

Section-by-Section Summary of 2021 RS HB 563
AN ACT relating to education (originally AN ACT relating to school choice)

	Section #	Page #	Provisions
Nonresident Student Enrollment	1	1	Amends KRS 157.350 to provide that, on and after July 1, 2022 , a district can include any nonresident students in its ADA count (for purposes of receiving state SEEK funds), if they are enrolled pursuant to that local board's nonresident policy. This means that no nonresident agreement with the student's district of residence would be needed after July 1, 2022 to allow a district to count nonresident students in its ADA for state SEEK funding.
	2	2	Amends KRS 158.120 to require each school board to adopt a nonresident student enrollment policy by July 1, 2022, which will govern if, and how, it would enroll nonresident students. The bill states that: <i>"Upon allowing nonresident pupil enrollment, the policy shall allow nonresident children to be eligible to enroll in any public school located within the district. The policy shall not discriminate between nonresident pupils, but may recognize enrollment capacity, as determined by the local school district. The nonresident pupil policy and any subsequent changes adopted by a board of education shall be filed with the Kentucky Department of Education no later than thirty (30) days following their adoption."</i> There is no change before July 1, 2022, and there is no change at all made to the law governing local boards charging reasonable tuition to nonresident students.
	3	4	Amends KRS 156.070 to provide that: <i>"Any student who transfers enrollment from a district of residence to a nonresident district ... shall be ineligible to participate in interscholastic athletics for one (1) calendar year from the date of the transfer."</i>
	4	11	Requires KDE to prepare a study and submit it to the General Assembly with <i>"options on how to ensure the equitable transfer of education funds so that funds follow a nonresident student to a school district of enrollment from a school district of residence. The report shall include recommendations on how the amount should be calculated and what mechanism should be used to conduct the transfer."</i>
EOA Tax Credit Program	5	11	Creates the Education Opportunity Account Program (EOA)
	6	11	Defines terms for the EOA program, including: <ul style="list-style-type: none"> • "Account-granting organization" • "Education service provider" • "Intermediary organization"
	7	13	Provides rules governing how AGOs will deposit money into the EOA for a given student, and how much each EOA will receive. Money will come from donations from individuals and business entities, for which they will receive state income tax credits. Lists the types of expenses that funds in an EOA may be used to pay. Private school tuition can only be <i>directly</i> paid with money in an EOA if the given student is a resident of a KY county with a population of 90,000 or more in the 2010 US Census. That includes: Jefferson; Fayette; Kenton; Boone; Warren; Hardin; Daviess; Campbell. Allows the AGO to manage and govern the EOA, including setting parameters for what a given EOA can be used to pay for, for a given student.
	8	17	Sets up the process for how parents will apply to an AGO to request an EOA.
	9	18	Sets up process for the state Department of Revenue (DOR) to approve granting tax credits to an individual or business entity making a donation to an AGO or intermediary.
	10	20	Sets up process for DOR to approve/certify AGOs
	11	23	Establishes rules for AGO operations and processes
	12	25	Establishes rules to govern how DOR administers the tax credits
	13	26	Provides rules for DOR audits of AGOs, and renewal/revocation rules for AGO certifications
	14	27	Requires each AGO to establish rules for how it will transfer funds from a student's EOA to pay education service providers.

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EOA Tax Credit Program	15	28	Provides that education service providers will keep their autonomy and independence, with very limited federal, state, or local regulation. States that a provider will <i>“not be required to alter its creed, practices, admissions policy, or curriculum in order to accept payments from an EOA.”</i>
	16	28	Establishes the new state income tax credit. Sets an annual cap on the total amount of tax credits that may be granted to individuals and business entities at \$25 million each year. Sets a 5-year sunset on the tax credit program.
	17	30	Requires various reports on the tax credit program to be provided to the General Assembly by DOR
	18	31	Provides that <i>“if any part of (the EOA program) is challenged in state court as violating either the state or federal constitutions, parents of students who would meet the criteria for being eligible students . . . shall be permitted to intervene as of right in such lawsuit for the purposes of defending the EOA program’s constitutionality.”</i>
	19	31	Officially names the new program in statute
	20	31	Technical change regarding DOR administration
	21	35	Technical change regarding DOR administration