

House File 2015 - Introduced

HOUSE FILE 2015

BY WILLS

A BILL FOR

1 An Act providing education scholarships for children of
2 military parents attending a nonpublic school, creating a
3 military family scholarship fund, making appropriations,
4 providing penalties, and including applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 256.7, Code 2016, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 33. Adopt rules relating to applications
4 for a military family scholarship 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 Military family scholarship**
8 **program.**

9 1. *a.* (1) The following pupils shall be eligible to
10 receive a military family scholarship in the manner provided in
11 this section:

12 (a) A dependent child of a qualified military person or
13 qualified veteran eligible to enroll in kindergarten through
14 grade twelve who resides in this state and is attending
15 a nonpublic school during the budget year for which the
16 scholarship is requested.

17 (b) A surviving child who is receiving dependency and
18 indemnity compensation pursuant to 38 U.S.C. §1301 et seq., as
19 certified by the United States department of veterans affairs,
20 who resides in this state and is attending a nonpublic school
21 during the budget year for which the scholarship is requested.

22 (2) For purposes of this section, unless the context
23 otherwise requires:

24 (a) "*Dependent child*" means an individual who was claimed by
25 a qualified military person or qualified veteran as a dependent
26 on the qualified military person's or qualified veteran's
27 internal revenue tax filing for the previous tax year.

28 (b) "*Nonpublic school*" means those nonpublic schools
29 accredited by the department of education as provided in
30 section 256.11 and nonpublic institutions that comply with
31 state board of education standards for providing special
32 education programs.

33 (c) "*Qualified educational expenses*" includes tuition and
34 fees at a nonpublic school, textbooks, fees or payments for
35 educational therapies including tutoring or cognitive skills

1 training, curriculum fees and materials for a course of study
2 for a specific subject matter or grade level, tuition or fees
3 for nonpublic online education programs, education materials
4 and services for pupils with disabilities including the cost of
5 paraprofessionals and assistants who are trained in accordance
6 with state law, and other expenses incurred by the parent or
7 guardian that are directly related to the education of the
8 pupil at a nonpublic school, including a nonpublic school
9 accredited by an independent accrediting agency approved by
10 the department of education. *"Qualified educational expenses"*
11 do not include transportation costs for the pupil, the cost
12 of food or refreshments consumed by the pupil, the cost of
13 clothing for the pupil, or the cost of disposable materials,
14 including but not limited to paper, notebooks, pencils, pens,
15 and art supplies.

16 (d) *"Qualified military person"* means a person on active
17 duty in the military service of the United States who is
18 stationed in this state or at the Rock Island arsenal.

19 (e) *"Qualified veteran"* means a veteran as defined in
20 section 35.1 and who is a person who is domiciled in this
21 state, or has resided in this state for at least one year
22 or sufficient time to have filed an Iowa tax return in the
23 preceding twelve months.

24 b. Military family scholarships shall be made available to
25 parents and guardians in the manner authorized under subsection
26 4, paragraph "c", for the payment of qualified educational
27 expenses as provided in this section.

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

35 (2) In addition to such information deemed appropriate by

1 the department of education, the application shall require
2 certification from the nonpublic school of the pupil's
3 enrollment for the following school year.

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

12 *c.* Military family scholarships shall only be approved
13 for one school year per application, and applications must be
14 submitted under paragraph "a" for military family scholarships
15 in subsequent school years.

16 3. *a.* The department of management shall assign each
17 pupil a military family scholarship in an amount equal to the
18 lesser of the regular program state cost per pupil and the
19 annual tuition at the nonpublic school that the pupil will be
20 attending in the same school year for which the scholarship is
21 requested.

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

31 4. A military family scholarship fund is created in
32 the state treasury under the control of the department of
33 management consisting of moneys appropriated to the department
34 for the purpose of providing military family scholarships
35 under this section. For the fiscal year commencing July 1,

1 2017, and each succeeding fiscal year, there is appropriated
2 from the general fund of the state to the department of
3 management to be credited to the fund the amount necessary to
4 pay all military family scholarships approved for that fiscal
5 year. The director of the department of management has all
6 powers necessary to carry out and effectuate the purposes,
7 objectives, and provisions of this section pertaining to the
8 fund, including the power to do all of the following:

- 9 *a.* Make and enter into contracts necessary for the
10 administration of the fund.
- 11 *b.* Procure insurance against any loss in connection with the
12 assets of the fund or require a surety bond.
- 13 *c.* Contract with a private financial management firm to
14 manage the fund, in collaboration with the treasurer of state,
15 including providing for the disbursement of military family
16 scholarships in the form of an electronic debit card or checks
17 that are payable directly from the pupil's account in the fund.
- 18 *d.* Conduct audits or other review necessary to properly
19 administer the program.
- 20 *e.* Adopt rules pursuant to chapter 17A for the
21 administration of the fund and accounts in the fund.
- 22 5. *a.* For each pupil approved for a military family
23 scholarship, the department shall establish an account for that
24 pupil in the military family scholarship fund. The amount
25 of the pupil's military family scholarship determined under
26 subsection 3 shall be deposited into the pupil's account on
27 July 1 and such amount shall be immediately available for the
28 payment of qualified educational expenses incurred by the
29 parent or guardian for the pupil during that fiscal year using
30 the payment method authorized under subsection 4, paragraph
31 "c".
- 32 *b.* A nonpublic school or other entity that accepts payment
33 from a parent or guardian using funds from a pupil's account in
34 the military family scholarship fund shall not refund, rebate,
35 or share any portion of such payment with the parent, guardian,

1 or pupil.

2 *c.* Moneys remaining in a pupil's account upon conclusion
3 of the fiscal year shall remain in the pupil's account in the
4 military family scholarship fund for the payment of qualified
5 educational expenses in future fiscal years, unless subject to
6 the transfer required under subsection 7.

7 6. A person who makes a false claim for the purpose of
8 obtaining a military family scholarship provided for in this
9 section or who knowingly receives the scholarship or makes a
10 payment from an account in the military family scholarship fund
11 without being legally entitled to it is guilty of a fraudulent
12 practice. The false claim for a military family scholarship or
13 a payment from an account shall be disallowed and if amounts
14 from the scholarship have been disbursed from the applicable
15 account in the military family scholarship fund, the department
16 of management shall initiate legal proceedings to recover such
17 amounts. A parent or guardian, or a pupil for purposes of
18 subsection 7, who violates this subsection 6 is prohibited from
19 participating in the military family scholarship program in the
20 future.

21 7. For each pupil with a positive balance in the pupil's
22 account in the military family scholarship fund upon graduation
23 from high school or upon termination of the pupil's enrollment
24 in the nonpublic school, moneys in the pupil's account shall be
25 transferred by the department for deposit in the general fund
26 of the state.

27 8. *a.* If a pupil fails to meet the academic growth
28 standards established by the state board of education under
29 paragraph "b" for two consecutive school years for which
30 the student has received a military family scholarship under
31 this section, the pupil shall not be eligible for a military
32 family scholarship for future school years unless the pupil is
33 enrolled in an alternative options education program adopted
34 by the school district where the pupil resides under section
35 280.19A. If the pupil meets the academic growth standards

1 established by the state board of education for two consecutive
2 school years while enrolled in the alternative options
3 education program, the pupil shall again be eligible for the
4 military family scholarship while attending an accredited
5 nonpublic school.

6 *b.* The state board of education shall adopt standards for
7 determining satisfactory academic performance and growth of
8 pupils in kindergarten through grade twelve who are receiving
9 military family scholarships. Such academic growth standards
10 shall include minimum levels of proficiency in the areas of
11 math, science, literacy, and social studies.

12 9. Except as necessary to implement the military family
13 scholarship program, this section shall not be construed to
14 authorize the state or any political subdivision of the state
15 to exercise authority over any nonpublic school or be construed
16 to require a nonpublic school to modify its admissions
17 educational program in order to receive payment from a parent
18 or guardian using funds from a pupil's account in the military
19 family scholarship fund. A nonpublic school that accepts
20 payment from a parent or guardian using funds from a pupil's
21 account in the military family scholarship fund is not an agent
22 of this state or of a political subdivision of this state.

23 Sec. 3. Section 422.7, Code 2016, is amended by adding the
24 following new subsection:

25 NEW SUBSECTION. 51. Subtract, to the extent included, the
26 amount of any military family scholarship under section 257.11B
27 received during the tax year by a taxpayer authorized to spend
28 such scholarship amounts for qualified educational expenses.

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

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

34

EXPLANATION

35 The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill provides military family scholarships for pupils
3 attending a nonpublic school and establishes a military family
4 scholarship fund.

5 Under the bill, the following pupils are eligible to receive
6 a military family scholarship: (1) a dependent child of a
7 qualified military person or qualified veteran, as defined in
8 the bill, eligible to enroll in kindergarten through grade 12
9 who resides in this state and who is attending a nonpublic
10 school during the budget year for which the scholarship is
11 requested; (2) a surviving child who is receiving dependency
12 and indemnity compensation and who resides in this state and is
13 attending a nonpublic school during the budget year for which
14 the scholarship is requested. By January 31 preceding the
15 school year for which the scholarship is requested, the parent
16 or guardian of the pupil requesting to receive a scholarship
17 must submit an application to the department of education
18 indicating that the parent or guardian intends to enroll the
19 pupil in a nonpublic school.

20 The bill requires that by March 1 preceding the school
21 year for which the military family scholarship is requested,
22 the department of education must notify the department of
23 management of the number of pupils in each school district
24 designated for the following school year to receive a military
25 family scholarship and the amount of the military family
26 scholarship for each pupil. Military family scholarships may
27 only be approved for one school year per application, and
28 applications must be submitted for military family scholarships
29 in subsequent school years.

30 The amount of each military family scholarship is equal to
31 the lesser of the regular program state cost per pupil and the
32 annual tuition at the nonpublic school that the pupil will be
33 attending in the same school year for which the scholarship is
34 requested.

35 The bill creates a military family scholarship fund in

1 the state treasury under the control of the department of
2 management consisting of moneys appropriated to the department
3 for the purpose of providing military family scholarships. For
4 the fiscal year commencing July 1, 2017, and each succeeding
5 fiscal year, there is appropriated from the general fund of the
6 state to the department of management for deposit in the fund
7 the amount necessary to pay all military family scholarships
8 approved for that fiscal year. For each pupil approved for
9 a military family scholarship, the department of management
10 must establish an account for that pupil in the military family
11 scholarship fund. The amount of the pupil's military family
12 scholarship is deposited into the pupil's account on July 1
13 and such amount is available for use by parents and guardians
14 for the payment of qualified educational expenses, as defined
15 in the bill, incurred by the parent or guardian for the pupil
16 during that fiscal year.

17 The bill defines "nonpublic school" to mean those nonpublic
18 schools accredited by the Iowa department of education
19 and nonpublic institutions that comply with state board of
20 education standards for providing special education programs.

21 The bill authorizes the department of education to contract
22 with a private financial management firm to manage the military
23 family scholarship fund, in collaboration with the treasurer
24 of state, including providing for the disbursement of military
25 family scholarships in the form of an electronic debit card
26 or checks that are payable directly from the pupil's account
27 within the fund.

28 The bill provides that moneys remaining in a pupil's account
29 upon the conclusion of the fiscal year shall remain in the
30 pupil's account within the military family scholarship fund for
31 the payment of qualified educational expenses in future fiscal
32 years.

33 Under the bill, for each pupil with a positive balance in the
34 pupil's account in the military family scholarship fund upon
35 graduation from high school or upon termination of the pupil's

1 enrollment in the nonpublic school, moneys in the pupil's
2 account are transferred by the department of management for
3 deposit in the general fund of the state.

4 The bill provides that a person who makes a false claim
5 for the purpose of obtaining a military family scholarship
6 or who knowingly receives the scholarship or makes a payment
7 from an account within the military family scholarship fund
8 without being legally entitled to it is guilty of a fraudulent
9 practice and is subject to a criminal penalty. The bill allows
10 the department of management to initiate legal proceedings to
11 recover scholarships and amounts improperly awarded or paid
12 from accounts under the bill.

13 The bill authorizes the state board of education to adopt
14 standards for determining satisfactory academic performance
15 and growth of pupils in kindergarten through grade 12 who are
16 receiving military family scholarships. If a pupil fails to
17 meet the academic growth standards established by the state
18 board of education for two consecutive school years for which
19 the student has received a military family scholarship, the
20 pupil shall not be eligible for a military family scholarship
21 for future school years until the pupil has demonstrated
22 satisfactory academic performance in an alternative options
23 education program.

24 The bill provides that, except as necessary to implement
25 the military family scholarship program, the bill is not to be
26 construed to authorize the state or any political subdivision
27 of the state to exercise authority over any nonpublic school
28 or be construed to require a nonpublic school to modify its
29 admissions educational program in order to receive payment
30 from a parent or guardian using funds from a pupil's account
31 in the military family scholarship fund. In addition,
32 a nonpublic school that accepts payment from a parent or
33 guardian using funds from a pupil's account in the military
34 family scholarship fund is not an agent of this state or of a
35 political subdivision of this state.

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1 The bill provides that moneys from a military family
2 scholarship under the bill are not taxable income under Code
3 chapter 422.

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

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