

FIRST REGULAR SESSION

# HOUSE BILL NO. 350

## 102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE CHRISTOFANELLI.

0400H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 135.714, RSMo, and to enact in lieu thereof one new section relating to Missouri empowerment scholarships.

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

Section A. Section 135.714, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.714, to read as follows:

135.714. 1. Each educational assistance organization shall:

(1) Notify the state treasurer of ~~[its]~~ **such organization's** intent to provide scholarship accounts to qualified students;

(2) Demonstrate to the state treasurer that ~~[it]~~ **such organization** is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(3) Provide a state treasurer-approved receipt to taxpayers for contributions made to the organization;

(4) Ensure that grants are distributed to scholarship accounts of qualified students in the following order:

(a) Qualified students that have an approved "individualized education plan" (IEP) developed under the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C. Section 1400[~~5~~] et seq., as amended, or qualified students living in a household whose total annual income does not exceed an amount equal to one hundred percent of the income standard used to qualify for free and reduced price lunches;

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.

16 (b) Qualified students living in a household whose total annual income does not  
17 exceed an amount equal to two hundred percent of the income standard used to qualify for  
18 free and reduced price lunches; and

19 (c) All other qualified students;

20 (5) Ensure that:

21 (a) One hundred percent of ~~its~~ **such organization's** revenues from interest or  
22 investments is spent on scholarship accounts;

23 (b) At least ninety percent of ~~its~~ **such organization's** revenues from qualifying  
24 contributions is spent on scholarship accounts; and

25 (c) Marketing and administrative expenses do not exceed the following limits of ~~its~~  
26 **such organization's** remaining revenue from contributions:

27 a. Ten percent for the first two hundred fifty thousand dollars;

28 b. Eight percent for the next five hundred thousand dollars; and

29 c. Three percent thereafter;

30 (6) **(a)** Distribute scholarship account payments either four times per year or in a  
31 single lump sum at the beginning of the year as requested by the parent of a qualified student,  
32 ~~[not to exceed a total grant amount equal to]~~ **based on** the state adequacy target as defined in  
33 section 163.011 and calculated by the department of elementary and secondary education,  
34 **subject to the following total grant amount limits:**

35 a. **For a limited English proficiency pupil, not more than one hundred sixty**  
36 **percent of the state adequacy target;**

37 b. **For a free and reduced price lunch pupil, not more than one hundred twenty-**  
38 **five percent of the state adequacy target;**

39 c. **For a special education pupil, not more than one hundred seventy-five percent**  
40 **of the state adequacy target; and**

41 d. **For all other qualified students, not more than the state adequacy target;**

42 **(b) Scholarship account payments distributed under this subdivision shall be in**  
43 **the form of a deposit into the scholarship account of the qualified student;**

44 (7) Provide the state treasurer, upon request, with criminal background checks on all  
45 ~~its~~ **such organization's** employees and board members and exclude from employment or  
46 governance any individual who might reasonably pose a risk to the appropriate use of  
47 contributed funds;

48 (8) Demonstrate ~~its~~ **such organization's** financial accountability by:

49 (a) Submitting to the state treasurer annual audit financial statements by a certified  
50 public accountant within six months of the end of the educational assistance organization's  
51 fiscal year; and

52 (b) Having an auditor certify that the report is free of material misstatements; and

53 (9) Ensure that participating students take the state achievement tests or nationally  
54 norm-referenced tests that measure learning gains in math and English language arts, and  
55 provide for value-added assessment, in grades that require testing under the statewide  
56 assessment system set forth in section 160.518;

57 (10) Allow costs of the testing requirements to be covered by the scholarships  
58 distributed by the educational assistance organization;

59 (11) Provide the parents of each student who was tested with a copy of the results of  
60 the tests on an annual basis, beginning with the first year of testing;

61 (12) Provide the test results to the state treasurer on an annual basis, beginning with  
62 the first year of testing;

63 (13) Report student information that would allow the state treasurer to aggregate data  
64 by grade level, gender, family income level, and race;

65 (14) Provide rates of high school graduation, college attendance, and college  
66 graduation for participating students to the state treasurer in a manner consistent with  
67 nationally recognized standards;

68 (15) Provide to the state treasurer the results from an annual parental satisfaction  
69 survey, including information about the number of years that the parent's child has  
70 participated in the scholarship program. The annual satisfaction survey shall ask parents of  
71 scholarship students to express:

72 (a) Their level of satisfaction with the child's academic achievement, including  
73 academic achievement at the schools the child attends through the scholarship program versus  
74 academic achievement at the school previously attended;

75 (b) Their level of satisfaction with school safety at the schools the child attends  
76 through the scholarship program versus safety at the schools previously attended;

77 (16) Demonstrate ~~[its]~~ **such organization's** financial viability, if ~~[it]~~ **such**  
78 **organization** is to receive donations of fifty thousand dollars or more during the school  
79 year, by filing with the state treasurer before the start of the school year a surety bond payable  
80 to the state in an amount equal to the aggregate amount of contributions expected to be  
81 received during the school year or other financial information that demonstrates the financial  
82 viability of the educational assistance organization.

83 2. The annual audit required under this section shall include:

84 (1) The name and address of the educational assistance organization;

85 (2) The name and address of each qualified student for whom a parent opened a  
86 scholarship account with the organization;

87 (3) The total number and total dollar amount of contributions received during the  
88 previous calendar year; and

89           (4) The total number and total dollar amount of scholarship accounts opened during  
90 the previous calendar year.

91           3. The state treasurer shall:

92           (1) Ensure compliance with all student privacy laws for data in the state treasurer's  
93 possession;

94           (2) Collect all test results;

95           (3) Provide the test results and associated learning gains to the public via a state  
96 website after the third year of test and test-related data collection. The findings shall be  
97 aggregated by the students' grade level, gender, family income level, number of years of  
98 participation in the scholarship program, and race; and

99           (4) Provide graduation rates to the public via a state website after the third year of test  
100 and test-related data collection.

101          4. An educational assistance organization may contract with private financial  
102 management firms to manage scholarship accounts with the supervision of the state treasurer.

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