

House File 2223 - Introduced

HOUSE FILE 2223

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A BILL FOR

1 An Act establishing the Iowa hope scholarship program and
2 making appropriations.

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

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DIVISION I
SHORT TITLE

Section 1. SHORT TITLE. This Act shall be known and may be cited as the "Iowa Hope Scholarship Program to Empower Parents and Expand Choice in Children's Education by Funding Students and Not Systems Act".

DIVISION II
IOWA HOPE SCHOLARSHIP PROGRAM

Sec. 2. NEW SECTION. 257A.1 Program title.

An Iowa hope scholarship program is established for the school years commencing on or after July 1, 2023.

Sec. 3. NEW SECTION. 257A.2 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "Base year" means the school year prior to the school year for which the scholarship is received.

2. "Curriculum" means a complete course of study for a particular content area or grade level, including any supplemental materials required by the curriculum.

3. "Department" means the department of management.

4. "District of residence" means the public school district in which the participating student resides.

5. "Education service provider" means a person, school, or organization that receives payments to provide educational goods and services to students.

6. "Eligible student" means a resident of this state who is any of the following:

a. A child who is eligible to enroll in preschool through grade twelve and who is not enrolled in an accredited nonpublic school in the base year.

b. (1) For the school year beginning July 1, 2023, a child who is eligible to enroll in grades eleven and twelve and who is enrolled in an accredited nonpublic school for the base year.

(2) For the school year beginning July 1, 2024, a child who

1 is eligible to enroll in grades nine through twelve and who is
2 enrolled in an accredited nonpublic school for the base year.

3 (3) For the school year beginning July 1, 2025, a child who
4 is eligible to enroll in grades seven through twelve and who is
5 enrolled in an accredited nonpublic school for the base year.

6 (4) For the school year beginning July 1, 2026, a child who
7 is eligible to enroll in grades five through twelve and who is
8 enrolled in an accredited nonpublic school for the base year.

9 (5) For the school year beginning July 1, 2027, a child who
10 is eligible to enroll in grades three through twelve and who is
11 enrolled in an accredited nonpublic school for the base year.

12 (6) For the school year beginning July 1, 2028, a child who
13 is eligible to enroll in grades one through twelve and who is
14 enrolled in an accredited nonpublic school for the base year.

15 (7) For school years beginning on or after July 1, 2029,
16 a child who is eligible to enroll in preschool through grade
17 twelve and who is enrolled in an accredited nonpublic school or
18 private preschool for the base year.

19 7. "*Parent*" means a biological parent, legal guardian,
20 custodian, or other person with legal authority to act on
21 behalf of an eligible student or participating student.

22 8. "*Participating education service provider*" means an
23 education service provider that satisfies the requirements of
24 section 257A.10.

25 9. "*Participating student*" means a student who receives a
26 scholarship pursuant to this chapter.

27 10. "*Resident*" means the same as defined in section 282.1,
28 subsection 2.

29 11. "*Scholarship*" means the amount of funds awarded and
30 allocated to the parents or guardian of a participating student
31 in order to pay for qualifying education expenses to educate
32 the student pursuant to the requirements of this chapter.

33 **Sec. 4. NEW SECTION. 257A.3 Iowa hope scholarship**
34 **administration.**

35 The Iowa hope scholarship program shall be administered by

1 the department.

2 Sec. 5. NEW SECTION. 257A.4 Powers of the department.

3 1. The department is authorized to take any action
4 necessary to effectuate the provisions of this chapter and to
5 successfully administer the hope scholarship program, including
6 but not limited to the following:

7 a. Adopting rules under chapter 17A for the requirements,
8 policies, procedures, and guidelines to implement and manage
9 the program.

10 b. Executing contracts and other instruments for necessary
11 goods and services.

12 c. Employing necessary personnel and engaging the services
13 of private consultants, actuaries, auditors, legal counsel,
14 managers, trustees, and any other contractors or professionals
15 needed for rendering professional and technical assistance and
16 advice.

17 d. Implementing the program through the use of financial
18 organizations as account depositories and managers.

19 e. Determining whether an expenditure of scholarship funds
20 is or was a qualifying expense to educate a participating
21 student.

22 f. Establishing the method by which moneys in the
23 hope scholarship expense fund shall be allocated to pay
24 for administrative costs and assess, collect, and expend
25 administrative fees, charges, and penalties.

26 g. Authorizing the assessment, collection, and retention of
27 fees and charges against the amounts paid into and the earnings
28 on the hope scholarship funds by a financial institution,
29 investment manager, or fund manager.

30 h. Investing and reinvesting any of the funds and accounts
31 under the department's control with a financial institution, an
32 investment manager, or a fund manager.

33 i. Soliciting and accepting gifts, including bequests
34 and other testamentary gifts made by will, trust, or other
35 disposition; grants; loans; aid; and property, real or personal

1 of any nature and from any source, or to participate in any
2 other way in any federal, state, or local governmental programs
3 in carrying out the purposes of this chapter. The department
4 shall use the property received to effectuate the desires of
5 the donor, and shall convert the property received into cash
6 for deposit in the hope scholarship fund within one hundred
7 eighty days of receipt.

8 Sec. 6. NEW SECTION. **257A.5 Award of hope scholarships.**

9 1. The hope scholarship program is established to provide
10 the option for parents to better meet the individual education
11 needs of their eligible student.

12 2. The program shall be available to receive applications
13 for the school year beginning July 1, 2023, no later than
14 October 15, 2022.

15 3. The department shall create a standard application form
16 that a parent may submit to establish the student's eligibility
17 for the award of a scholarship, to be placed in the student's
18 education savings account to be used for qualifying expenses
19 on behalf of the participating student. Information about
20 scholarship funds and the application process shall be made
21 available on the department's internet site.

22 4. *a.* The department shall issue a decision letter to
23 eligible students within forty-five days of receipt of a
24 completed application and all required documentation.

25 *b.* The department shall approve an application for a
26 scholarship if the parent submits an application for a
27 scholarship in accordance with the rules adopted by the
28 department that includes an agreement with the department,
29 promising to provide an education for the eligible recipient
30 through enrollment in an accredited nonpublic school or
31 instruction that meets the requirements of chapter 299A.

32 Sec. 7. NEW SECTION. **257A.6 Funding of hope scholarships**
33 **— program and expense funds.**

34 1. A hope scholarship program fund is created as a separate
35 and distinct fund in the state treasury under the control of

1 the department. Moneys in the fund include revenues credited
2 to the fund, appropriations made to the fund, and other moneys
3 deposited into the fund. Notwithstanding section 12C.7,
4 subsection 2, all interest and earnings and other returns
5 derived from the deposit and investment of moneys in the hope
6 scholarship fund shall be credited to the fund.

7 2. For each fiscal year beginning on or after July 1, 2023,
8 there is appropriated from the general fund of the state to
9 the hope scholarship fund an amount necessary to pay all hope
10 scholarships approved for that fiscal year and the amount
11 necessary to administer the program and subject to transfer
12 under subsection 6. There is appropriated annually all moneys
13 in the hope scholarship fund to the department for purposes of
14 providing scholarships under this chapter.

15 3. Notwithstanding section 8.33, any moneys remaining in
16 the hope scholarship fund at the end of a fiscal year shall not
17 revert to any other fund but shall remain in the fund for use as
18 provided in this chapter for the following fiscal year.

19 4. Following approval of the application, the department
20 shall make available to each participating student a
21 scholarship in an amount equal to the sum of all the following
22 for the same school budget year:

23 a. The product of the student's weighted enrollment that
24 would otherwise be assigned to the student under chapter 257
25 if the student was enrolled in the student's district of
26 residence multiplied by the difference between eighty-eight and
27 four-tenths percent of the regular program state cost per pupil
28 and the statewide average foundation property tax per pupil.

29 b. The total teacher salary supplement district cost per
30 pupil for the student's district of residence.

31 c. The total professional development supplement district
32 cost per pupil for the student's district of residence.

33 d. The total early intervention supplement district cost per
34 pupil for the student's district of residence.

35 e. The total area education agency teacher salary supplement

1 district cost per pupil for the student's district of
2 residence.

3 *f.* The total area education agency professional development
4 supplement district cost per pupil for the student's district
5 of residence.

6 *g.* The total teacher leadership supplement district cost per
7 pupil for the student's district of residence.

8 5. The amount of the scholarship to a participating student
9 who is awarded a hope scholarship for less than a full school
10 year shall be prorated based on the portion of the school year
11 the eligible recipient is awarded the scholarship.

12 6. A hope scholarship program expense fund is created
13 as a separate and distinct fund in the state treasury under
14 the control of the department. Moneys in the fund include
15 transfers made pursuant to this subsection or other moneys
16 received by the department for the hope scholarship program
17 expense fund. Notwithstanding sections 12C.7, subsection 2,
18 all interest or earnings derived from the deposit of moneys in
19 the hope scholarship program expense fund shall be credited to
20 the fund. An amount not to exceed five percent of the annual
21 appropriation to the hope scholarship program fund shall be
22 transferred to the hope scholarship program expense fund to
23 cover the annual administrative costs of the hope scholarship
24 program and the cost of surety bonds for education service
25 providers receiving more than one hundred thousand dollars
26 annually in hope scholarship funds.

27 7. The deposit of hope scholarship funds into a
28 participating student's account shall be subject to the
29 execution of the parental agreement. Any funds remaining in a
30 hope scholarship account at the end of the fiscal year may be
31 carried over to the next fiscal year upon successful renewal
32 of the account.

33 8. Funds deposited in a participating student's hope
34 scholarship account do not constitute taxable income to the
35 parent or the participating student.

1 9. The department shall continue to make deposits into a
2 participating student's hope scholarship account unless any of
3 the following conditions have occurred:

4 a. A parent of a participating student fails to renew a
5 hope scholarship account or withdraws from the hope scholarship
6 program.

7 b. The department determines that the student is no longer
8 eligible for a hope scholarship.

9 c. The department suspends or revokes participation in
10 the hope scholarship program for failure to comply with the
11 requirements of this chapter.

12 d. The participating student successfully completes a
13 secondary education program.

14 e. The participating student reaches twenty-one years of
15 age.

16 10. If any of the conditions in subsection 9 occur, the
17 department shall notify the parent that the participating
18 student's account will be closed in forty-five calendar days.
19 If a parent fails to adequately address the condition or
20 conditions upon which closure is based or does not respond
21 within thirty calendar days of receipt of notice, the
22 department shall close the account and any remaining moneys
23 shall be returned to the general fund of the state.

24 11. Hope scholarship funds may only be used for educational
25 purposes in accordance with this subsection. Parents of a
26 participating student shall agree to use the funds deposited in
27 their student's hope scholarship account only for the following
28 qualifying expenses to educate the student:

29 a. Services provided by a public school district, including
30 tuition and individual classes and extracurricular activities
31 and programs.

32 b. Tuition and fees at a participating education service
33 provider.

34 c. Tutoring services provided by an individual or a tutoring
35 facility, if such tutoring services are not provided by a

1 member of the participating student's immediate family.

2 *d.* Fees for nationally standardized assessments, advanced
3 placement examinations, any examinations related to college
4 or university admission, and tuition or fees for preparatory
5 courses for such exams.

6 *e.* Tuition and fees for programs of study or the curriculum
7 of courses that lead to an industry-recognized credential that
8 satisfies a workforce need.

9 *f.* Tuition and fees for accredited nonpublic online learning
10 programs.

11 *g.* Tuition and fees for alternative education programs
12 that meet standards similar to alternative options education
13 programs under section 280.19A.

14 *h.* Fees for education programs and services otherwise
15 allowed under this subsection that meet outside of the normal
16 school day or outside the academic school year.

17 *i.* Educational services and therapies, including but not
18 limited to occupational, behavioral, physical, speech-language,
19 and audiology therapies.

20 *j.* Any other qualified expenses as approved by the
21 department.

22 12. This chapter does not prohibit a student from receiving
23 a tuition grant from an accredited nonpublic school or school
24 tuition organization or from receiving any other form of
25 financial aid.

26 13. Hope scholarship funds shall not be refunded, rebated,
27 or shared with a parent or participating student in any manner
28 by an education service provider. Any refund or rebate for
29 goods or services purchased with hope scholarship funds shall
30 be credited directly to the participating student's hope
31 scholarship account.

32 14. This chapter does not prohibit the parents of a
33 participating student from making payments for the costs of
34 educational goods and services not covered by the funds in
35 the qualifying student's hope scholarship account. However,

1 personal deposits into an account are not permitted.

2 Sec. 8. NEW SECTION. 257A.7 Renewal of hope scholarship
3 accounts.

4 1. A parent must renew a participating student's hope
5 scholarship on an annual basis.

6 2. Notwithstanding any changes in eligibility, a student
7 who has previously qualified for a hope scholarship remains
8 eligible to apply for renewal until one of the disqualifying
9 conditions set forth in section 257A.6, subsection 9, occurs
10 and provided that the department verifies the following
11 information by July 1 of every year:

12 a. A list of all active hope scholarship accounts.

13 b. The district of residence of each participating student.

14 c. For each participating student who attends an accredited
15 nonpublic school that is a participating education service
16 provider, annual confirmation of the participating student's
17 continued attendance at the nonpublic school.

18 d. For each participating student who is receiving
19 private instruction, that the student has complied with all
20 requirements of chapter 299A.

21 3. If a parent fails to renew a student's hope scholarship,
22 the department shall notify the parent that the student's
23 account will be closed in forty-five calendar days. If a
24 parent chooses not to renew or does not respond within thirty
25 calendar days of receipt of notice, the department shall close
26 the account and any remaining moneys shall be deposited in the
27 general fund of the state.

28 4. If an eligible student decides to return to the hope
29 scholarship program after failing to renew, the eligible
30 student must reapply. The department shall adopt rules to
31 provide the least disruptive process for students who desire to
32 stop receiving hope scholarship payments and return full-time
33 to a public school.

34 5. The department shall adopt rules for participating
35 students who want to continue to receive services provided by

1 a public school or district, including individual classes and
2 extracurricular programs. The department shall ensure that
3 any public school or school district providing such services
4 receives the appropriate pro rata share of a participating
5 student's hope scholarship funds based on the percentage of
6 total instruction provided to the student by the public school
7 or school district. Public school districts may charge tuition
8 to hope scholarship students who enroll for services in a
9 public school. Participating students who enroll for services
10 part-time in public schools shall not be included in the
11 enrollment of the school district for funding purposes under
12 chapter 257. This chapter shall not be construed to prohibit
13 a participating student from using the funds deposited in the
14 student's account on both services provided by a public school
15 or district and other qualifying expenses.

16 Sec. 9. NEW SECTION. **257A.8 Administration of hope**
17 **scholarship program and accounts.**

18 1. In addition to the duties under this chapter, the
19 department shall do all of the following:

20 a. Maintain an updated list of participating education
21 service providers and ensure that the list is publicly
22 available.

23 b. Provide parents with a written explanation of the
24 allowable uses of hope scholarship funds, the responsibilities
25 of parents, the duties of the department, and the role of
26 any private financial management firms or other private
27 organizations that the department may contract with to
28 administer the hope scholarship program.

29 c. Ensure that parents of students with a disability
30 receive notice that participation in the hope scholarship
31 program is a parental placement under 20 U.S.C. §1412 of the
32 federal Individuals with Disabilities Education Act, including
33 an explanation of the rights that parentally placed students
34 possess under the federal law and any applicable state laws and
35 regulations.

1 2. The department may contract with private organizations
2 to administer the hope scholarship program, including but
3 not limited to private financial management firms to manage
4 scholarship accounts.

5 3. The department shall implement or contract with a
6 private organization to implement a commercially viable,
7 cost-effective, and parent-friendly system for payment for
8 services from hope scholarship accounts to participating
9 education service providers, including but not limited to
10 the use of debit cards or other electronic fund transfers.
11 However, a hope scholarship account shall not be used for debit
12 card or electronic payment fees.

13 4. The department shall also implement a commercially
14 viable, cost-effective, and parent-friendly system for publicly
15 rating, reviewing, and sharing information about participating
16 education service providers. If feasible, such a system shall
17 be integrated with the system under subsection 3.

18 5. If a participating education service provider requires
19 an application fee or a partial payment of tuition or fees
20 prior to the start of the academic year to reserve space for a
21 participating student, such fee or partial payment may be paid
22 prior to the start of the school year in which the scholarship
23 is awarded, and deducted in an equitable manner from subsequent
24 scholarship deposits to ensure adequate funds remain available
25 throughout the school year; but if the student decides not to
26 use the education service provider, the application fee or
27 partial reservation payment must be returned to the department
28 by such education service provider and credited to the
29 student's account.

30 6. *a.* The department may accept gifts and grants from any
31 source to cover administrative costs to be deposited in the
32 hope scholarship program expense fund and for costs to inform
33 the public about the program.

34 *b.* The department may accept gifts and grants from any
35 source to cover scholarship costs to be deposited in the hope

1 scholarship program fund.

2 7. The department shall adopt all necessary rules to meet
3 timelines set forth in this chapter, including rules for all
4 of the following:

5 a. Establishing or contracting for the establishment of a
6 fraud reporting system.

7 b. Procedures for refunding payments from education service
8 providers back to scholarship accounts.

9 c. Procedures for entering into reciprocal agreements with
10 other state education savings account agencies or entities,
11 whether public or private, to recognize and allow education
12 service providers approved in other states to receive payments
13 from hope scholarship accounts under this chapter.

14 8. The rules and policies adopted by the department should
15 avoid excessive bureaucracy and overly prescriptive mandates
16 and instead shall focus on encouraging participation in the
17 program and encouraging education service providers to provide
18 parents and hope scholarship students with a broad array of
19 educational options.

20 Sec. 10. NEW SECTION. 257A.9 Auditing of program —
21 **suspension of accounts and providers.**

22 1. The department shall adopt rules for the auditing of
23 individual hope scholarship accounts and shall conduct or
24 contract for the random auditing of individual hope scholarship
25 accounts as needed to ensure compliance with the requirements
26 of this chapter and rules of the program.

27 2. As part of the auditing process, the department may
28 remove a parent or eligible recipient from the program and
29 close an account for failure to comply with the terms of the
30 parental agreement, failure to comply with the applicable laws,
31 failure of the student to remain eligible, or intentional
32 and fraudulent misuse of scholarship funds. The department
33 rules shall create procedures to ensure that a fair process
34 exists to determine the removal of a parent or student from the
35 program and a parent may appeal a decision of the department

1 as provided under chapter 17A.

2 3. *a.* The department may conduct or contract for the audit
3 of education service providers accepting payments from hope
4 scholarship accounts if the department determines that the
5 education service provider has done any of the following:

6 (1) Intentionally and substantially misrepresented
7 information or failed to refund any overpayments in a timely
8 manner.

9 (2) Routinely failed to provide students with promised
10 educational goods or services.

11 *b.* If the department determines that an education service
12 provider has intentionally and substantially misused hope
13 scholarship funds, the department may bar the education service
14 provider from continuing to receive payments. The department
15 shall create procedures to ensure that a fair process exists
16 to determine whether an education service provider may be
17 barred from receiving payment from scholarship accounts and
18 an education service provider may appeal a decision to bar
19 the education service provider from receiving payments to the
20 department.

21 *c.* If the department bars an education service provider
22 from receiving payments from hope scholarship accounts, the
23 department shall notify parents and students of the decision as
24 quickly as practicable.

25 *d.* If the department obtains evidence of potential
26 fraudulent use of hope scholarship funds, the department
27 may refer suspected cases to the attorney general for
28 purposes of investigation, collection, and potential criminal
29 investigation.

30 **Sec. 11. NEW SECTION. 257A.10 Requirements for and rights**
31 **of participating education service providers.**

32 1. To be a participating education service provider and be
33 eligible to accept payments from a hope scholarship account, an
34 education service provider must do all of the following:

35 *a.* Submit notice to the department that the provider wishes

1 to participate in the hope scholarship program.

2 *b.* Provide parents with a receipt for all qualifying
3 expenses for the participating student.

4 *c.* Agree not to refund, rebate, or share scholarship funds
5 with parents or students in any manner, except that funds may
6 be remitted or refunded to a scholarship account in accordance
7 with section 257A.6, subsection 13.

8 *d.* Agree to submit any employee who will have contact with
9 participating students to a criminal background check.

10 *e.* In the case of a participating education service provider
11 that is an accredited nonpublic school, provide notice of
12 enrollment annually to the district of residence of any student
13 for which a student's tuition to such school is being paid
14 through the hope scholarship program.

15 2. This chapter shall not be construed to limit the
16 independence or autonomy of an education service provider or
17 make the actions of an education service provider the actions
18 of any governmental entity.

19 3. Education service providers shall be given maximum
20 freedom to provide for the educational needs of participating
21 students without governmental control.

22 4. A participating education service provider is not
23 required to alter its creed, practices, admission policy,
24 hiring policy, or curriculum in order to accept participating
25 students.

26 5. This chapter does not expand the regulatory authority
27 of the state, its officers, or any school district to impose
28 any additional regulation of education service providers beyond
29 those necessary to enforce the requirements of the program.

30 **Sec. 12. NEW SECTION. 257A.11 Responsibilities of districts**
31 **of residence.**

32 The district of residence in which a participating student
33 was last enrolled, if applicable, shall provide an education
34 service provider that has enrolled the student with a complete
35 copy of the student's school records, while complying with the

1 federal Family Educational Rights and Privacy Act of 1974, 20
2 U.S.C. §1232g.

3 Sec. 13. NEW SECTION. 257A.12 Legal proceedings —
4 severability.

5 1. No liability arises on the part of the department or
6 any governmental entity based on the award or use of a hope
7 scholarship awarded pursuant to this chapter.

8 2. It is the intent of the general assembly that if any
9 portion of this chapter is challenged in court as violating
10 either the state or federal constitution, the parents of
11 eligible students shall have standing to be parties to such
12 litigation, and should be permitted by the court to intervene
13 if the parents are not already parties to such litigation.

14 3. If any provision of this chapter or the application
15 of any such provision of this chapter to any person or
16 circumstance is held invalid by a court of competent
17 jurisdiction, the remainder of this chapter or the application
18 of the provisions of this chapter to persons or circumstances
19 other than those to which the chapter is held invalid shall not
20 be affected.

21

EXPLANATION

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

24 This bill establishes the Iowa hope scholarship program
25 for the school years commencing on or after July 1, 2023.
26 The program provides hope scholarships to eligible students
27 for qualifying educational expenses. The bill phases in
28 eligibility for the program based on grade eligibility and
29 whether the child was enrolled in an accredited nonpublic
30 school in the base year, as defined in the bill.

31 The Iowa hope scholarship program shall be administered by
32 the department of management.

33 The bill establishes powers and duties of the department
34 relating to the administration and oversight of the program,
35 including the adoption of administrative rules. The bill

1 requires that applications for the program for the school
2 year beginning July 1, 2023, be available for submission no
3 later than October 15, 2022. The department shall approve
4 an application for a scholarship if a parent submits an
5 application for a scholarship in accordance with the rules
6 adopted by the department that includes an agreement with the
7 department, promising to provide an education for the eligible
8 recipient through enrollment in an accredited nonpublic school
9 or instruction that meets the requirements of Code chapter
10 299A.

11 The bill establishes a hope scholarship program fund under
12 the control of the department of management. For each fiscal
13 year beginning on or after July 1, 2023, there is appropriated
14 from the general fund of the state to the hope scholarship fund
15 an amount necessary to pay all hope scholarships approved for
16 that fiscal year and the costs to administer the program as
17 provided in the bill.

18 Following approval of the scholarship application, the
19 department shall make available to each participating student
20 a scholarship in an amount equal to the sum of all the
21 following for the same school budget year: (1) the product
22 of the student's weighted enrollment that would otherwise
23 be assigned to the pupil if the pupil was enrolled in the
24 student's district of residence multiplied by the difference
25 between 88.4 percent of the regular program state cost per
26 pupil and the statewide average foundation property tax per
27 pupil; (2) the total teacher salary supplement district cost
28 per pupil for the student's district of residence; (3) the
29 total professional development supplement district cost per
30 pupil for the student's district of residence; (4) the total
31 early intervention supplement district cost per pupil for the
32 student's district of residence; (5) the total area education
33 agency teacher salary supplement district cost per pupil
34 for the student's district of residence; (6) the total area
35 education agency professional development supplement district

1 cost per pupil for the student's district of residence; and (7)
2 the total teacher leadership supplement district cost per pupil
3 for the student's district of residence.

4 The bill specifies the allowable uses for hope scholarship
5 funds.

6 A hope scholarship program expense fund is created under
7 the control of the department of management. An amount
8 not to exceed 5 percent of the annual appropriation to the
9 hope scholarship program fund shall be transferred to the
10 hope scholarship program expense fund to cover the annual
11 administrative costs of the hope scholarship program and the
12 cost of surety bonds for education service providers receiving
13 more than \$100,000 annually in hope scholarship funds.

14 Under the bill, funds deposited in a participating student's
15 hope scholarship account do not constitute taxable income to
16 the parent or the participating student.

17 The department shall continue to make deposits into a
18 participating student's hope scholarship account unless
19 specified eligibility conditions have occurred or the student's
20 parent fails to renew the scholarship. A parent must renew a
21 participating student's hope scholarship on an annual basis.

22 The bill requires the department to maintain an updated list
23 of participating education service providers and shall ensure
24 that the list is publicly available, and provide parents with a
25 written explanation of the allowable uses of hope scholarship
26 funds. The department may contract with private organizations
27 to administer the hope scholarship program, including but
28 not limited to private financial management firms to manage
29 scholarship accounts.

30 The department shall implement or contract with a
31 private organization to implement a commercially viable,
32 cost-effective, and parent-friendly system for payment for
33 services from hope scholarship accounts and a system for
34 publicly rating, reviewing, and sharing information about
35 participating education service providers. The bill also

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1 requires the department to establish rules for the auditing
2 of the program and requirements for participating education
3 service providers.