

Senate File 2261 - Introduced

SENATE FILE 2261

BY CHELGREN

A BILL FOR

1 An Act providing education savings grants for pupils attending
2 a public school or an accredited nonpublic school or
3 receiving competent private instruction, establishing
4 an education savings grant fund, providing for the
5 establishment of education achievement standards, making
6 appropriations, providing penalties, and including
7 applicability provisions.

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

1 Section 1. Section 256.7, Code Supplement 2011, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 31. Adopt rules relating to applications
4 for an education savings grant, including application
5 processing timelines and information required to be submitted
6 by a parent or guardian, and rules to establish academic growth
7 standards pursuant to section 257.11B.

8 Sec. 2. Section 257.3, subsection 1, Code 2011, is amended
9 by adding the following new paragraph:

10 NEW PARAGRAPH. *d.* The amount of tuition collected by each
11 school district under section 257.3A shall be regarded as
12 property tax for purposes of this chapter.

13 Sec. 3. NEW SECTION. **257.3A Education savings grant —**
14 **tuition.**

15 A school district may collect as tuition from each pupil
16 enrolled in the school district an amount not to exceed the
17 education savings grant received by the pupil for that school
18 year under section 257.11B.

19 Sec. 4. NEW SECTION. **257.11B Education savings grant**
20 **program.**

21 1. *a.* Pupils residing in this state, eligible to enroll in
22 grades kindergarten through twelve, and enrolled in a public
23 school, attending an accredited nonpublic school, or receiving
24 competent private instruction under chapter 299A shall be
25 eligible to receive an education savings grant in the manner
26 provided in this section for school years beginning on or after
27 July 1, 2013. Except as provided in subsection 6, education
28 savings grants shall be available for disbursement to parents
29 and guardians for the payment of qualified education expenses
30 as provided in this section.

31 *b.* (1) If a pupil fails to meet the academic growth
32 standards established by the state board of education under
33 subparagraph (2) for two consecutive school years for which
34 the student has received an education savings grant under this
35 section, the pupil shall not be eligible for an education

1 savings grant for future school years unless the pupil is
2 enrolled in an alternative options education program adopted
3 by the school district where the pupil resides under section
4 280.19A. If the pupil meets the academic growth standards
5 established by the state board of education for two consecutive
6 school years while enrolled in the alternative options
7 education program, the pupil shall again be eligible for
8 the education savings grant while enrolled in any public
9 school, attending an accredited nonpublic school, or receiving
10 competent private instruction under chapter 299A.

11 (2) The state board of education shall adopt standards for
12 determining academic growth of pupils in grades kindergarten
13 through twelve. Such academic growth standards shall include
14 minimum levels of proficiency in the areas of math, science,
15 literacy, and social studies.

16 2. *a.* (1) By January 31 preceding the school year for
17 which the education savings grant is requested, the parent
18 or guardian of the pupil requesting to receive an education
19 savings grant shall submit an application to the department of
20 education, on application forms developed by the department,
21 indicating that the parent or guardian intends to enroll the
22 pupil in either a public school, an accredited nonpublic
23 school, or provide competent private instruction for the pupil
24 under chapter 299A.

25 (2) In addition to such information deemed appropriate by
26 the department of education, the application shall require
27 certification from the public school or the accredited
28 nonpublic school of the pupil's enrollment for the following
29 school year or a statement indicating the parent or guardian's
30 intent to provide or arrange for competent private instruction
31 for the pupil for the following school year.

32 *b.* By March 1 preceding the school year for which the
33 education savings grant is requested, the department of
34 education shall notify the department of management of the
35 number of pupils in each school district designated for the

1 following school year to receive an education savings grant
2 and the amount of the education savings grant for each pupil.
3 The department of education shall also notify the parent
4 or guardian of such pupils who are approved to receive an
5 education savings grant.

6 *c.* Education savings grants shall only be approved for one
7 school year and applications must be submitted under paragraph
8 "a" for education savings grants in subsequent school years.

9 3. *a.* The department of management shall assign each pupil
10 an education savings grant of three thousand seven hundred
11 dollars.

12 *b.* The department of management shall on July 1 transfer
13 such amounts to the pupil's account in the Iowa education
14 savings grant fund established under subsection 4. Such amount
15 shall be available for disbursement to the pupil's parent or
16 guardian for the payment of qualified educational expenses
17 incurred by such persons for the pupil during that school year.

18 4. An Iowa education savings grant fund is created in
19 the state treasury under the control of the department of
20 management consisting of moneys appropriated to the department
21 for the purpose of providing education savings grants under
22 this section. For the fiscal year commencing July 1, 2013, and
23 each succeeding fiscal year, there is appropriated from the
24 general fund of the state to the department of management the
25 amount necessary to pay all education savings grants approved
26 for that fiscal year. The director of the department of
27 management has all powers necessary to carry out and effectuate
28 the purposes, objectives, and provisions of this section
29 pertaining to the fund, including the power to do all of the
30 following:

31 *a.* Make and enter into contracts necessary for the
32 administration of the fund.

33 *b.* Procure insurance against any loss in connection with the
34 assets of the fund.

35 *c.* Make disbursements from a pupil's account within the

1 fund to the pupil's parents or guardians for the payment of
2 qualified educational expenses.

3 *d.* Adopt rules pursuant to chapter 17A for the
4 administration of the fund and accounts within the fund.

5 5. *a.* For each pupil approved for an education savings
6 grant, the department shall establish an account for that pupil
7 in the education savings grant fund. The amount of the pupil's
8 education savings grant determined under subsection 3 shall be
9 deposited into the pupil's account on July 1 and such amount
10 shall be immediately available for disbursement to parents and
11 guardians upon filing and approval of claims from the pupil's
12 account for qualified education expenses incurred by the parent
13 or guardian for the pupil during that fiscal year.

14 *b.* A parent or guardian of a pupil may on forms prescribed
15 by the department of management submit claims for disbursements
16 of moneys within the account. The department may by rule
17 designate the appropriate supporting documentation necessary
18 for the disbursement of moneys in an account including but not
19 limited to invoices of amounts due and receipts of amounts
20 paid for qualified education expenses. If a pupil is enrolled
21 in an alternative options education program as the result of
22 failing to meet the academic growth standards under subsection
23 1, paragraph "b", disbursements of moneys in a pupil's account
24 shall only be made by the department to the parent or guardian
25 for tuition expenses of the alternative options education
26 program.

27 6. For each pupil with a positive balance in the pupil's
28 account in the education savings grant fund upon graduation
29 from high school, the department of management shall maintain
30 such account in the fund until the pupil is twenty-five years
31 of age. Following graduation from high school until the pupil
32 is twenty-five years of age, moneys in the pupil's account
33 may be used for higher education costs, as defined in section
34 12D.1, subsection 2. Disbursements from a pupil's account
35 for higher education costs shall be claimed by and disbursed

1 to the pupil. Claims and disbursements for higher education
2 costs under this subsection shall be made in the same manner
3 as claims and disbursements for qualified educational expenses
4 under subsection 5. Moneys in a pupil's account when the pupil
5 turns twenty-five years of age shall be transferred by the
6 department for deposit in the general fund of the state.

7 7. For purposes of this section, "*qualified educational*
8 *expense*" includes tuition at a public school collected under
9 section 257.3A, tuition and fees at an accredited nonpublic
10 school, textbooks, payment to a licensed or accredited tutor,
11 curriculum materials, tuition or fees for nonpublic online
12 education programs, education materials and services for pupils
13 with disabilities, standardized test fees, and other expenses
14 incurred by the parent or guardian that are directly related to
15 the education of the pupil at a public school or an accredited
16 nonpublic school or directly related to providing competent
17 private instruction for the pupil under chapter 299A.

18 8. A person who makes a false claim for the purpose of
19 obtaining an education savings grant provided for in this
20 section or who knowingly receives the grant without being
21 legally entitled to it is guilty of a fraudulent practice. The
22 false claim for an education savings grant shall be disallowed
23 and if amounts from the grant have been disbursed from the
24 applicable account in the education savings grant fund, the
25 department of management shall initiate legal proceedings to
26 recover such amounts.

27 Sec. 5. APPLICABILITY. This Act applies to school budget
28 years and fiscal years beginning on or after July 1, 2013.

29 Sec. 6. CORRESPONDING AMENDMENTS LEGISLATION. Additional
30 legislation is required to fully implement this Act. The
31 director of the department of education shall, in compliance
32 with section 2.16, prepare draft legislation for submission to
33 the legislative services agency, as necessary, to implement the
34 school finance modifications under this Act and to implement
35 the education savings grant program created in this Act.

EXPLANATION

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This bill provides education savings grants for pupils enrolled in a public school, attending an accredited nonpublic school, or receiving competent private instruction.

Under the bill, resident pupils eligible to enroll in grades kindergarten through 12 and enrolled in a public school, attending an accredited nonpublic school, or receiving competent private instruction under Code chapter 299A are eligible to receive an education savings grant for school years beginning on or after July 1, 2013. By January 31 preceding the school year for which the education savings grant is requested, the parent or guardian of the pupil requesting to receive an education savings grant must submit an application to the department of education indicating that the parent or guardian intends to enroll the pupil in a public school or an accredited nonpublic school, or provide competent private instruction for the pupil.

Under the bill, however, if a pupil fails to meet the academic growth standards established by the state board of education for two consecutive school years for which the student has received an education savings grant, the pupil is not eligible for an education savings grant for future school years unless the pupil is enrolled in an alternative options education program adopted by the school district where the pupil resides under Code section 280.19A. The bill provides that if the pupil meets the academic growth standards established by the state board of education for two consecutive school years while enrolled in the alternative options education program, the pupil shall again be eligible for the education savings grant while enrolled in any public school, attending an accredited nonpublic school, or receiving competent private instruction under Code chapter 299A. The bill requires the state board of education to adopt standards for determining academic growth of pupils in grades kindergarten through 12. Such academic growth standards must

1 include minimum levels of proficiency in the areas of math,
2 science, literacy, and social studies.

3 The bill requires that by March 1 preceding the school
4 year for which the education savings grant is requested,
5 the department of education must notify the department of
6 management of the number of pupils in each school district
7 designated for the following school year to receive an
8 education savings grant. Education savings grants may only be
9 approved for one school year and applications must be submitted
10 for education savings grants in subsequent school years.

11 The amount of each education savings grant is \$3,700 per
12 pupil.

13 The bill creates an Iowa education savings grant fund in
14 the state treasury under the control of the department of
15 management consisting of moneys appropriated to the department
16 for the purpose of providing education savings grants. For
17 the fiscal year commencing July 1, 2013, and each succeeding
18 fiscal year, there is appropriated from the general fund of
19 the state to the department of management the amount necessary
20 to pay all education savings grants approved for that fiscal
21 year. For each pupil approved for an education savings grant,
22 the department of management must establish an account for
23 that pupil in the education savings grant fund. The amount
24 of the pupil's education savings grant is deposited into the
25 pupil's account on July 1 and such amount is available for
26 disbursement to parents and guardians upon filing and approval
27 of claims from the pupil's account for qualified education
28 expenses, as defined in the bill, incurred by the parent or
29 guardian for the pupil during that fiscal year. However, if a
30 pupil is enrolled in an alternative options education program
31 as the result of failing to meet the academic growth standards,
32 disbursements of moneys in a pupil's account shall only be made
33 by the department of management for tuition expenses of the
34 alternative options education program.

35 Under the bill, for each pupil with a positive balance in

1 the pupil's account in the education savings grant fund upon
2 graduation from high school, the department of management is
3 required to maintain the account in the fund until the pupil
4 is 25 years old. Following graduation from high school until
5 the pupil is 25 years old, moneys in the pupil's account may
6 be used by the pupil for higher education costs, as defined
7 in Code section 12D.1. Moneys in a pupil's account when the
8 pupil turns 25 years old are transferred by the department of
9 management for deposit in the general fund of the state.

10 The bill provides that a person who makes a false claim for
11 the purpose of obtaining an education savings grant or who
12 knowingly receives the grant without being legally entitled
13 to it is guilty of a fraudulent practice and is subject to a
14 criminal penalty. The bill allows the department of management
15 to initiate legal proceedings to recover grants improperly
16 awarded under the bill.

17 The bill authorizes school districts to collect as tuition
18 from each pupil enrolled in the school district an amount not
19 to exceed the education savings grant received by the pupil for
20 that school year under new Code section 257.11B. Such tuition
21 amounts collected by each school district under new Code
22 section 257.3A shall be regarded as property tax for purposes
23 of the school foundation formula.

24 The bill applies to school budget years and fiscal years
25 beginning on or after July 1, 2013.

26 The bill provides that additional legislation is required
27 to fully implement the bill and requires the director of
28 the department of education to prepare draft legislation
29 in compliance with Code section 2.16 for submission to the
30 legislative services agency, as necessary, to implement the
31 school finance modifications and the education savings grant
32 program in the bill.