shall receive at least the minimum award amount for his or her institution. Maximum award amounts for an eligible student with an expected family contribution above seven thousand dollars shall be reduced by ten percent of the maximum expected family contribution for his or her increment group. Any award amount shall be reduced by the amount of a student's payment from the A+ schools program or any successor program to it. For purposes of this subsection, the term "increment group" shall mean a group organized by expected family contribution in five hundred dollar increments into which all eligible students shall be placed.
  - 3. If appropriated funds are insufficient to fund the program as described, the maximum award shall be reduced across all sectors by the percentage of the shortfall. If appropriated funds exceed the amount necessary to fund the program, the additional funds shall be used to increase the number of recipients by raising the cutoff for the expected family contribution rather than by increasing the size of the award.
  - 4. Every three years, beginning with academic year 2009-10, the award amount may be adjusted to increase no more than the Consumer Price Index for All Urban Consumers (CPI-U), 1982-1984 = 100, not seasonally adjusted, as defined and officially recorded by the United States Department of Labor, or its successor agency, for the previous academic year. The coordinating board shall prepare a report prior to the legislative session for use of the general assembly and the governor in determining budget requests which shall include the amount of funds necessary to maintain full funding of the program based on the baseline established for the program upon the effective date of sections 173.1101 to 173.1107. Any increase in the award amount shall not become effective unless an increase in the amount of money appropriated to the program necessary to cover the increase in award amount is passed by the general assembly.

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173.1107. A recipient of financial assistance may transfer from one approved public [or]

, private, or virtual institution to another without losing eligibility for assistance under sections

173.1101 to 173.1107, but the coordinating board shall make any necessary adjustments in the

amount of the award. If a recipient of financial assistance at any time is entitled to a refund of

any tuition, fees, or other charges under the rules and regulations of the institution in which he

or she is enrolled, the institution shall pay the portion of the refund which may be attributed to

the state grant to the coordinating board. The coordinating board will use these refunds to make

additional awards under the provisions of sections 173.1101 to 173.1107.

173.1592. After July 1, 2019, no public institution of higher education in this state shall require any student to purchase meal plans or to dine at on-campus facilities when a student has presented medical documentation of a food allergy or sensitivity, or a medical dietary issue, to the institution.

Section B. Because of the importance of providing financial aid for Missouri high school graduates, the repeal and reenactment of section 160.545 is deemed necessary for the immediate preservation of the public health, welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and the repeal and reenactment of section 160.545 shall be in full force and effect upon its passage and approval.

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