

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 HOUSE BILL 2003

By: Nelson, Newell, Rogers,
Strohm, Bennett, Echols,
Jordan, Kern, Hall,
Brumbaugh, Moore, Fisher,
Johnson and McCullough of
the House

6 and

7 Jolley of the Senate
8

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11 AS INTRODUCED

12 An Act relating to schools; creating the Oklahoma
13 Education Savings Account Act; creating the Education
14 Savings Account Program; stating purpose of the act;
15 providing for establishment of individual education
16 savings accounts by certain school year; providing
17 definitions; requiring the parent of an eligible
18 student to sign an agreement for enrollment; listing
19 conditions for enrollment; listing eligible uses of
20 money deposited into an education savings account;
21 prohibiting use of money deposited into an education
22 savings account for certain purposes; requiring
23 annual renewal of an account; requiring submission of
24 certain achievement test results; making the signed
agreement represent school attendance for compliance
with certain law; establishing dates for submission
of requests; allowing for continuance in the Program;
providing for calculation of the annual amount to be
deposited into accounts; requiring the State
Department of Education to transfer the annual amount
upon submission of a signed agreement; providing for
source of money; authorizing the Department to retain
a certain amount of funds; requiring the Department
to transfer certain amount to the Office of the State
Treasurer; establishing the Education Savings Account

1 Administrative Fund; stating use of monies in the
2 fund; exempting monies from certain laws; allowing
3 the Department to request certain increases;
4 establishing the Treasurer's Education Savings
5 Account Administrative Fund; stating use of monies in
6 the fund; exempting monies from certain laws;
7 allowing the Treasurer to request certain increases;
8 directing the Department to maintain a list of
9 certain tests; prohibiting certain schools and
10 providers from sharing, refunding or rebating certain
11 money to parents or students; prohibiting parents
12 from receiving certain money from a school or
13 provider; providing for closure of an account;
14 providing for the amount of funds to be prorated
15 under certain circumstances; establishing duties of
16 the Department; stating that money is not taxable
17 income; requiring the Treasurer to make quarterly
18 deposits into accounts; authorizing the Treasurer to
19 contract for management of accounts; requiring the
20 Department to make random audits of accounts;
21 directing the Board to establish a notification
22 process for violations; providing process for
23 suspending an eligible student from the Program for
24 certain reasons; allowing a parent to appeal
suspension decisions; directing the Department to
refer certain cases to the Attorney General; limiting
regulatory authority of the state and school
districts; directing the State Board of Education to
set aside certain amount of money from State Aid
appropriations; providing for adding back certain
amount of money to State Aid funds; directing the
Board to promulgate certain rules; specifying certain
rules; limiting authority of state agencies over
nonpublic schools and certain students; providing for
status of certain providers; limiting liability of
certain entities; providing for a study and report by
an independent research organization; requiring the
reporting and sharing of data to comply with certain
act; prohibiting the disaggregation of certain data;
requiring Department to publish report on the
website; providing for codification; providing an
effective date; and declaring an emergency.

1 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

2 SECTION 1. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 28-101 of Title 70, unless there
4 is created a duplication in numbering, reads as follows:

5 This act shall be known and may be cited as the "Oklahoma
6 Education Savings Account Act".

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

10 A. There is hereby created the Education Savings Account
11 Program.

12 B. The purpose of the Oklahoma Education Savings Account Act is
13 to provide additional educational options to parents for the
14 education of students in this state, by creating education accounts
15 for individual students empowering parents to make educational
16 decisions for their children.

17 C. Education savings accounts shall be established for
18 individual students beginning with the 2015-2016 school year.

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

22 As used in the Oklahoma Education Savings Account Act:

23 1. "Account" means an education savings account established for
24 an eligible student pursuant to this act;

- 1 2. "Board" means the State Board of Education;
- 2 3. "Department" means the State Department of Education;
- 3 4. "Eligible postsecondary institution" means an accredited
4 public or private postsecondary institution;
- 5 5. "Program" means the Education Savings Account Program;
- 6 6. "Eligible private school" means any school accredited by the
7 Oklahoma Private School Accrediting Council that has notified the
8 Department of its intention to accept students who are in the
9 Program and comply with the antidiscrimination provisions of 42
10 U.S.C., Section 2000d;
- 11 7. "Eligible student" means a person who is a resident of
12 Oklahoma and is eligible to attend a public school in Oklahoma and
13 either:
- 14 a. is a member of a household where the total annual
15 income does not exceed two times the amount required
16 to qualify for the federal free or reduced-price lunch
17 program and who:
- 18 (1) is currently eligible to attend prekindergarten
19 or kindergarten,
- 20 (2) is enrolled in a public school where the student
21 is being counted for funding purposes or was
22 enrolled and counted for funding purpose during
23 the most recent concluded school year if the
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1 public school is not yet enrolling students for
2 the next school year, or

3 (3) is a new resident of this state, or

4 b. meets any of the following:

5 (1) is participating in or was participating in the
6 Lindsey Nicole Henry Scholarships for Students
7 with Disabilities Program during the current or a
8 previous school year. A student shall not be
9 eligible to participate in both the Education
10 Savings Account Program and the Lindsey Nicole
11 Henry Scholarships for Students with Disabilities
12 Program concurrently, or

13 (2) is a child in the household of a member of the
14 United States Armed Forces transferred from out
15 of state or from a foreign country pursuant to a
16 permanent change-of-station order of the parent;

17 8. "Parent" means a resident of the state who is a parent,
18 legal guardian or other person with the authority to act on behalf
19 of an eligible student;

20 9. "Resident school district" means the public school district
21 in which the student resides as defined in Section 1-113 of Title 70
22 of the Oklahoma Statutes; and

23 10. "Treasurer" means the Office of the State Treasurer.
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1 SECTION 4. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 28-104 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A. To enroll an eligible student in the Education Savings
5 Account Program, the parent of the eligible student shall sign an
6 agreement to do all the following:

7 1. Provide an education for the eligible student in at least
8 the subjects of English language arts, mathematics, social studies
9 and science or for eligible students with special needs, provide an
10 organized appropriate educational program with measurable annual
11 goals;

12 2. Notify the State Board of Education of the date the eligible
13 student withdraws from the public school to participate in the
14 Program, the date the eligible student stops participating in the
15 Program and the date the eligible student enrolls or reenrolls in a
16 public school or graduates;

17 3. Not enroll the eligible student in a public school or
18 charter school full-time without first notifying the Board of the
19 decision to discontinue participation in the Program;

20 4. Sign a document releasing the resident school district from
21 all obligations to educate the eligible student;

22 5. Use the money deposited in the education savings account
23 established for the eligible student only for the following expenses
24 of the student:

- 1 a. tuition and fees to an eligible private school,
2 virtual school or virtual course-work provider, or
3 eligible postsecondary institution,
- 4 b. purchasing, renting, or subscribing to a service that
5 provides textbooks, other learning materials or
6 programs, curriculum for a complete course of study
7 for a particular content area or grade level including
8 any supplementary materials recommended by the
9 curriculum,
- 10 c. educational therapies or services for the eligible
11 student from a licensed or accredited practitioner or
12 provider, including licensed or accredited
13 paraprofessionals or educational aides. The State
14 Board of Education shall promulgate rules defining
15 which therapies and services are eligible under the
16 Program and setting the required qualifications for
17 paraprofessionals and aides,
- 18 d. tutoring services. The Board shall promulgate rules
19 setting the required qualifications for tutors.
20 Tutors shall be required to notify the Board of their
21 intention to provide tutoring services to students in
22 the Program,
- 23 e. services provided by a public school, including
24 individual classes and extracurricular programs,

- 1 f. fees for a nationally standardized norm-referenced
- 2 achievement test, advanced placement examinations or
- 3 any exams related to college or university admissions,
- 4 g. contributions to a Coverdell Savings Account
- 5 established pursuant to 26 U.S.C., Section 530 for the
- 6 benefit of the eligible student, except that money
- 7 used for elementary or secondary education expenses
- 8 shall be for expenses otherwise allowed by this act,
- 9 h. fees for management of the account by firms or
- 10 institutions selected by the Treasurer, and
- 11 i. insurance or surety bond payments as required by the
- 12 Board; and

13 6. Not use monies deposited in the account of an eligible
14 student for any of the following:

- 15 a. purchasing computer hardware, electronic equipment,
- 16 assistive technological devices, or educational
- 17 equipment or instruments. Nothing shall prohibit the
- 18 renting of such items,
- 19 b. regular or routine transportation of the student, and
- 20 c. consumable educational supplies including but not
- 21 limited to paper, pens or markers.

22 B. A parent shall renew the account of an eligible student on
23 an annual basis by submitting a renewal request to the Department.
24 The renewal request shall also include documentation showing the

1 results of the student on a nationally standardized norm-referenced
2 achievement test taken during that school year.

3 C. A signed agreement under this section shall be deemed school
4 attendance and shall constitute compliance with the compulsory
5 attendance law as set forth in Section 10-105 of Title 70 of the
6 Oklahoma Statutes.

7 D. The parent of an eligible student shall submit a request to
8 participate in the Education Savings Account Program no later than
9 December 1 of the school year during which an account is requested,
10 in order to receive funding for the same school year. If a request
11 is made after December 1 the account will not begin receiving funds
12 until the following school year.

13 E. Students may continue in the Program once they are
14 determined to be eligible pursuant to this act until they graduate,
15 return to public school or it has been found by the Board that the
16 agreement required in this section has been violated.

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

20 A. For a student who is determined to be an eligible student
21 pursuant to subparagraph a of paragraph 7 of Section 3 of this act,
22 the annual amount to be deposited to the education savings account
23 for the student shall be as follows:

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1 1. If the total household annual income is equal to or less
2 than the amount required to qualify for the federal free or reduced-
3 price lunch program, the amount granted to the account shall be
4 equal to ninety percent (90%) of the total State Aid factors
5 multiplied by the Grade Level Weight and the Student Category
6 Weights that would be generated by that student for the applicable
7 school year;

8 2. If the total household annual income is greater than the
9 amount required to qualify for the federal free or reduced-price
10 lunch program but is less than one and one-half (1 1/2) times that
11 amount, the amount granted to the account shall be equal to sixty
12 percent (60%) of the total State Aid factors multiplied by the Grade
13 Level Weight and the Student Category Weights that would be
14 generated by that student for the applicable school year; and

15 3. If the total household annual income is greater than one and
16 one-half (1 1/2) times the amount required to qualify for the
17 federal free or reduced-price lunch program but is less than two (2)
18 times that amount, the amount granted to the account shall be equal
19 to ninety percent (90%) of the total State Aid factors multiplied by
20 the Grade Level Weight and the Student Category Weights that would
21 be generated by that student for the applicable school year.

22 B. For a student who is determined to be an eligible student
23 pursuant to subparagraph b of paragraph 7 of Section 3 of this act,
24 the annual amount granted to the education savings account for the

1 student shall be equal to ninety percent (90%) of the total State
2 Aid factors multiplied by the Grade Level Weight and the Student
3 Category Weights that would be generated by that student for the
4 applicable school year.

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

8 A. Upon submission of the signed agreement by the parent as
9 required pursuant to Section 4 of this act, the State Department of
10 Education shall transfer the amount of funds calculated pursuant to
11 Section 5 of this act to the State Treasurer for deposit into the
12 education savings account for each eligible student pursuant to a
13 schedule established by the State Board of Education. The total
14 calculated amount shall be transferred in equal allocations
15 according to the schedule established by the Board for such
16 transfers and deposits, but such transfers shall not be made less
17 often than quarterly. Monies for deposit into the accounts shall be
18 from the funds set aside by the Board as provided for in Section 11
19 of this act for purposes of the Education Savings Account Program
20 and as directed by the Oklahoma Education Savings Account Act.

21 B. The Department may retain an amount equal to five percent
22 (5%) of the total amount set aside for the Program for
23 administrative services. The retained funds shall be deposited in
24 the Education Savings Account Administrative Fund established in

1 subsection C of this section. The Department shall transfer one
2 percent (1%) of the total deposited into the Education Savings
3 Account Administrative Fund to the Treasurer's Education Savings
4 Account Administrative Fund established in subsection D of this
5 section.

6 C. There is hereby established the Education Savings Account
7 Administrative Fund. The fund shall consist of monies retained by
8 the Department pursuant to subsection B of this section. The
9 Department shall administer the fund. Monies in the fund shall be
10 used by the Department for the costs in administering the Education
11 Savings Account Program. Monies in the fund shall be exempt from
12 the provisions of law relating to lapsing of appropriations. If the
13 number of education savings accounts significantly increases after
14 the fiscal year ending June 30, 2016, the Department may request the
15 Legislature to increase the amount allowed to be retained as set
16 forth in subsection B of this section to cover administrative costs
17 for the additional accounts.

18 D. There is hereby established the Treasurer's Education
19 Savings Account Administrative Fund. The fund shall consist of
20 monies transferred by the Department pursuant to subsection B of
21 this section for use by the Treasurer. The Treasurer shall
22 administer the fund. Monies in the fund shall be used by the
23 Treasurer for the costs of administering education savings accounts.
24 Monies in the fund shall be exempt from the provisions of law

1 relating to lapsing of appropriations. If the number of education
2 savings accounts significantly increases after the fiscal year
3 ending June 30, 2016, the Treasurer may request the Legislature to
4 increase the amount allowed to be retained as set forth in
5 subsection B of this section to cover administrative costs for the
6 additional accounts.

7 E. The Department shall maintain and publish a list of
8 nationally norm-referenced tests identified for purposes of
9 satisfying the testing requirements of subsection B of Section 4 of
10 this act. The tests shall meet industry standards of quality in
11 accordance with rules promulgated by the State Board of Education.

12 SECTION 7. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 28-107 of Title 70, unless there
14 is created a duplication in numbering, reads as follows:

15 A. An eligible private school or a provider of educational
16 services receiving funds from an education savings account shall not
17 share with, or refund or rebate to the parent or eligible student,
18 in any manner, any of the funds from an education savings account.

19 B. Parents shall not receive or accept rebates, discounts or
20 payments from an eligible private school or a provider of
21 educational services using funds from an education savings account.

22 SECTION 8. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 28-108 of Title 70, unless there
24 is created a duplication in numbering, reads as follows:

1 A. Upon graduation from a postsecondary institution by an
2 eligible student or after a period of four (4) consecutive years
3 after high school graduation if the eligible student is not enrolled
4 in a postsecondary institution, the education savings account of the
5 student shall be closed and any remaining funds shall be returned to
6 the General Revenue Fund of the state.

7 B. If an eligible student begins participation in the Education
8 Savings Account Program after the beginning of a school year, the
9 amount of the funds deposited into an education savings account for
10 the student shall be prorated to reflect the actual amount of time
11 the student participated in the Program during the current school
12 year.

13 C. The State Department of Education shall:

14 1. Upon request provide the parent of a student with the
15 calculated amount of funds the student would be eligible to receive
16 in an education savings account within ten (10) days after receiving
17 the request or within ten (10) days after the total State Aid
18 factors have been determined for the current fiscal year. Upon
19 request of a parent prior to submission of an application, the
20 Department shall provide to the parent an estimate of the
21 approximate amount of funds the student may receive in an education
22 savings account;

23 2. Not be responsible for any additional costs associated with
24 the education of eligible students incurred by the parents;

1 3. Establish a toll-free telephone number and website that
2 provides information about the Program to parents, private schools
3 and providers;

4 4. Require an annual, notarized, sworn statement by parents
5 participating in the Program certifying compliance with provisions
6 of the Oklahoma Education Savings Account Act, which statement shall
7 be retained by the Department; and

8 5. Cross-check the list of eligible students participating in
9 the Program with the public school enrollments prior to each deposit
10 to avoid duplication of funding.

11 D. Monies received and used by the parent of an eligible
12 student in compliance with the provisions of this act shall not
13 constitute taxable income to the parent.

14 E. The Treasurer shall make deposits into education savings
15 accounts upon verification by the Department that the student is
16 still participating in the Program.

17 F. The Treasurer may contract with private financial management
18 firms to manage education savings accounts with the supervision of
19 the Treasurer.

20 G. The Department shall conduct or contract for random audits
21 at least quarterly of education savings accounts to ensure
22 compliance with provisions of this act.

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1 SECTION 9. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 28-109 of Title 70, unless there
3 is created a duplication in numbering, reads as follows:

4 A. The State Board of Education shall establish a process by
5 which the public may notify the Board of any violation of the
6 Oklahoma Education Savings Account Act.

7 B. The Board may suspend an eligible student from the Education
8 Savings Account Program if the parent or the eligible student fails
9 to comply with the provisions of this act or if the Board has reason
10 to believe that the parent or eligible student failed to comply with
11 the provisions of this act with intent to defraud. Upon the
12 suspension of an eligible student from the Program, the Board shall:

13 1. Notify the Treasurer to suspend the account of the eligible
14 student until a final determination is made by the Board;

15 2. Notify the parent in writing that the account has been
16 suspended and that no further transactions will be allowed. The
17 notification shall specify the reason or reasons for the suspension
18 and state that the parent or student has ten (10) days, not
19 including weekends, to respond and take corrective action;

20 3. If the parent responds within the ten-day period, the Board
21 shall review the information provided by the parent and make a
22 decision to reinstate the student or to terminate participation of
23 the student in the Program; and

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1 4. If the parent or eligible student refuses or fails to
2 contact the Board, to furnish any information or make any report
3 that may be required for reinstatement within the ten-day period,
4 the Board shall terminate participation of the student in the
5 Program.

6 C. A parent may appeal the decision made by the Board pursuant
7 to subsection B of this section.

8 D. The Board shall refer cases of misuse of monies to the
9 Attorney General for investigation when it obtains evidence that the
10 parent or eligible student failed to comply with the provisions of
11 this act with intent to defraud.

12 SECTION 10. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 28-110 of Title 70, unless there
14 is created a duplication in numbering, reads as follows:

15 Acceptance by private schools of students participating in the
16 Education Savings Account Program shall not expand the regulatory
17 authority of the state or any school district to impose any
18 additional regulation on private schools.

19 SECTION 11. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 28-111 of Title 70, unless there
21 is created a duplication in numbering, reads as follows:

22 A. For the 2015-2016 school year, the State Board of Education
23 shall set aside an amount of money from the total amount
24 appropriated to the State Board of Education for State Aid purposes

1 and any other revenue available for allocation for State Aid
2 purposes to cover expected demand for education savings accounts
3 during the 2015-2016 school year. At the beginning of each
4 subsequent school year the Board shall set aside one hundred twenty
5 percent (120%) of the total amount deposited into education savings
6 accounts the previous school year and of the total amount for which
7 applications were received but for which no funds were available, to
8 allow for potential growth in participation.

9 B. Prior to the end of the fiscal year, the Board shall
10 determine the amount of funding that was set aside during that
11 fiscal year for deposit into education savings accounts but was not
12 needed and was not deposited into individual student education
13 savings accounts and shall allocate that amount to school districts
14 through the State Aid funding formula.

15 C. The Board shall promulgate rules necessary for the
16 administration of the Education Savings Account Program, including:

17 1. Provisions for conducting or contracting for examinations of
18 the use of education savings account monies by eligible students;

19 2. Provisions for conducting or contracting for random,
20 quarterly and annual reviews or audits of education savings
21 accounts;

22 3. Establishing or contracting for the establishment of an on-
23 line anonymous fraud-reporting service;

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1 4. Establishing telephone number to receive anonymous fraud
2 reporting; and

3 5. Requirements for a surety bond or insurance for education
4 savings account holders.

5 SECTION 12. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 28-112 of Title 70, unless there
7 is created a duplication in numbering, reads as follows:

8 A. The Oklahoma Education Savings Account Act shall not be
9 construed to authorize or permit any state agency to exercise
10 control or supervision over any nonpublic school or students being
11 educated by other means. Students who are being provided an
12 education by other means shall not be eligible to participate in the
13 Education Savings Account Program.

14 B. Educational service providers which accept payment from an
15 education savings account shall not be considered agents of the
16 state or federal government.

17 C. No liability shall arise on the part of the state, the State
18 Treasurer, the State Board of Education, the State Department of
19 Education or a school district based on participation in the Program
20 by an eligible student.

21 SECTION 13. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 28-113 of Title 70, unless there
23 is created a duplication in numbering, reads as follows:

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1 A. The State Board of Education shall select an independent
2 research organization, which may be a public or private entity or
3 university, to conduct a study of and report on the academic gains
4 of eligible students participating in the Education Savings Account
5 Program. The Board shall provide the standardized test scores on
6 the nationally norm-referenced tests of eligible students which have
7 been submitted as required pursuant to Section 4 of this act to the
8 independent research organization. Beginning in the third year of
9 the Program the independent research organization shall annually
10 report to the Board on the year-to-year learning gains of
11 participating students on a statewide basis. The report shall also
12 include, to the extent possible, a comparison of the learning gains
13 of participating students to the learning gains of public school
14 students in the state with socioeconomic backgrounds similar to
15 those participating students. To minimize costs and reduce time
16 required for the analysis and evaluation by the independent research
17 organization, the Department shall conduct analyses of matched
18 students from public school assessment data and calculate control-
19 group learning gains using an agreed-upon methodology outlined in
20 the contract approved by the Board with the independent research
21 organization.

22 B. The reporting and sharing of student learning-gain data as
23 required by this section shall be made in accordance with the
24 requirements of the Family Educational Rights and Privacy Act

1 (FERPA) and shall be for the sole purpose of creating the annual
2 report. All parties with access to the data shall preserve the
3 confidentiality of the information as required by law.

4 C. The annual report required pursuant to this section shall
5 not disaggregate data to a level that will identify individual
6 students or providers, or disclose the academic level of individual
7 students.

8 D. The annual report required pursuant to this section shall be
9 published by the Department on its website.

10 SECTION 14. This act shall become effective July 1, 2015.

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

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