

SENATE BILL NO. 255

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BRATTIN.

1082S.01H

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 166, RSMo, by adding thereto seven new sections relating to education savings accounts for elementary and secondary students, with an effective date.

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

Section A. Chapter 166, RSMo, is amended by adding thereto
2 seven new sections, to be known as sections 166.600, 166.610,
3 166.620, 166.630, 166.640, 166.650, and 166.660, to read as
4 follows:

166.600. Sections 166.600 to 166.660 shall be known
2 and may be cited as the "Education Savings Account Program".

166.610. As used in sections 166.600 to 166.660,
2 except where the context clearly requires another
3 interpretation, the following terms mean:

4 (1) "Eligible postsecondary institution", a community
5 college, an approved public institution as defined in
6 section 173.1102, or an approved private institution as
7 defined in section 173.1102;

8 (2) "Eligible student", either:

9 (a) Any elementary or secondary student who was
10 eligible to attend a public school in the preceding semester
11 or is starting school in the state for the first time. A
12 first-time enrollee shall be a member of a household whose
13 total annual income does not exceed an amount equal to two
14 times the income standard used to qualify for a free or
15 reduced-price lunch under the National Free or Reduced-price

16 Lunch Program established under 42 U.S.C. Section 1751, et
17 seq. Once a student receives a grant under this program,
18 the student shall remain eligible regardless of household
19 income until the student graduates high school or reaches
20 twenty-one years of age; or

21 (b) Any elementary or secondary student who is
22 starting school in the state for the first time and is a
23 sibling of a student already enrolled in the program;

24 (3) "Parent", a resident of this state who is a
25 parent, guardian, custodian, or other person with the
26 authority to act on behalf of the child;

27 (4) "Participating school", any private school that
28 provides education to elementary or secondary students and
29 has notified the state treasurer of its intention to
30 participate in the program and comply with the program's
31 requirements;

32 (5) "Private tutor", any teacher with a certificate of
33 license to teach in the state, or any other educator or
34 administrator required to maintain a professional license
35 issued by the state board of education, who provides
36 educational services in a home or other private, non-
37 classroom setting;

38 (6) "Program", the education savings account program
39 created in sections 166.600 to 166.660;

40 (7) "Resident school district", the public school
41 district in which the eligible student resides.

166.620. 1. Any parent of an eligible student may
2 establish an education savings account and qualify for the
3 state to make a grant to their child's education savings
4 account if the parent signs an agreement promising:

5 (1) To provide an education for the eligible student
6 in at least the subjects of reading, grammar, mathematics,
7 social studies, and science; and

8 (2) Not to enroll their eligible student in a district
9 or charter school.

10 2. The "Educational Savings Account Program Fund" is
11 established consisting of moneys appropriated by the general
12 assembly for the purpose of funding grants into education
13 savings accounts. The state treasurer shall administer the
14 fund. Moneys in the fund are continuously appropriated.
15 The state shall deposit into an education savings account,
16 from this fund, a grant in the amount the eligible student's
17 resident school district would have received to serve and
18 educate the student from state sources had the student
19 enrolled in such district. A participating student shall
20 not be counted in the enrollment figures for his or her
21 resident school district.

22 3. If the number of eligible students with an
23 educational savings account is such that total grants for a
24 school year would exceed the amount of funding available
25 from the educational savings account program fund, the state
26 treasurer shall award grants in the following order of
27 priority:

28 (1) First, to eligible students who received grants
29 under this section in the prior school year;

30 (2) Second, to eligible students with family incomes
31 at or below one hundred percent of the income standard used
32 to qualify for a free or reduced-price lunch under the
33 National Free or Reduced-price Lunch Program established
34 under 42 U.S.C. Section 1751. If the number of students
35 described in this subdivision exceeds the number of
36 available grants after awards are made under subdivision (1)

37 of this subsection, the state treasurer shall select
38 students under this subdivision by lot to receive any
39 remaining grants;

40 (3) Third, to other eligible students who qualify
41 under this section. If the number of students described in
42 this subdivision exceeds the number of available grants
43 after awards are made under subdivisions (1) and (2) of this
44 subsection, the state treasurer shall select students under
45 this subdivision by lot to receive any remaining grants.

46 4. A parent participating in the program shall agree
47 to use the funds deposited in the eligible student's account
48 for the following qualifying expenses to educate the
49 eligible student:

50 (1) Tuition and fees at a participating school;
51 (2) Textbooks required by a participating school;
52 (3) Payment to a private tutor;
53 (4) Payment for purchase of curriculum;
54 (5) Tuition or fees for a non-public online learning
55 program;

56 (6) Fees for national norm-referenced examinations,
57 advanced placement examinations or similar courses, and any
58 examinations related to college or university admission;

59 (7) Educational services for eligible students with
60 disabilities from an appropriate licensed or accredited
61 practitioner or provider;

62 (8) Tuition and fees at an eligible postsecondary
63 institution;

64 (9) Textbooks required for college or university
65 courses; and

66 (10) Fees for account management by private financial
67 management firms approved by the treasurer.

68 5. A participating school, private tutor, eligible
69 postsecondary institution or other educational provider
70 shall not refund, rebate, or share a student's grant with a
71 parent or the student in any manner. The funds in an
72 education saving account shall only be used for educational
73 purposes.

74 6. Parents may make payments for the costs of
75 educational programs and services not covered by the funds
76 in their accounts.

77 7. Funds deposited into education savings accounts
78 under sections 166.600 to 166.660 shall not constitute
79 Missouri taxable income to the parent of the qualified
80 student.

 166.630. 1. The state treasurer shall qualify private
2 financial management firms to manage education savings
3 accounts.

4 2. The treasurer shall conduct or contract for random
5 audits of accounts on an annual basis and may conduct or
6 contract for further audits of accounts at his or her
7 discretion.

8 3. The treasurer may determine any parent of an
9 eligible student ineligible for the education savings
10 account program in the event of substantial misuse of the
11 funds in the account. The treasurer may refer cases of
12 substantial misuse of funds to law enforcement agencies for
13 investigation if evidence of fraudulent use of an account is
14 obtained.

15 4. The treasurer shall provide parents of
16 participating students with a written explanation of the
17 allowable uses of education savings accounts, the
18 responsibilities of parents, and the duties of the treasurer.

19 5. The treasurer may deduct up to three percent of the
20 amount from grants to education savings accounts to cover
21 the costs of overseeing the accounts and administering the
22 program.

23 6. The treasurer shall establish reasonable fees for
24 private financial management firms participating in the
25 program based upon market rates.

26 7. The treasurer shall make payments to eligible
27 students' education savings accounts at the beginning of
28 each semester.

166.640. 1. To ensure that students are treated
2 fairly and kept safe, all participating schools shall:

3 (1) Comply with all health and safety laws or codes
4 that apply to private schools;

5 (2) Hold a valid occupancy permit if required by the
6 municipality in which the school is located;

7 (3) Certify that the school is in compliance with the
8 nondiscrimination policies set forth in 42 U.S.C. Section
9 1981;

10 (4) Conduct criminal background checks on employees;

11 (5) Exclude from employment any people not permitted
12 by state law to work in a private school; and

13 (6) Exclude from employment any people that might
14 reasonably pose a threat to the safety of students.

15 2. To ensure that funds are spent appropriately, all
16 participating schools shall:

17 (1) Provide parents with a receipt for all qualifying
18 expenses at the school; and

19 (2) If receiving fifty thousand dollars or more from
20 education savings account funds during the school year,
21 demonstrate that the school can repay any funds that might

22 be provided from education savings accounts by filing with
23 the treasurer prior to the school year:

24 (a) A surety bond payable to the state in an amount
25 equal to the aggregate amount of the funds from education
26 savings accounts expected to be paid during the school year
27 from students admitted at the participating school; or

28 (b) Financial information that demonstrates the
29 school's ability to pay an aggregate amount equal to the
30 amount of the funds from education savings accounts expected
31 to be paid during the school year to students admitted to
32 the participating school.

33 3. In order to allow parents and taxpayers to measure
34 the achievements of the program:

35 (1) Parents shall ensure that:

36 (a) Each year their eligible student takes either the
37 state achievement tests or nationally norm-referenced tests
38 that measure learning gains in math and language arts, and
39 provide for value-added assessment;

40 (b) The results of these tests are provided to the
41 state or an organization chosen by the state on an annual
42 basis, beginning with the first year of testing;

43 (c) The student information is reported in a way that
44 would allow the state to aggregate data by grade level,
45 gender, family income level, and race; and

46 (d) The treasurer is informed of the eligible
47 student's graduation from high school;

48 (2) The treasurer shall:

49 (a) Ensure compliance with all student privacy laws;

50 (b) Collect all test results;

51 (c) Provide the test results, associated learning
52 gains and graduation rates to the public via a state website
53 after the third year of test and graduation-related data

54 collection. The findings shall be aggregated by the
55 students' grade level, gender, family income level, number
56 of years of participation in the scholarship program, and
57 race;

58 (d) Provide rates for high school graduation, college
59 attendance, and college graduation for participating
60 students to the public via a state website after the third
61 year of test and test-related data collection; and

62 (e) Administer an annual parental satisfaction survey
63 that shall ask parents of students receiving education
64 savings accounts to express:

- 65 a. Their satisfaction with the program; and
66 b. Their opinions on other topics, items, or issues
67 that the state finds would elicit information about the
68 effectiveness of education savings accounts program and the
69 number of years their child has participated in the program.

70 4. A participating private school is autonomous and
71 not an agent of the state or federal government, and
72 therefore:

73 (1) No state agency or officer shall in any way
74 regulate the educational program of a participating private
75 school or education provider that accepts funds from an
76 education savings account;

77 (2) The creation of the education savings account
78 program does not expand the regulatory authority of the
79 state, its officers, or any school district to impose any
80 additional regulation of private schools or education
81 providers beyond those necessary to enforce the requirements
82 of the program; and

83 (3) Participating private schools and education
84 providers shall be given the maximum freedom to provide for

85 the educational needs of their students without governmental
86 control.

166.650. 1. The state treasurer shall ensure that
2 eligible students and their parents are informed annually of
3 which schools will be participating in the education savings
4 account program. Special attention shall be paid to
5 ensuring that lower-income families are made aware of the
6 program and their options.

7 2. The state treasurer shall create a standard form
8 for parents of eligible students to establish their
9 student's eligibility for the education savings account
10 program. The treasurer shall ensure that the application is
11 readily available to interested families through various
12 sources, including the internet.

13 3. The treasurer may bar a participating school or
14 education provider from participation in the education
15 savings account program if the treasurer establishes that
16 the participating school or education provider has:

17 (1) Routinely failed to comply with the accountability
18 standards established in the provisions of section 166.640;
19 or

20 (2) Failed to provide the eligible student with the
21 educational services funded by the education savings account.

22 4. If the treasurer decides to bar a participating
23 school or education provider from participation in the
24 program, he or she shall notify eligible students and their
25 parents of this decision as quickly as possible.

26 5. The treasurer shall adopt rules and procedures as
27 necessary for the administration of the education savings
28 account program. Any rule or portion of a rule, as that
29 term is defined in section 536.010, that is created under
30 the authority delegated in this section shall become

31 effective only if it complies with and is subject to all of
32 the provisions of chapter 536 and, if applicable, section
33 536.028. This section and chapter 536 are nonseverable and
34 if any of the powers vested with the general assembly
35 pursuant to chapter 536 to review, to delay the effective
36 date, or to disapprove and annul a rule are subsequently
37 held unconstitutional, then the grant of rulemaking
38 authority and any rule proposed or adopted after the
39 effective date of this act, shall be invalid and void.

166.660. 1. The resident school district shall
2 provide a participating school or education provider that
3 has admitted an eligible student under this program with a
4 complete copy of the student's school records. Such
5 disclosures shall comply with the Family Educational Rights
6 and Privacy Act of 1974, 20 U.S.C. Section 1232g.

7 2. The resident school district shall provide
8 transportation for an eligible student to and from the
9 participating school or education provider under the same
10 conditions and to the same extent as the resident school
11 district is required to provide transportation for other
12 resident students to private schools. The resident school
13 district shall qualify for state transportation aid for each
14 student so transported.

Section B. Section A of this act shall become
2 effective on July 1, 2024.

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