**Governor’s Omnibus School Choice Education Bill** [**SSB 1065**](https://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=ssb1065) **Review As of January 21, 2021**

**Division I – Student First Scholarship Program**

Sec. 1. DE authority to adopt rules for administration and application of program

Sec. 2. Outlines student first scholarship program

* Voucher program for nonpublic students beginning July 1, 2022
  + Pupil eligible to enroll in K, if school of residence is identified in need of comprehensive support and improvement under ESSA
  + Grades 1 – 12 if enrolled in public school prior two semesters and school is identified in need of comprehensive support and improvement under ESSA
  + Any student who received voucher in a prior year (creates a permanent voucher program if the school later moves to an improved ESSA designation)
* The Voucher portion goes beyond kindergarten - all grades are eligible assuming certain conditions. The calculation to determine appropriation is complicated - includes retaining unspent funds for Higher Ed expenses up to age 23.
* “Scholarships” for qualified educational expenses; goes directly to parent or guardian as debit card or checking account
* Parents must apply by Jan. 31 and DE notifies parents/guardians of award by March 1. Must reapply annually.
* Amount of “scholarship” is determined based on the sum of the following for the same school budget year. *Since students in nonpublic school won’t be counted for purposes of enrollment in the school of residence, these funds will automatically decrease from the resident district’s funding in the next year.* 
  + Students actual weighted enrollment multiplied by 87.5% of the state cost per pupil plus the statewide average foundation property tax per pupil
  + Teacher salary supplement per pupil in resident district
  + Professional development supplement per pupil in resident district
  + Early intervention supplement district cost per pupil (*concern: although calculated on a per student amount, these funds in public schools are typically targeted to K-3 class size and literacy*)
  + AEA teacher salary supplement district cost per pupil in resident district (*concern: teachers in AEAs provide services to nonpublic schools too – if funds don’t flow back to AEA, capacity to support both public and nonpublic students is at risk*.)
  + Teacher leadership supplement district cost per pupil (*concern: schools in need of comprehensive support are most in need of teacher professional development, teacher leadership/instructional coaching, and literacy/early intervention class size and supports. If these funds leave with students based on scholarships without a hold harmless provision, the public school district has less funding to support schools that need it most.)*
* DE controls fund in state treasury. Standing unlimited appropriation in an amount necessary to pay for the cost of all “scholarships” approved for that fiscal year.
  + Creates an account for each student in the state treasury fund – immediately available for payment of qualified educational expenses with total funds deposited July 1. (*concern: can student still qualify for STO scholarship and use that for tuition to accumulate this student first scholarship for college costs later?)*
* Qualified educational expenses include
  + Tuition and fees at nonpublic schools
  + Fees or payments for educational therapies including tutoring or cognitive skills training
  + Curriculum fees and materials
  + Tuition or fees for nonpublic online education programs
  + Tuition for vocational and life skills education
  + Education materials and services for students with disabilities, including paras and assistants
  + Standardized tests, AP exams and other college entrance exam fees
* Qualified educational expenses do not include:
  + Transportation costs
  + Cost of food or refreshments
  + Cost of clothing
  + Cost of disposable materials (pens, paper, notebooks, art supplies, etc.)
* Defines fraudulent practice and requires repayment of funds including litigation costs of used fraudulently (and detected). Requires parents to pay back the scholarship if the student is expelled or withdraws. If family moves to another district, does not have to pay back the scholarship if the student enrolls in another private school (*question: what if there is no accredited private school in their new districts of residence? What if they move out of state?)*
* Student’s account remains open until age 23 and any funds may be used for qualified educational expenses to attend community college, private college or regent’s institution (must be in Iowa)
* Student’s account may remain open until age 27 for each year of federal active duty
* Explicitly states that it should not be construed to authorize the state or any political subdivision of the state to exercise its authority over any nonpublic school or to require a nonpublic school to modify its academic standards to receive payment from parents/guardians under this fund

Sec. 3: tax treatment

* Subtract amount received for scholarship from parent’s income for Iowa personal income tax purposes, to the extent it would be included in income.

Sec. 4: applicability; effective July 1, 2022

Sec. 5: applicability; tax year January 1, 2022

**Division II: Charter School Programs**

Sec. 6 – establishment/purpose of charter schools

* Maintains provision allowing a charter school under auspices of a local school board
* Allows a “founding group” to apply to the state board for a charter for a new attendance center that operates independently of a public school district
* Outlines what the purpose of a charter school and what they should accomplish

Sec. 7 – definitions

Sec. 8 – DE duty to monitor

* DE monitors effectiveness of charter schools and sets criteria for monitoring effectiveness

Sec. 9: school board-state board model

* Allows a school board to create a “founding group”
  + Founding group is defined as a person, group of persons or education service provider that develops and submits an application for a charter school to the state board under this chapter
  + Can submit an application to operate a charter school within and as part of the district by establishing a new attendance center
  + Create a new school within an existing attendance center
  + Convert an existing attendance center
* Details the application requirements
* Requires majority vote of teachers and parents/guardians with students in the district for a school board founding group to convert an existing attendance center (*concern: why isn’t such a vote required in a neighborhood school where an outside chartering entity plans on locating a charter school? In the next section, evidence of community support out to be extensive*)

Sec. 10: Founding Group - state board model (new attendance center, not by a school district)

* Same requirements for application
* No vote required

Sec. 11: Charter school contract

* DE to enter into contract with approved charter school within 30 days
* Initial contract for ten school budget years
* May delay start up by one year, request extension if need more time

Sec. 12: General operating powers and duties

* Exempts from all state statutes and rules and any local rule, regulation or policy applicable to a non-charter school except the following:
  + Federal, state and local health and safety requirements
  + Laws prohibiting discrimination
  + Subject to any court-ordered desegregation plan in effect for the school district in which the charter school is located
  + Operate as a nonsectarian, nonreligious school
  + Be free of tuition and application fees for Iowa resident students between ages 5 and 21
  + Comply with chapters 216 and 216A relating to civil and human rights
  + Provide special education services in accordance with 256B (*concern: does the charter school receive support from AEAs and bill the resident district for additional costs of the IEP in addition to funding received or do they have to provide special education services within their flow-through budget?*)
  + Be subject to the same financial audits, audit procedures and audit requirements as a public school district (*concern: public schools are required to post bills paid as part of their financial requirements. Is this level of transparency also required for charter schools? What about open meetings of their governing board and public records, since it’s a public charter school?*)
  + Comply with transportation requirements for public schools
  + Comply with reporting and inclusion of student achievement in accreditation standards (256.7, sub 21) and educational standards (256.11) unless specifically waived by state board
  + Comply with minimum instructional time requirements unless specifically waived by state board
  + Cannot discriminate on admission but may limit to students within particular range of ages or grade levels or on any other basis if would be legal if initiated by a school district
  + Employ or contract with teachers with valid license
  + Must notify district of residence by March 1 of a student’s enrollment in charter school

Sec. 13: Funding

* District of residence pay to the charter school the sum of the following based on the prior fiscal year:
  + State cost per pupil
  + TLC state cost per pupil
  + ELL weighting times state cost per pupil (*concern: does this flow through even if the student has progressed to proficiency and isn’t counted in the enrollment year for ELL purposes?)*
  + PSEO funding $250 per course and required to be paid to the postsecondary institution offering the course.
  + Concern: No mention of special education funding but charters are required to provide special education services – will public schools be required to pay the bill without control over the provision of services, increasing the special education deficit paid with property taxes?

Sec. 14: Performance Framework

* State board evaluates based on:
  + Student academic proficiency
  + Student academic growth
  + Achievement gaps in proficiency and growth between specified populations
  + Attendance
  + Enrollment attrition
  + Post-secondary readiness
  + Financial performance and sustainability
  + Compliance with applicable laws, governing board stewardship
* Annual performance targets to be agreed upon by charter school and state board and exempt from some requirements but still required to meet federal, state and local standards (*concern: does the local school board get to set the standards referred to as “local standards” in this section?)*
* *Requires the charter school to be evaluated and graded by the DE pursuant to the attendance center performance ranking system (concern: if school is labeled in need of comprehensive improvement and support, will the state divert any resources from other public schools so labeled to improve instruction in the charter school? Does the charter school have to work with the DE to comply with expectations?)*

Sec. 15: Oversight – corrective action – contract renewal – revocation

* State board monitors compliance
* Provides framework for correcting deficiencies
* Requires charter school performance report by June 30 each year
* Establishes renewal criteria

Sec. 16 – procedures for charter school closure – student enrollment

* Protocol for orderly closure, notice to parents
* Asset distribution (if any) in priority order:
  + Outstanding payroll obligation
  + Creditors of the school
  + Public school district in which charter school operated

Sec. 17 – Reports

* Requires annual report to DE for each charter school
* Requires state board to present findings for all charter schools to legislature

Sec. 18 – No new charter school approved under 256F.3 after July 1, 2021.

Sec. 19 – Operation of existing charter schools

* Allows existing charter schools to continue to operate under 256F

Sec. 20 – Adds students enrolled in charter school to the calculation of a district’s actual enrollment.

Sec. 21 – conforming/SBRC requests by a school district (*if charter goes bankrupt or charter is revoked and students return to the public school, allows the school district to ask the SBRC for spending authority to provide education for those students. Such spending authority is backed by property taxes.)*

Sec. 22 - Requires charter school board to determine the appropriate placement of a student on the sex offender registry and requires notice of such consideration on the board’s tentative agenda. If the student is denied enrollment, the district of residence is responsible for determining the appropriate placement.

Sec. 23 – adds permanent closure of a charter school authorized under the new chapter to good cause criteria for open enrollment requests after March 1

**Division III - Voluntary Diversity Plans (Same language as** [**HSB 64**](https://www.legis.iowa.gov/legislation/BillBook?ga=89&ba=hsb64) **in House Education)**

Sec. 24: eliminates requirement that a charter school be subject to voluntary diversity plan of school district in which it is located

Sec. 25:

* eliminates ability of a school district with a voluntary diversity plan to deny an open enrollment request
* eliminates language on development and implementation of voluntary diversity plans

**Division IV - Education Information System, Program Standards, Flexibility and Funding**

Sec. 26: conforming language on what is a confidential record re: development of new statewide system for student records

Sec. 27: use of electronic data collection and information processing – single statewide system

* Provide for electronic transfer of individual student records between attendance centers, school districts, nonpublic schools, AEAs, postsecondary institutions, community colleges and DE
* Designed to be compatible with information systems used by postsecondary institutions and community colleges
* Uniform coding and reporting system
* DE pays for initial development and first year; thereafter charged to each district and nonpublic school not to exceed $7 per student for the first year only

Sec. 28: strikes existing code language in 256.9, sub 44 about school information systems

Sec. 29: strikes 256.11 sub 8 on waiver requests for innovative programs and replaces with new language

* flexible student and school support program established by state board
* approval exempts district (if allowed by director and is broadly consistent with intent of these requirements) from the following:
  + specific curriculum requirements
  + physical activity requirements
  + provision of gifted/talented and at-risk programs
  + school start date
  + minimum days and hours
* Public, non-public may be granted up to three years, use of flexible student and school support program to implement evidence-based practices in innovative ways to enhance student learning, well-being and postsecondary success
* Exempts district from one or more of the requirements
* Allow district to use funds from the school district’s flexibility account

Sec. 30, 31: Funding flexibility

* Allows transfer of teacher salary supplement to school’s flexibility fund if all compensation requirements are met
* Allows transfer of TLC funds to flexibility fund if all obligations are met

Sec. 32: conforming language adding TSS, TLC to flexibility account

Sec. 33: conforming language adding approved flexible student and school support program to flexibility account

**Division V - Education Tax Credits and Deductions**

Sec. 34: Educator expense deduction:

* Doubles the maximum amount a taxpayer may deduct from $250 to $500

Sec. 35: Private instruction added to tax code eligibility for tuition and textbook tax credit

Sec. 36: Tuition and textbook tax credit:

* Increases the amount of allowed expenses from $1,000 to $2,000; (*currently $15.1 million – this could double the total to $30.2 million*)
* Increases the credit from 25% to 50% of eligible expenses; (*could again double the amount to $60.4 million)*
* Makes the credit refundable (excess of tax liability returned to the taxpayer); (*will have an additional impact for those who do not otherwise have income tax liability*)
* Makes homeschooling expenses eligible for the tuition and textbook tax credit. (*unknown how many children are home schooled, but parents likely to take the maximum credit, so again, an increase*.)

**Division VI – Student Enrollment**

Sec. 39 - changes method for calculating enrollment (*concern for growing districts: an average of the prior year April and the October 1 count will lower the impact of growth on resources, shifting the increase further to on-time funding property tax impact*.)

Average of the sum of all of the following:

* On October 1 or the first Monday in October if October 1 is a weekend
* April 1 following immediately preceding October 1

Sec. 40 – additional enrollment because of special education

* Determine additional enrollment by Nov. 1 or first Monday in November if falls on a weekend
* Calculate enrollment based on the average of the following:
  + Amount determined by using May 1 immediately preceding the November determination
  + Amount determined on November 1

Sec. 41: conforming language in 257.6 for weighted enrollment calculation

Sec. 42: enrollment calculation for supplemental weighting

* Determine number of pupils by October 1 and certify to department by Oct. 15
* Number of pupils is average - determined as follows:
  + Number of additional students as of April 1 immediately preceding October determination
  + Number of additional students as of October 1 of each year

Sec. 43 – postsecondary enrollments

* Determine tuition costs based on average enrollment calculation on October 1 and April 1 immediately preceding that date

Sec. 44 – AEA/special education

* Eliminates Dec. 1 date for special education weighted enrollment count and instead specifies annually

Sec. 45 – early childhood assessment

* Requires district to administer teaching strategies gold early childhood assessment as of October 1 or first Monday in October if the 1st is a weekend

Sec. 46 – whole grade sharing funding

* Requires calculation of enrollment as of October 1 or first Monday in October if the 1st is a weekend

Sec. 47 – open enrollment

* Requires calculation as of October 1 or first Monday in October if the 1st is a weekend

Sec. 48 – makes this division effective upon enactment

Sec. 49 – applies actual enrollment determinations under this division to the school budget year beginning on or after the effective date

**Division VII – Open Enrollment**

Sec. 50: Allows an application to be filed under good cause exemption based on significant need for improvement by April 15

* Adds to good cause definition as districts identified in significant need of improvement
* Defines significant need for improvement as an attendance center designated as such by the DE for two or more the immediately preceding years of the request OR identified for comprehensive support and improvement under ESSA for two or more of the immediately preceding years

Sec. 51: beefs up reasons a district cannot deny open enrollment request to include:

* Harassment that the district cannot adequately address (*note: founded case of bullying/harassment is already included as good cause*)
* Consistent failure by district to reasonably respond to student’s failure to meet basic academic standards
  + State board to adopt rules to define criteria

Sec. 52: Open enrollment transportation

* changes law to allow a receiving district to send school vehicles into a contiguous district without that district’s concurrence
* establishes economic eligibility requirements for sending district to pay transportation costs to parent or receiving district to minimally include household income of 200% or less of federal poverty level (*concern: who confirms income eligibility? Currently, FRPL is at 185% of poverty, so this standard would require additional documentation.*)

Sec. 53: Eliminates 90-day waiting period for athletic eligibility

**Division VIII - School Board Powers and Duties**

Sec. 54 - Adds new subsection to 279.1 to say purpose of school board is to improve student outcomes and that the board is responsible for overseeing such improvement

“A school corporation is entrusted with public funds for the purpose of improving student outcomes, including but not limited to student academic achievement and skill proficiency, and the board of directors of the school corporation is responsible for overseeing such improvement.