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MEMORANDUM

To: House Committee on K-12 Education Budget
From: Office of Revisor of Statutes
Date: February 1, 2022
Subject: House Bill 2550 – Bill Brief

House Bill 2550 would create the student empowerment program. This program would authorize parents and guardians of eligible students to establish student savings accounts in the state treasury and use such accounts for certain education expenses. The program would be administered by the state treasurer and would begin operation in the 2023-2024 school year.

Under HB 2550, the parent or guardian of an eligible student would be authorized to establish a student empowerment account on behalf of an eligible student. A student would be eligible for a student empowerment account if such student:

- Is enrolled in a school of a school district and qualifies for free or reduced-price meals;
- Is enrolled in a school of a school district and has been identified as eligible to receive at-risk services pursuant to K.S.A. 72-5153a;
- Has already established a student empowerment account.

School districts would be required to notify the parent of a student when such student becomes eligible for a student empowerment account. The notice must include a description of the program, the reason why the student became eligible for the program, a copy of the student's most recent ELA and math assessment results and contact information of the persons who may be contacted regarding the program at the school district, the State Department of Education and the State Treasurers office.

To establish a student empowerment account, the parent or legal guardian of the student would be required to enter into an agreement with the State Treasurer. This agreement would provide terms and conditions of participation in the program and account usage. As part of this agreement, a student would be required to either enroll in a qualified private school or continue

part-time enrollment in such student's resident school district while receiving additional educational services using the student's empowerment account moneys.

A qualified private school could be any accredited or nonaccredited private school that provides instruction in the subjects required under certain statutes including reading, writing, math, geography, U.S. history, civics, health, and Kansas history and government. Enrollment in a qualified private school would be deemed a parental placement under the IDEA. The treasurer would be required to approve the qualified private schools in which an eligible student may enroll under the program and to conduct a random annual audit of a qualified private school to ensure compliance. If a qualified private school does not comply with program requirements, the treasurer may revoke the qualified school's approval.

Moneys in student empowerment accounts could only be expended on eligible education expenses which include:

- Tuition and fees charged by a qualified private school;
- Textbooks and supplies required by a qualified private school;
- Transportation fees provided by a qualified private school;
- Educational therapies or services provided by a licensed or accredited education provider;
- Tutoring services provided by a certified tutor;
- Curriculum materials;
- Tuition and fees charged by an accredited private learning program;
- Fees for nationally recognized norm-referenced achievement tests, advanced placement examinations or other examinations related to postsecondary admissions;
- Services, programs, activities, classes or any other resources or programs provided or contracted by school district;
- Tuition and fees charged by a postsecondary educational institution; and
- Any other education expenses approved by the treasurer.

The amount of moneys deposited into a student's empowerment account would be based on whether the student enrolls in a qualified private school or enrolls part-time in a school district. A student who enrolls in a qualified private school would receive an amount equal to the amount of BASE aid for the immediately preceding school year. A student who enrolls part-time in a school district would receive the BASE aid amount multiplied by the ratio of time such student is not counted in the enrollment of such school district.

The treasurer would be required to annually certify the amount of moneys necessary to fund the student empowerment program accounts. Upon certification, a demand transfer from the state general fund to the student empowerment fund would be made each year. The treasurer would be authorized to keep a certain amount for administrative costs. For newly established accounts, the treasurer would be authorized to deduct up to 5% from each such transfer to an account and for accounts that have been established for three years or more, 2.5%.

The treasurer would be required to audit the program on an annual basis to ensure compliance with requirements of the program. If the treasurer determines that moneys in an account were not expended on eligible education expenses, the treasurer could make the parent repay such ineligible expenses, lock the account or prorate future deposits to make up for the ineligible expenses.

HB 2550 would require the treasurer to provide an annual report on the program to the governor and the legislature. This report would include, but not be limited to, the number of participating students, where such students are enrolled, the number of qualified private schools, audit results, and the total cost to administer the program. The treasurer would also be required to adopt rules and regulations prior to January 1, 2023, to administer the program.

For each eligible student who has participated in the program for less than three years, such student's resident school district would maintain funding in an amount equal to such student's weightings under the school finance formula including the low enrollment weighting, high enrollment weighting, bilingual weighting, at-risk student weighting and career and technical education weighting. Such weighted amounts would be certified by the state board of education, and upon appropriation of such moneys, the weighted amount for each student would be transferred from the state general fund to the state foundation aid account of the Department of Education and would be distributed through the school finance formula back to the school districts.

HB 2550 also amends K.S.A. 79-32,117 to provide that amounts deposited in a student empowerment account would not be counted as earned income for Kansas income tax purposes.