

House Study Bill 203 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON EDUCATION BILL BY
CHAIRPERSON JORGENSEN)

A BILL FOR

1 An Act providing education savings grants for pupils attending
2 a nonpublic school, establishing an education savings grant
3 fund, making appropriations, providing penalties, and
4 including applicability provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256.7, Code 2015, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 33. Adopt rules relating to applications
4 for an education savings grant pursuant to section 257.11B,
5 including application processing timelines and information
6 required to be submitted by a parent or guardian.

7 Sec. 2. NEW SECTION. **257.11B Education savings grant**
8 **program.**

9 1. *a.* The following pupils shall be eligible to receive an
10 education savings grant in the manner provided in this section:

11 (1) For the school budget year beginning July 1, 2017,
12 pupils eligible to enroll in kindergarten who are attending a
13 nonpublic school for that budget year.

14 (2) For each school budget year beginning on or after July
15 1, 2018, pupils eligible to enroll in the grade levels eligible
16 for an education savings grant in the immediately preceding
17 school budget year and pupils eligible to enroll in the grade
18 level that is one grade level higher than the highest grade
19 level that was eligible for an education savings grant in the
20 immediately preceding budget year, but not higher than grade
21 twelve, who are attending a nonpublic school for that budget
22 year.

23 *b.* Education savings grants shall be made available to
24 parents and guardians in the manner authorized under subsection
25 4, paragraph "c", for the payment of qualified educational
26 expenses as provided in this section.

27 2. *a.* (1) By January 31 preceding the school year for
28 which the education savings grant is requested, the parent
29 or guardian of the pupil requesting to receive an education
30 savings grant shall submit an application to the department of
31 education, on application forms developed by the department,
32 indicating that the parent or guardian intends to enroll the
33 pupil in a nonpublic school.

34 (2) In addition to such information deemed appropriate by
35 the department of education, the application shall require

1 certification from the nonpublic school of the pupil's
2 enrollment for the following school year.

3 *b.* By March 1 preceding the school year for which the
4 education savings grant is requested, the department of
5 education shall notify the department of management of the
6 number of pupils in each school district designated for the
7 following school year to receive an education savings grant.
8 The department of education shall also notify the parent
9 or guardian of such pupils who are approved to receive an
10 education savings grant.

11 *c.* Education savings grants shall only be approved for one
12 school year per application, and applications must be submitted
13 under paragraph "*a*" for education savings grants in subsequent
14 school years.

15 3. *a.* The department of management shall assign each pupil
16 an education savings grant in an amount equal to the statewide
17 average state foundation aid per pupil in the same school year.

18 *b.* The department of management shall on July 1 following
19 the determination of the amount of the education savings grant
20 for each approved pupil transfer such amounts to the pupil's
21 account in the education savings grant fund established under
22 subsection 4. Such amount shall be available to the pupil's
23 parent or guardian in the manner authorized under subsection
24 4, paragraph "*c*", for the payment of qualified educational
25 expenses incurred by such persons for the pupil during that
26 school year.

27 4. An education savings grant fund is created in the state
28 treasury under the control of the department of management
29 consisting of moneys appropriated to the department for the
30 purpose of providing education savings grants under this
31 section. For the fiscal year commencing July 1, 2017, and
32 each succeeding fiscal year, there is appropriated from the
33 general fund of the state to the department of management to be
34 credited to the fund the amount necessary to pay all education
35 savings grants approved for that fiscal year. The director of

1 the department of management has all powers necessary to carry
2 out and effectuate the purposes, objectives, and provisions of
3 this section pertaining to the fund, including the power to do
4 all of the following:

5 *a.* Make and enter into contracts necessary for the
6 administration of the fund.

7 *b.* Procure insurance against any loss in connection with the
8 assets of the fund or require a surety bond.

9 *c.* Contract with a private financial management firm to
10 manage the fund, in collaboration with the treasurer of state,
11 including providing for the disbursement of education savings
12 grants in the form of an electronic debit card or checks that
13 are payable directly from the pupil's account in the fund.

14 *d.* Conduct audits or other review necessary to properly
15 administer the program.

16 *e.* Adopt rules pursuant to chapter 17A for the
17 administration of the fund and accounts in the fund.

18 5. *a.* For each pupil approved for an education savings
19 grant, the department shall establish an account for that pupil
20 in the education savings grant fund. The amount of the pupil's
21 education savings grant determined under subsection 3 shall be
22 deposited into the pupil's account on July 1 and such amount
23 shall be immediately available for the payment of qualified
24 educational expenses incurred by the parent or guardian for
25 the pupil during that fiscal year using the payment method
26 authorized under subsection 4, paragraph "c".

27 *b.* A nonpublic school or other entity that accepts payment
28 from a parent or guardian using funds from a pupil's account in
29 the education savings grant fund shall not refund, rebate, or
30 share any portion of such payment with the parent, guardian, or
31 pupil.

32 *c.* Moneys remaining in a pupil's account upon conclusion
33 of the fiscal year shall remain in the pupil's account in the
34 education savings grant fund for the payment of qualified
35 educational expenses in future fiscal years, unless subject to

1 the transfer required under subsection 8.

2 6. a. For purposes of this section, *“qualified educational*
3 *expenses”* includes tuition and fees at a nonpublic school,
4 textbooks, fees or payments for educational therapies including
5 tutoring or cognitive skills training, curriculum fees and
6 materials for a course of study for a specific subject matter
7 or grade level, tuition or fees for nonpublic online education
8 programs, education materials and services for pupils with
9 disabilities including the cost of paraprofessionals and
10 assistants who are trained in accordance with state law,
11 standardized test fees, fees required by the department not
12 to exceed for each grant recipient five percent of the total
13 grant amount in any fiscal year, higher education expenses,
14 as defined in section 12D.1, resulting from the pupil’s
15 participation in a program under chapter 261E, excluding room
16 and board expenses, and other expenses incurred by the parent
17 or guardian that are directly related to the education of the
18 pupil at a nonpublic school, including a nonpublic school
19 accredited by an independent accrediting agency approved by the
20 department of education. The cost of one computer or other
21 portable computing device shall be allowed as a qualified
22 educational expense for a pupil if such a purchase has not been
23 made using funds from that pupil’s account in either of the
24 two immediately preceding fiscal years. *“Qualified educational*
25 *expenses”* do not include transportation costs for the pupil, the
26 cost of food or refreshments consumed by the pupil, the cost of
27 clothing for the pupil, or the cost of disposable materials,
28 including but not limited to paper, notebooks, pencils, pens,
29 and art supplies.

30 b. For purposes of this section, *“nonpublic school”* means
31 the same as defined in section 285.16.

32 7. A person who makes a false claim for the purpose
33 of obtaining an education savings grant provided for in
34 this section or who knowingly receives the grant or makes a
35 payment from an account in the education savings grant fund

1 without being legally entitled to it is guilty of a fraudulent
2 practice. The false claim for an education savings grant or a
3 payment from an account shall be disallowed and if amounts from
4 the grant have been disbursed from the applicable account in
5 the education savings grant fund, the department of management
6 shall initiate legal proceedings to recover such amounts. A
7 parent or guardian, or a pupil for purposes of subsection 8,
8 who violates this subsection is prohibited from participating
9 in the education savings grant program in the future.

10 8. For each pupil with a positive balance in the pupil's
11 account in the education savings grant fund upon graduation
12 from high school or upon termination of the pupil's enrollment
13 in the nonpublic school, moneys in the pupil's account shall be
14 transferred by the department for deposit in the general fund
15 of the state.

16 9. A nonpublic school that accepts payment from a parent or
17 guardian using funds from a pupil's account in the education
18 savings grant fund is not an agent of this state or other
19 political subdivision of this state.

20 Sec. 3. Section 422.7, Code 2015, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 51. Subtract, to the extent included, the
23 amount of any education savings grant under section 257.11B
24 received during the tax year by a taxpayer authorized to spend
25 such grant amounts for qualified educational expenses.

26 Sec. 4. APPLICABILITY. This Act applies to school budget
27 years and fiscal years beginning on or after July 1, 2017.

28 Sec. 5. APPLICABILITY. The provision of this Act amending
29 section 422.7 applies to tax years beginning on or after
30 January 1, 2017.

31

EXPLANATION

32 The inclusion of this explanation does not constitute agreement with
33 the explanation's substance by the members of the general assembly.

34 This bill provides education savings grants for pupils
35 attending a nonpublic school and establishes an education

1 savings grant fund.

2 Under the bill, for the school budget year beginning July
3 1, 2017, pupils eligible to enroll in kindergarten who are
4 attending a nonpublic school for that budget year are eligible
5 to receive an education savings grant. For each succeeding
6 budget year, an additional grade level is added until all grade
7 levels from kindergarten through 12 are eligible in the budget
8 year beginning July 1, 2029. By January 31 preceding the
9 school year for which the education savings grant is requested,
10 the parent or guardian of the pupil requesting to receive an
11 education savings grant must submit an application to the
12 department of education indicating that the parent or guardian
13 intends to enroll the pupil in a nonpublic school.

14 The bill requires that by March 1 preceding the school
15 year for which the education savings grant is requested,
16 the department of education must notify the department of
17 management of the number of pupils in each school district
18 designated for the following school year to receive an
19 education savings grant and the amount of the education savings
20 grant for each pupil. Education savings grants may only be
21 approved for one school year per application, and applications
22 must be submitted for education savings grants in subsequent
23 school years.

24 The amount of each education savings grant is equal to the
25 statewide average state foundation aid per pupil in the same
26 school year.

27 The bill creates an education savings grant fund in the state
28 treasury under the control of the department of management
29 consisting of moneys appropriated to the department for the
30 purpose of providing education savings grants. For the fiscal
31 year commencing July 1, 2017, and each succeeding fiscal year,
32 there is appropriated from the general fund of the state to the
33 department of management for deposit in the fund the amount
34 necessary to pay all education savings grants approved for
35 that fiscal year. For each pupil approved for an education

1 savings grant, the department of management must establish an
2 account for that pupil in the education savings grant fund.
3 The amount of the pupil's education savings grant is deposited
4 into the pupil's account on July 1 and such amount is available
5 for use by parents and guardians for the payment of qualified
6 educational expenses, as defined in the bill, incurred by the
7 parent or guardian for the pupil during that fiscal year.

8 The bill defines "nonpublic school" to mean those nonpublic
9 schools accredited by the department of education and nonpublic
10 institutions which comply with state board of education
11 standards for providing special education programs.

12 The bill authorizes the department of education to
13 contract with a private financial management firm to manage
14 the education savings grant fund, in collaboration with the
15 treasurer of state, including providing for the disbursement
16 of education savings grants in the form of an electronic debit
17 card or checks that are payable directly from the pupil's
18 account within the fund.

19 The bill provides that moneys remaining in a pupil's account
20 upon the conclusion of the fiscal year shall remain in the
21 pupil's account within the education savings grant fund for
22 the payment of qualified educational expenses in future fiscal
23 years.

24 Under the bill, for each pupil with a positive balance in
25 the pupil's account in the education savings grant fund upon
26 graduation from high school or upon termination of the pupil's
27 enrollment in the nonpublic school, moneys in the pupil's
28 account are transferred by the department of management for
29 deposit in the general fund of the state.

30 The bill provides that a person who makes a false claim for
31 the purpose of obtaining an education savings grant or who
32 knowingly receives the grant or makes a payment from an account
33 within the education savings grant fund without being legally
34 entitled to it is guilty of a fraudulent practice and is
35 subject to a criminal penalty. The bill allows the department

1 of management to initiate legal proceedings to recover grants
2 and amounts improperly awarded or paid from accounts under the
3 bill.

4 The bill provides that moneys from an education savings
5 grant under the bill are not taxable income under Code chapter
6 422.

7 The bill applies to school budget years and fiscal years
8 beginning on or after July 1, 2017.

9 The provision of the bill amending Code section 422.7
10 applies to tax years beginning on or after January 1, 2017.