

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 SENATE BILL 560

By: Standridge

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5  
6 AS INTRODUCED

7 An Act relating to schools; creating the Parent  
8 Empowerment, Revenue Enhancement and Classroom Size  
9 Reduction Act; providing short title; providing  
10 definitions; creating the Parent Empowerment, Revenue  
11 Enhancement and Classroom Size Reduction Program  
12 subject to certain enactment; providing a process for  
13 parents and legal guardians to request participation;  
14 requiring the parent or legal guardian of an eligible  
15 student to sign certain agreement; directing the  
16 provision of certain forms; requiring parents and  
17 legal guardians to provide notification of certain  
18 events; requiring annual renewal of education  
19 scholarship accounts; providing for an agreement to  
20 meet certain compulsory attendance requirement;  
21 providing end date for participation; stating that  
22 monies received pursuant to the program do not  
23 constitute taxable income; limiting use of an  
24 education scholarship account to certain qualified  
expenditures; providing for expenditure of unused  
education scholarship account funds; providing for  
transfer of funds upon graduation; establishing  
process for the State Board of Education to approve  
participating schools; requiring certain calculation  
of amount to be transferred into education  
scholarship accounts; providing for distribution of  
certain remaining amount; directing the State Board  
of Education to promulgate rules providing for  
verification of household income; directing the State  
Department of Education to reserve or retain certain  
calculated amount; directing the State Department of  
Education to transfer certain calculated amounts to  
the resident school district of the eligible student  
and to the Office of the State Treasurer; allowing  
the Office of the State Treasurer to retain certain  
amount for administrative services; creating the

1 Oklahoma Education Scholarship Account Revolving  
2 Fund; providing for expenditure of fund; directing  
3 the Office of the State Treasurer to adopt certain  
4 electronic payment system; requiring parents and  
5 legal guardians of eligible students to submit  
6 certain receipts; prohibiting a participating school  
7 from sharing, refunding or rebating funds from an  
8 education scholarship account with certain  
9 individuals; providing procedures for a parent or  
10 legal guardian to be removed from the program;  
11 providing for suspension of account; providing for  
12 notification in writing; providing for appeal of  
13 removal; providing for notification of the State  
14 Department of Education; allowing referral of certain  
15 cases for investigation; limiting participation in  
16 the program to a certain percentage to be verified by  
17 the State Department of Education; providing for  
18 sunset of limitation; prohibiting members of the  
19 Legislature from participating in the program;  
20 directing the State Board of Education and the Office  
21 of the State Treasurer to promulgate rules; providing  
22 for codification; providing an effective date; and  
23 declaring an emergency.  
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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

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

This act shall be known and may be cited as the "Parent  
Empowerment, Revenue Enhancement and Classroom Size Reduction Act".

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

1 As used in the Parent Empowerment, Revenue Enhancement and  
2 Classroom Size Reduction Act:

3 1. "Eligible student" means a resident of the state who:

- 4 a. is not being provided an education by other means and  
5 who otherwise is eligible to enroll in pre-  
6 kindergarten in a public school district in a county  
7 having more than fifty thousand (50,000) population  
8 according to the latest Federal Decennial Census, or  
9 b. who is eligible to enroll in grades kindergarten  
10 through twelve in a public school district who  
11 previously was enrolled the first one hundred (100)  
12 days of the prior school year in an Oklahoma public  
13 school district in a county having more than fifty  
14 thousand (50,000) population according to the latest  
15 Federal Decennial Census;

16 2. "Participating school" means any private school accredited  
17 or in the process of obtaining accreditation by the Oklahoma Private  
18 School Accrediting Council that has been approved by the State Board  
19 of Education as eligible to participate in the Parent Empowerment,  
20 Revenue Enhancement and Classroom Size Reduction Program pursuant to  
21 subsection L of Section 3 of this act;

22 3. "Program" means the Parent Empowerment, Revenue Enhancement  
23 and Classroom Size Reduction Program;

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1 4. "Qualified expenditure" means an expenditure that serves an  
2 educational purpose that has been approved by the State Board of  
3 Education pursuant to subsection J of Section 3 of this act; and

4 5. "Resident district" means the public school district in  
5 which the student resides as defined in Section 1-113 of Title 70 of  
6 the Oklahoma Statutes.

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

10 A. Subject to the enactment of any appropriation that could be  
11 used to provide an increase in teacher salaries or, at the time the  
12 appropriation is made, for enacting legislation intended to provide  
13 an increase in teacher salaries, there is hereby created the Parent  
14 Empowerment, Revenue Enhancement and Classroom Size Reduction  
15 Program.

16 B. The parent or legal guardian of an eligible student shall  
17 submit a request to participate in the Program no later than  
18 December 1 of the school year during which an education scholarship  
19 account is requested to receive funding for the same school year.  
20 If a request is made after December 1, the education scholarship  
21 account will not begin receiving funds until the following school  
22 year.

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1 C. To enroll an eligible student in the Program, the parent or  
2 legal guardian of the eligible student shall sign an agreement to do  
3 all of the following:

4 1. Provide, at a minimum, an education for the eligible student  
5 in at least the subjects of reading, grammar, mathematics, social  
6 studies and science;

7 2. Use funds provided by the Program only on qualified  
8 expenditures, as described in subsection J of this section;

9 3. Not enroll the eligible student in a public school or  
10 charter school without first notifying the State Board of Education;

11 4. Sign a document releasing the resident school district from  
12 all obligations to educate the eligible student; and

13 5. Not enroll the eligible student in the Lindsey Nicole Henry  
14 Scholarships for Students with Disabilities Program.

15 D. Agreements shall be executed on forms provided by the State  
16 Department of Education.

17 E. The parent or legal guardian of an eligible student shall  
18 notify the State Board of Education of the date the eligible student  
19 withdraws from the resident district to participate in the Program,  
20 the date the eligible student stops participating in the Program and  
21 the date the eligible student enrolls or re-enrolls in a public  
22 school or graduates.

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1 F. An eligible student shall no longer be eligible for an  
2 education scholarship account upon high school graduation or upon  
3 reaching age twenty-one (21), whichever comes first.

4 G. A parent or legal guardian shall renew the education  
5 scholarship account of an eligible student on an annual basis by  
6 submitting a renewal request to the State Department of Education.

7 H. A signed agreement under this section shall be deemed school  
8 attendance and shall constitute compliance with the compulsory  
9 attendance requirements of Section 10-105 of Title 70 of the  
10 Oklahoma Statutes.

11 I. Monies received pursuant to the Program shall not constitute  
12 taxable income to the parent or legal guardian of the eligible  
13 student or the eligible student.

14 J. 1. Money deposited in an education scholarship account for  
15 an eligible student shall be used only for qualified expenditures,  
16 which may include but not be limited to:

- 17 a. tuition and fees at a participating school,
- 18 b. textbooks that are required for an eligible student  
19 who enrolls in participating school,
- 20 c. tutoring or tutoring facility that is accredited by a  
21 state, regional or national accrediting organization,
- 22 d. tuition and fees for concurrent enrollment provided by  
23 an institution within The Oklahoma State System of  
24 Higher Education or a private institution of higher

1 learning located within this state and accredited  
2 pursuant to Section 4103 of Title 70 of the Oklahoma  
3 Statutes,

4 e. tuition and fees for courses taken at a technology  
5 center school accredited by the State Board of Career  
6 and Technology Education, and

7 f. educational services for eligible students with  
8 disabilities from a licensed or accredited  
9 practitioner or provider.

10 2. The State Board of Education shall approve and publish a  
11 list of qualified expenditures on which education scholarship  
12 account funds may be used.

13 3. All education scholarship account funds that are unused by  
14 the end of the school year shall be carried forward to the next  
15 school year if the agreement entered into pursuant to subsection C  
16 of this section is renewed. If the agreement entered into pursuant  
17 to subsection C of this section terminates or is not renewed any  
18 unused education scholarship account funds shall revert to the State  
19 Board of Education to be used for the financial support of public  
20 schools.

21 K. Any funds remaining to the credit of an education  
22 scholarship account by July 31 following graduation of the eligible  
23 student shall be transferred into an Oklahoma College Savings Plan  
24 account created in the name of the eligible student to be used for

1 qualified higher education expenses as defined by Section 3970.3 of  
2 Title 70 of the Oklahoma Statutes or into a Coverdell Savings  
3 Account established pursuant to 26 U.S.C., Section 530 for the  
4 benefit of the eligible student.

5 L. The State Board of Education shall approve a participating  
6 school as eligible to receive education scholarship account funds  
7 upon determination that the private school:

8 1. Is accredited or in the process of obtaining accreditation  
9 by the Oklahoma Private School Accrediting Council or meets the  
10 accreditation requirements set by the State Board of Education;

11 2. Demonstrates fiscal soundness by having been in operation  
12 for one (1) school year or providing the State Board of Education  
13 with a statement by a certified public accountant confirming that  
14 the private school desiring to participate is insured and the owner  
15 or owners have sufficient capital or credit to operate the school  
16 for the upcoming year by serving the number of students anticipated  
17 with expected revenue from tuition and other sources that may be  
18 reasonably expected. In lieu of a statement, a surety bond or  
19 letter of credit for the amount equal to the scholarship funds for  
20 any quarter may be filed with the State Board of Education;

21 3. Complies with the antidiscrimination provisions of 42  
22 U.S.C., Section 2000d;

23 4. Meets state and local health and safety laws and codes;

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- 1        5. Will be academically accountable to the parent or legal  
2 guardian for meeting the educational needs of the eligible student;
- 3        6. Complies with all state laws relating to general regulation  
4 of private schools; and
- 5        7. Adheres to the tenets of its published disciplinary  
6 procedures prior to the expulsion of an eligible student.

7        SECTION 4.        NEW LAW        A new section of law to be codified  
8 in the Oklahoma Statutes as Section 28-104 of Title 70, unless there  
9 is created a duplication in numbering, reads as follows:

10        A. For each eligible student who is accepted into the Program  
11 pursuant to Section 3 of this act, the annual amount to be deposited  
12 into the education scholarship account for the student shall be as  
13 follows:

14        1. If the total household annual income is equal to or less  
15 than the amount required to qualify for the federal free or reduced-  
16 price lunch program, the amount granted to the account shall be  
17 equal to ninety percent (90%) of the total State Aid factors  
18 multiplied by the grade level weight and the student category  
19 weights that would be generated by that student for the applicable  
20 school year. The remaining ten percent (10%) shall be distributed  
21 to the resident district of the eligible student;

22        2. If the total household annual income is greater than the  
23 amount required to qualify for the federal free or reduced-price  
24 lunch program but is equal to or less than two times that amount,

1 the amount granted to the account shall be equal to sixty percent  
2 (60%) of the total State Aid factors multiplied by the grade level  
3 weight and the student category weights that would be generated by  
4 that student for the applicable school year. Ten percent (10%) of  
5 the remaining amount shall be distributed to the resident district  
6 of the eligible student; and

7 3. If the total household annual income is greater than two  
8 times the amount required to qualify for the federal free or  
9 reduced-price lunch program, the amount granted to the account shall  
10 be equal to thirty percent (30%) of the total State Aid factors  
11 multiplied by the grade level weight and the student category  
12 weights that would be generated by that student for the applicable  
13 school year. Ten percent (10%) of the remaining amount shall be  
14 distributed to the resident district of the eligible student.

15 B. The State Board of Education shall promulgate rules  
16 establishing a process for verification of the household income of  
17 an eligible student for the purposes of this section.

18 C. 1. The State Department of Education shall calculate the  
19 total cost of all education scholarship accounts for all eligible  
20 students in the state pursuant to subsection A of this section. The  
21 State Department of Education shall then reserve or retain from the  
22 total amount appropriated to the State Board of Education for State  
23 Aid purposes and any other revenue available for allocation for  
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1 State Aid purposes the total cost for all education scholarship  
2 accounts.

3 2. The amount of State Aid remaining after grants are made to  
4 accounts pursuant to subsection A of this section shall be  
5 distributed by the State Board of Education to the resident district  
6 in which the eligible student would otherwise attend to be expended  
7 in a manner decided by the school district board of education.

8 D. The State Department of Education shall transfer to the  
9 Office of the State Treasurer an amount equal to the amount  
10 calculated pursuant to subsection C of this section in equal  
11 allocations pursuant to a schedule established by the State  
12 Department of Education. Of the funds transferred to the Office of  
13 the State Treasurer for the Program, an amount not exceeding three  
14 percent (3%) may be retained by the Office of the State Treasurer  
15 for administration of the Program.

16 E. There is hereby created in the State Treasury a revolving  
17 fund for the Office of the State Treasurer to be designated the  
18 "Oklahoma Education Scholarship Account Revolving Fund". The fund  
19 shall be a continuing fund, not subject to fiscal year limitations,  
20 and shall consist of all monies received by the Office of the State  
21 Treasurer from the State Department of Education pursuant to  
22 subsection C of this section. All monies accruing to the credit of  
23 the fund are hereby appropriated and may be budgeted and expended by  
24 the Office of the State Treasurer for the purpose of funding

1 education scholarship accounts. Expenditures from the fund shall be  
2 made upon warrants issued by the Office of the State Treasurer  
3 against claims filed as prescribed by law with the Director of the  
4 Office of Management and Enterprise Services for approval and  
5 payment.

6 F. The Office of the State Treasurer shall develop a system for  
7 payment for services from education scholarship accounts by  
8 electronic funds transfer, including but not limited to debit cards,  
9 electronic payment systems or any other means of electronic payment  
10 that the Office of the State Treasurer determines to be commercially  
11 viable, cost effective and parent friendly. The Office of the State  
12 Treasurer shall not adopt a system that relies exclusively on  
13 requiring parents to be reimbursed for out-of-pocket expenses.

14 G. The parent or legal guardian of an eligible student shall  
15 submit receipts for qualified expenditures to the Office of the  
16 State Treasurer.

17 H. A participating school or other recipient of education  
18 scholarship account funds shall not share, refund or rebate any  
19 amount expended from an education scholarship account with the  
20 parent or legal guardian of an eligible student or the eligible  
21 student.

22 I. 1. The Office of the State Treasurer may remove any parent  
23 or legal guardian of an eligible student from eligibility for the  
24 Program if the parent or legal guardian fails to comply with the

1 terms of the agreement executed pursuant to Section 3 of this act or  
2 applicable laws, rules or orders or misuses monies or fails to  
3 comply with the terms of the agreement with the intent to defraud.

4 2. The Office of the State Treasurer shall suspend the  
5 education scholarship account of the parent or legal guardian and  
6 shall notify the parent or legal guardian in writing that the  
7 education scholarship account has been suspended and that no further  
8 transactions shall be allowed. The notification shall specify the  
9 reason for the suspension and state that the parent or legal  
10 guardian has ten (10) days, not including weekends, to respond and  
11 take corrective action. If the parent or legal guardian refuses or  
12 fails to contact the Office of the State Treasurer, furnish any  
13 information or make any report that may be required for  
14 reinstatement within the ten-day period, the Office of the State  
15 Treasurer may remove the parent or legal guardian of the eligible  
16 student from participation in the Program.

17 3. The parent or legal guardian of an eligible student may  
18 appeal the Office of the State Treasurer's decision pursuant to the  
19 Administrative Procedures Act.

20 4. The Office of the State Treasurer shall notify the State  
21 Department of Education of the removal of a parent or legal guardian  
22 of an eligible student from participation in the Program.

23 5. The Office of the State Treasurer may refer cases of  
24 substantial misuse of monies to the attorney general for

1 investigation if evidence of fraudulent use of an education  
2 scholarship account is obtained.

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

6 A. The number of new students eligible to participate in the  
7 Parent Empowerment, Revenue Enhancement and Classroom Size Reduction  
8 Program shall be limited to not more than one percent (1%) of the  
9 total number of students enrolled in public schools statewide each  
10 school year. The State Department of Education shall verify the  
11 total number of students enrolled in public schools statewide by  
12 July 15 of each year to determine the number of eligible students  
13 for the Program for that school year. Applicants shall be granted  
14 on a first-come, first-serve basis. If more students apply than are  
15 eligible to participate, the State Department of Education shall  
16 utilize a waiting list for enrollment in the Program.

17 B. The limitations set forth in this section shall sunset ten  
18 (10) years from the implementation of the Program.

19 C. An eligible student whose parent or legal guardian is a  
20 member of the Legislature shall not be eligible to participate in  
21 the Program during the term for which the parent or legal guardian  
22 was elected or appointed.

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

4 The State Board of Education and the Office of the State  
5 Treasurer shall promulgate rules necessary to implement the  
6 provisions of this act.

7 SECTION 7. This act shall become effective July 1, 2017.

8 SECTION 8. It being immediately necessary for the preservation  
9 of the public peace, health or safety, an emergency is hereby  
10 declared to exist, by reason whereof this act shall take effect and  
11 be in full force from and after its passage and approval.

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