

ALEC EXPOSED

"ALEC" has long been a secretive collaboration between Big Business and "conservative" politicians. Behind closed doors, they ghostwrite "model" bills to be introduced in state capitols across the country. This agenda—underwritten by global corporations—includes major tax loopholes for big industries and the super rich, proposals to offshore U.S. jobs and gut minimum wage, and efforts to weaken public health, safety, and environmental protections. Although many of these bills have become law, until now, their origin has been largely unknown. With **ALEC EXPOSED**, the Center for Media and Democracy hopes more Americans will study the bills to understand the depth and breadth of how big corporations are changing the legal rules and undermining democracy across the nation.

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DID YOU KNOW? Corporations VOTED to adopt this. Through ALEC, global companies work as "equals" in "unison" with politicians to write laws to govern your life. Big Business has "a VOICE and a VOTE," according to newly exposed documents. **DO YOU?**

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Did you know that an online for-profit school company was the corporate co-chair in 2011?

THE PARENTAL CHOICE SCHOLARSHIP TAX CREDIT ACCOUNTABILITY ACT

Summary

This bill creates administrative, fiscal, and academic accountability standards to be used in conjunction with elementary or secondary private school scholarship tax credit programs.

Model Legislation

Section 1. {Title} The Parental Choice Scholarship Tax Credit Accountability Act

Section 2. {Definitions}

(A) "Program" means an elementary or secondary private school scholarship tax credit program.

(B) "Participating students" mean students who are eligible for and participating in the state's private school scholarship tax credit program.¹

(C) "Parent" includes a guardian, custodian or other person with the authority to act on behalf of the child.

(D) "Department" means the state Department of Revenue.

(E) "Participating school" means a school that is eligible for and participating in the state's private school scholarship tax credit program.²

(F) "Scholarship Granting Organization" means an organization that complies with the requirements of the state's private school scholarship tax credit program and provides or is approved to provide education scholarships to students attending qualified schools of their parents' choice.

(G) "Test" means either the state achievement test or nationally recognized norm-referenced test chosen by the participating school.

Section 3. {Responsibilities of Scholarship Granting Organizations}

(A) Administrative Accountability Standards. All scholarship granting organizations shall:

(1) conduct criminal background checks on all of its employees and board members and exclude from employment or governance any individual(s) that might reasonably pose a risk to the appropriate use of contributed funds.³

(2) publicly report to the Department by June 1 of each year the following information prepared by a certified public accountant regarding their grants in the previous calendar year:

(a) the name and address of the student support organization;

(b) the total number and total dollar amount of contributions received during the previous calendar year; and

(c) the total number and total dollar amount of educational scholarships awarded during the previous calendar year, the total number and total dollar amount of educational scholarships awarded during the previous year to students qualifying for the federal free and reduced lunch program,⁴ and the percentage of first time recipients of educational scholarships who were enrolled in a public school during the previous year.

(B) Financial Accountability Standards.

(1) All scholarship granting organizations shall demonstrate financial accountability by:

(a) annually submitting a financial information report for the organization to the Department that complies with uniform financial accounting standards established by the Department and is conducted by a certified public accountant; and

(b) having an auditor certify that the report is free of material misstatements.

(2) All participating private schools shall demonstrate financial viability, if they are to receive donations of \$50,000 or more during the school year, by:⁵

(a) filing with the scholarship granting organization prior to the start of the school year a surety bond payable to the scholarship granting organization in an amount equal to the aggregate amount of contributions expected to be received during the school year; or

(b) filing with the scholarship granting organization prior to the start of the school year financial information that demonstrates the financial viability of the participating school.

Section 4. {Program Oversight of Participating Schools}

(A) Each scholarship granting organization shall collect written verification from participating schools that accept its scholarship students that those schools:

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

(2) hold a valid occupancy permit if required by their municipality;

(3) certify that they comply with the nondiscrimination policies set forth in 42 USC 1981;⁶ and

(4) conduct criminal background checks on employees and then:

(a) exclude from employment any people not permitted by state law to work in a private school; and

(b) exclude from employment any people that might reasonably pose a threat to the safety of students.⁷

(B) Academic Accountability Standards. There must be sufficient information about the academic impact scholarship tax credits have on participating students in order to allow parents and taxpayers to measure the achievements of the program, and therefore:

(1) each scholarship granting organization shall ensure that participating schools that accept its scholarship shall: ⁸

(a) annually administer either the state achievement tests or nationally recognized norm-referenced tests that measure learning gains in math and language arts to all participating students in grades that require testing under the state's accountability testing laws for public schools;

(b) allow costs of the testing requirements to be covered by the scholarships distributed by the scholarship granting organizations;

(c) provide the parents of each student who was tested with a copy of the results of the tests on an annual basis, beginning with the first year of testing;

(d) provide the test results to the Department or an organization chosen by the state⁹ on an annual basis, beginning with the first year of testing;

(e) report student information that would allow state to aggregate data by grade level, gender, family income level, and race; and

(f) provide graduation rates of participating students to the Department or an organization chosen by the state in a manner consistent with nationally recognized standards.

(2) the Department or an organization chosen by the state shall:

(a) ensure compliance with all student privacy laws;

(b) collect all test results;

(c) provide the test results and associated learning gains to the public via a state website after the third year of test and test-related data collection¹⁰; and

(d) aggregate the findings by the students' grade level, gender, family income level, number of years of participation in the scholarship program, and race.¹¹

Section 5. {Responsibilities of the Department of Revenue}

(A) The Department shall have the authority to conduct either a financial review or audit of a scholarship granting organizations if possessing evidence of fraud.

(B) The Department may bar a scholarship granting organization from participating in the program if the Department establishes that the scholarship granting organization has intentionally and substantially failed to comply with the requirements in Section 3 or Section 4.

(C) If the Department decides to bar a scholarship granting organization from the program, it shall notify affected scholarship students and their parents of this decision as quickly as possible.

Section 6. {Effective Date} The Parental Choice Scholarship Tax Credit Accountability Act will be in effect beginning with the fall semester of the next school year.

Endnotes

1. The definition for participating students in this model legislation includes the students who are eligible for a state's private school scholarship choice tax credit program. Additionally, this bill can be used in conjunction with legislation that would create a new scholarship tax credit program, and in that case, an eligible student would be defined as the student eligible to participate in that scholarship program. ALEC Model Legislation that should be considered when creating such scholarship programs include: the Great Schools Tax Credit Program Act and the Family Education Tax Credit Program Act.

2. The definition for participating schools in this model legislation includes private schools that participate in a state's scholarship tax credit program. Alternatively, this bill can be used in conjunction with legislation that would create a new school choice program, and in that case, an eligible school would be defined as a private school eligible to participate in that scholarship program.

3. The legislation gives scholarship granting organizations the responsibility to do background checks, which gives them the power to exclude potential risks from the organization and alleviates liability issues for their employment decisions.

4. Collecting information regarding how many scholarship students qualify for free and reduced lunch will give policymakers a sense of the students that are being served by scholarship tax credit programs. These income guidelines are broadly known and already used in private schools.

5. The purpose of the financial information report and the demonstration of financial viability is to protect both the contributors and recipients of scholarship assistance from potential fraud or mismanagement of the funds. The model legislation provides for two methods for participating schools to demonstrate financial viability to ensure that scholarship funds are secure. The first method employs a market-based means of demonstrating viability. Companies that issue surety bonds have a financial interest in making sure that the schools can repay any funds that might be owed to the scholarship granting organization. They will therefore conduct the checks necessary to protect their financial interest as well as the financial interests of the contributors and recipients. Surety bonds can be expensive or invasive for some institutions, so the legislation allows these schools to demonstrate by some other means that they have the financial wherewithal to fulfill their scholarship obligations. This might include things like personal guarantees, reserve accounts or escrow accounts. The legislation does not call for an independent audit because this would be unnecessarily expensive and invasive for these non-public organizations.

6. Under 42 USC 1981, private schools are already prohibited from discriminating with respect to race, color and national origin. In addition, if private schools are recipients of federal funds, they are subject to nondiscrimination requirements under 42 USC 2000d (race, color, national origin) and 29 USC 794 (disability).

7. This language is valuable in two cases: 1) a small number of states prohibit discriminating against felons in hiring even for sensitive positions in schools, and this language would give schools clear authority to dismiss or not hire individuals who pose a risk to student safety; and 2) some religious schools see rehabilitation as part of their mission. In this case, the schools could hire someone with a criminal background who they believe is no longer a threat to students, such as someone who committed nonviolent crimes or has decades-old violations followed by a clean record. This language would give schools the responsibility to do background checks and the power to exclude potential risks from the school.

✓ who?

8. The authors believe that empowered parents are the best way to achieve academic accountability. Clear and consistent information about the academic performance of participating students will help empower parents and will also provide the public and policymakers with the information they need to evaluate the effectiveness of the program and participating schools. Therefore, all participating schools should be required to annually administer either the state achievement tests or nationally recognized norm-referenced tests that demonstrate learning gains in math and language arts. Most private schools already administer such norm-referenced tests so this provision should not be seen as burdensome. It is important, however, to give schools the ability to choose between a state test and the nationally recognized test. Many private schools would simply refuse to participate in the program if they were forced to administer the state tests, because it implies that they are no longer independent of the state. The reason many opponents to school choice promote state testing of private schools is, in fact, because they want to discourage school participation and quietly destroy the program.

Participating schools should provide the parents of each student with a copy of the results and should provide the results to the state or an organization chosen by the state, as described in Endnote 9, in a manner that protects the identity and privacy of individual students. The purpose of this testing requirement should be to provide each parent with a measure of their student's progress and to allow the taxpayers to measure the achievements of the program. The number and scope of the tests should be carefully limited to ensure that there is sufficient information to demonstrate the achievements of the program without being so exhaustive or prescriptive as to end up dictating the curriculum at participating schools. If legislators would like an extensive longitudinal study, refer to Endnote 11 and its suggested language to create such a review.

9. If legislators are concerned about the hostility the program would face from the existing state revenue department, they may choose to create a new small agency or contract with a private non-profit organization to oversee the academic accountability responsibilities of the state. Allowing an organization chosen by the state to oversee this program allows for the flexibility to implement market-based models of academic accountability. In these cases, test results could be reported to a consumer organization, such as GreatSchools.net, where parents can assess participating schools' test results and compare schools to which they may send their children.

10. The purpose of administering tests is to create transparency in participating students' academic progress and to demonstrate learning gains. These learning gains can only be demonstrated when the public has access to more than one school year. When this information is made public in the first year, the media and opponents often attack school choice programs, noting that participating students are not performing as well as their public school counterparts. This effect is natural because often the students who participate in choice programs are not doing well in public schools and are academically far behind their participating school counterparts, and it will take them a few years to catch up to grade level.

It is important to note that there are multiple ways to achieve the goal of academic accountability in school choice programs. Policymakers must consider the goal of releasing the academic data in order to choose the most effective reporting process. For instance, if the goal is to see how the program is affecting participating students' learning gains, scores of participants statewide should be evaluated and released. If the goal is to evaluate participating school outputs as a tool to help parents choose the best school, scores should be released by participating school. You might also consider a sliding scale approach, where the more participating students a school enrolls, the greater its obligations for transparency and accountability.

11. Legislators sincerely wishing to demonstrate the program's academic success to taxpayers could require a scientific evaluation of the program using the testing data established in Section 4(B). It is crucial that the legislature give the oversight responsibility for this study to a trusted objective nonpartisan source like a legislative service agency or a trusted research university department. We have provided model language for such an independent evaluation of the program

below. The outlined research would evaluate not only whether students who participate in the program are better off but also, more importantly, whether the competition from private schools improves the performance of public schools. The outlined longitudinal study includes a comparison of students in the choice program with a similar cohort in the public schools for at least five years of their education. Unfortunately, a longitudinal study is likely to be quite expensive. Accordingly, the legislation allows the legislature (or a legislative service agency) to accept private grants to completely fund such a study. In some states, the legislature is not allowed to accept such grants, and another trusted agency would have to be selected. It will be tempting for legislators to further define the details of the study, but they should take care not to dictate the methodology or the results in order to maintain the credibility of the research.

Section X. {Evaluation of the Parental Choice Scholarship Program }

(A) The Legislative Service Agency may contract with one or more qualified researchers who have previous experience evaluating school choice programs to conduct a study of the program with funds other than state funds.

(B) The study shall assess:

(1) the level of parental satisfaction with the program;

(2) the level of participating students' satisfaction with the program;

(3) the impact of the program and the resulting competition from private schools on the resident school districts, public school students, and quality of life in a community;

(4) the impact of the program on public and private school capacity, availability and quality; and

(5) participating student's academic performance and graduation rates in comparison to students who applied for a scholarship under this program but did not receive one because of random selection.

(C) The researchers who conduct the study shall:

(1) apply appropriate analytical and behavioral science methodologies to ensure public confidence in the study.

(2) protect the identity of participating schools and students by, among other things, keeping anonymous all disaggregated data other than that for the categories of grade level, gender, family income level, race and ethnicity.

(3) provide the Legislature with a final copy of the evaluation of the program.

(D) The relevant public and participating private schools shall cooperate with the research effort by providing student assessment results and any other data necessary to complete this study

(E) The Legislative Service Agency may accept grants to assist in funding this study.

(F) The study shall cover a period of five years. The legislature may require periodic reports from the researchers. After publishing their results, the researchers shall make their data and methodology available for public review while complying with the requirements of FERPA (20 USC Section 1232 g).

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Related Files

[The Parental Choice Scholarship Tax Credit Accountability Act](#) (Microsoft Word Document)

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From CMD: This "model" legislation adds reporting requirements to state programs allowing state tax dollars to be used to subsidize for-profit, religious, or secular private schools through so-called "scholarships," which are not based on actual scholarship but simply a term used instead of what the money really is-- a "voucher" or "grant" that is really a taxpayer-funded subsidy. One criticism of voucher programs is that private schools are not subject to much state regulation. This bill selects "accountability" measures, and, like many of the related voucher/private school subsidy bills, it attempts to outsource the evaluation of the program and allow this evaluation to be paid for privately. It also suggests the creation of a separate agency to regulate the scholarships if the state department of education or its equivalent is "hostile" to public subsidization of private schools.