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MEMORANDUM

To: Chairperson Williams
Members of the House Committee on K-12 Education Budget

From: Jason B. Long, Senior Assistant Revisor

Date: February 14, 2019

Subject: HB 2150 – Kansas Hope Scholarship Act

House Bill No. 2150 (HB 2150) would create the Kansas Hope Scholarship Act. The purpose of the Act is to allow students who report incidents of bullying to participate in a scholarship program that allows such students to transition to a new school, including a private school. The scholarships provided under the program would be to cover the costs to attend the new school.

Section 2 of HB 2150 provides the relevant definitions for the Act. This includes defining "bullying" as it is currently defined in law at K.S.A. 72-6147. Also, the term "participating learning entity" is the school the eligible student would transition to and includes both public and private schools.

Section 3 provides that a student is eligible to participate in the program if they have reported an incident of bullying to any teacher, counselor, or administrator. There are provisions requiring an investigation, but eligibility for the program is based only on the reporting of the incident.

The program is to be administered by the State Treasurer. Sections 4, 5, and 6 of HB 2150 establish the duties of the State Treasurer and the contractual requirements for participation in the program. The State Treasurer is required to establish an account for each participating student within the Kansas Hope Scholarship fund in the state treasury. The State Treasurer will also enter into agreements with the parent or legal guardian of the participating student so that it is understood how moneys will be deposited into the student's account and what expenditures are allowable. Finally, the State Treasurer is responsible for publishing an explanation of the program and duties and responsibilities of parents and the State Treasurer.

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Sections 6 and 7 of the bill provide that a percentage of the BASE aid amount is to be transferred from the fund to the student's account. The percentages are based on the grade level of the student: 88% for grades 1 through 5; 92% for grades 6 through 8; and 96% for grades 9 through 12. The moneys for the fund come out of the state foundation aid for school districts. Additionally, the State Treasurer is required to deposit an amount equal to the cost of transportation for the student to attend the new school. This transportation cost is limited to \$750 per year. Finally, the State Treasurer may deduct a percentage from each transfer as reimbursement for administrative costs. The administrative cost percentage is limited to 5% the first two years the account is open and 2.5% in each subsequent year.

Section 8 limits the expenditures from an account to: (1) Payments to a unified school district; (2) tuition and fees charged by a qualified private school; (3) textbooks and materials required by a qualified private school; and (4) transportation costs. Moneys in an account may be rolled over to a subsequent year, but no personal deposits may be made by the parent or any other third party. No school may share, refund, or rebate any portion of a payment back to the student or the student's parent.

Section 9 of HB 2150 requires any private school that wishes to be a participating learning entity to apply to the State Treasurer. The school must be an accredited nonpublic school that is registered with the State Board of Education, and must provide instruction in at least those subjects required by state law.

Finally, Section 14 of the bill amends K.S.A. 79-32,117 to ensure that any amounts deposited in a student's account pursuant to the program are not considered taxable income to the student's parents for purposes of determining Kansas income tax liability.

If enacted, HB 2150 would become effective on July 1, 2019.