

EDUCATION SAVINGS ACCOUNT PILOT PROGRAM

2015 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill creates a pilot project that modifies funding for public and higher education.

Highlighted Provisions:

This bill:

- ▶ creates an education savings account for certain secondary school students who opt to participate in a pilot project;
- ▶ directs the Legislature to provide an appropriation for a per pupil allocation to be deposited in an education savings account;
- ▶ provides that money in an education savings account may be used for:
 - course fees for courses provided by a school district or charter school;
 - course fees for online courses offered through the Statewide Online Education Program;
 - course fees for courses provided by an institution within the state system of higher education;
 - course fees for courses provided by certain entities under contract with the State Board of Education or State Board of Regents; and
 - other fees required as a condition of student participation in an activity, class, or program;
- ▶ provides that a student who has an education savings account may not be counted in average daily membership;
- ▶ imposes a limitation on course fees; and
- ▶ requires the State Board of Education to report to the Education Interim Committee and the Administrative Rules Review Committee.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

33 **Utah Code Sections Affected:**

34 AMENDS:

35 **53A-2-210**, as last amended by Laws of Utah 2008, Chapter 346

36 ENACTS:

37 **53A-17b-101**, Utah Code Annotated 195338 **53A-17b-102**, Utah Code Annotated 195339 **53A-17b-103**, Utah Code Annotated 195340 **53A-17b-104**, Utah Code Annotated 195341 **53A-17b-105**, Utah Code Annotated 195342 **53A-17b-106**, Utah Code Annotated 195343 **53A-17b-107**, Utah Code Annotated 195344 **53A-17b-108**, Utah Code Annotated 195345 **53A-17b-109**, Utah Code Annotated 195346 **53A-17b-110**, Utah Code Annotated 195347 **53A-17b-111**, Utah Code Annotated 1953

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49 *Be it enacted by the Legislature of the state of Utah:*50 Section 1. Section **53A-2-210** is amended to read:51 **53A-2-210. Funding.**52 (1) A student who enrolls in a nonresident district is considered a resident of that
53 district for purposes of state funding.

54 (2) The State Board of Education shall adopt rules providing that:

55 (a) the resident district pay the nonresident district, for each of the resident district's
56 students who enroll in the nonresident district, 1/2 of the amount by which the resident
57 district's per student expenditure exceeds the value of the state's contribution; and58 (b) if a student is enrolled in a nonresident district for less than a full year, the resident
59 district shall pay a portion of the amount specified in Subsection (2)(a) based on the percentage
60 of school days the student is enrolled in the nonresident district.61 (3) (a) Except as provided in this Subsection (3), the parent or guardian of a
62 nonresident student shall arrange for the student's own transportation to and from school.

63 (b) The State Board of Education may adopt rules under which nonresident students

64 may be transported to their schools of attendance if:

65 (i) the transportation of students to schools in other districts would relieve
66 overcrowding or other serious problems in the district of residence and the costs of
67 transportation are not excessive; or

68 (ii) the Legislature has granted an adequate specific appropriation for that purpose.

69 (c) A receiving district shall provide transportation for a nonresident student on the
70 basis of available space on an approved route within the district to the school of attendance if
71 district students would be eligible for transportation to the same school from that point on the
72 bus route and the student's presence does not increase the cost of the bus route.

73 (d) Nothing in this section shall be construed as prohibiting the resident district or the
74 receiving district from providing bus transportation on any approved route.

75 (e) Except as provided in Subsection (3)(b), the district of residence may not claim any
76 state transportation costs for students enrolled in other school districts.

77 (4) This section does not apply to a student who participates in an education savings
78 account pilot project under Chapter 17b, Education Savings Accounts.

79 Section 2. Section **53A-17b-101** is enacted to read:

80 **CHAPTER 17b. EDUCATION SAVINGS ACCOUNTS ACT**

81 **53A-17b-101. Title.**

82 This chapter is known as the "Education Savings Accounts Act."

83 Section 3. Section **53A-17b-102** is enacted to read:

84 **53A-17b-102. Purpose of education savings accounts.**

85 Education savings accounts are created as a means of funding secondary school
86 students' education for the following purpose:

87 (1) to allow a parent or guardian to customize education to meet the learning needs and
88 interests of each individual child while providing greater flexibility in the use of education
89 dollars to best suit a child's individual needs;

90 (2) to provide access to the best teachers and coursework available, regardless of
91 residential location; and

92 (3) to nurture a dynamic education system that is prepared to adapt to new modes of
93 delivering instruction in the future while fostering an expanded range of innovative learning
94 alternatives.

95 Section 4. Section **53A-17b-103** is enacted to read:

96 **53A-17b-103. Education savings account pilot project.**

97 (1) A pilot project is established beginning with the 2016-17 school year to evaluate
98 the use of education savings accounts as a means of funding secondary school students'
99 education.

100 (2) (a) The State Board of Education shall establish an education savings account for
101 students who participate in the pilot project.

102 (b) The maximum number of education savings accounts that may exist for any year of
103 the pilot project is 1,000.

104 (3) A student may opt to participate in the pilot project if the student is:

105 (a) enrolled in grade 7, 8, 9, 10, 11 or 12 in a public school; and

106 (b) (i) the student is age 18 or older; or

107 (ii) the student is younger than age 18 and the student's parent or guardian consents to
108 the student's participation in the pilot project.

109 (4) The State Board of Education shall make rules specifying procedures for the
110 administration of the pilot project.

111 (5) (a) The State Board of Education shall solicit applications from students interested
112 in participating in the pilot project.

113 (b) If the number of applicants exceeds the maximum number of education savings
114 accounts that may exist pursuant to Subsection (2), the State Board of Education shall give:

115 (i) first priority to applicants who participated in the pilot project during the prior
116 school year;

117 (ii) second priority to applicants whose school of residence is a failing school
118 according to the state's school grading system established in Section 53A-1-1103; and

119 (iii) third priority to applicants who, for the previous school year, scored in the
120 proficient range or above in all subjects on the state-wide achievement tests administered under
121 Section 53A-1-603.

122 (c) If the number of applicants who meet the criteria in one or more of the priority
123 categories described in Subsection (5)(b) exceeds the maximum number of education savings
124 accounts that may exist pursuant to Subsection (2), the State Board of Education shall provide
125 for a lottery, conducted in accordance with Subsection (5)(d), to select students who may

126 obtain an education savings account.

127 (d) The State Board of Education shall provide for a lottery within the priority category
128 that caused the amount of applicants to exceed the maximum number of education savings
129 accounts that may exist pursuant to Subsection (2).

130 (6) (a) The Legislature shall appropriate money to the State Board of Education for a
131 per pupil allocation for each student participating in the pilot project.

132 (b) From money appropriated under Subsection (6)(a), the State Board of Education
133 shall deposit an amount equal to the per pupil allocation in the education savings account of
134 each student participating in the pilot project.

135 (c) For fiscal year 2016-17, the per pupil allocation is:

136 (i) \$5,250 for students in grade 7 or 8; and

137 (ii) \$6,406 for students in grade 9, 10, 11, or 12.

138 (7) Money in an education savings account may earn interest.

139 (8) In accordance with procedures established by the State Board of Education in rule,
140 a student's parent or legal guardian or a student, if the student is age 18 or older, may authorize
141 the use of money in an education savings account to pay for:

142 (a) course fees for courses provided by a Utah school district or charter school;

143 (b) course fees for online courses offered through the Statewide Online Education
144 Program created in Chapter 15, Part 12, Statewide Online Education Program Act;

145 (c) course fees for courses provided by an entity under contract with the State Board of
146 Education pursuant to Section 53A-17b-109;

147 (d) course fees for courses provided by an institution of higher education listed in
148 Section 53B-2-101;

149 (e) course fees for courses provided by a private, nonprofit college or university in the
150 state under contract with the State Board of Regents pursuant to Section 53A-17b-109; and

151 (f) fees, deposits, equipment, materials, or other charges required of a student as a
152 condition for student participation in:

153 (i) a course provided by an entity listed in Subsections (8)(a) through (e); or

154 (ii) an activity, class, or program provided, sponsored, or supported by or through a
155 public school or school district.

156 (9) (a) Money in an education savings account at the end of a fiscal year shall remain in

157 the account and may be expended for a use described in Subsection (8) in a subsequent fiscal
158 year.

159 (b) Subject to Subsection (10)(a), money remaining in an education savings account
160 after a student participating in the pilot project graduates from high school may be used for the
161 purposes described in Subsections (8)(d) through (f).

162 (10) (a) The State Board of Education shall close an education savings account:

163 (i) when the student reaches the age of 25; or

164 (ii) upon the death of the student.

165 (b) Money remaining in an education savings account upon closure shall lapse to the
166 Education Fund.

167 (11) The State Board of Education shall provide for:

168 (a) electronic invoicing of course fees and other fees for payment from an education
169 savings account;

170 (b) electronic payment of course fees and other fees from deposits to an education
171 savings account;

172 (c) online electronic savings accounts where a student and the student's parent or legal
173 guardian can monitor activity and balances in the student's account; and

174 (d) internal controls to ensure that the money deposited into an education savings
175 account is only expended for a use described in Subsection (8).

176 Section 5. Section **53A-17b-104** is enacted to read:

177 **53A-17b-104. Course fees for courses offered by a school district or charter school**

178 **-- Average daily membership.**

179 (1) A public school shall charge a course fee for each course a student participating in
180 the pilot project takes at the school.

181 (2) (a) A course fee shall be based upon the cost of providing a course, including an
182 appropriate amount of overhead costs.

183 (b) A course fee may be set at the average cost of providing a course.

184 (3) A local school board or charter school governing board shall establish course fees
185 and publish the course fee schedule on the school district's or charter school's website.

186 (4) The total course fees for a student participating in the pilot project who takes a full
187 course load throughout the school year in a single school district or charter school may not

188 exceed the amount of money deposited in the student's education savings account for the
189 school year.

190 (5) In accordance with procedures established by the State Board of Education in rule,
191 a course fee charged by a public school shall be paid from deposits made to an education
192 savings account under Section 53A-17b-103.

193 (6) A student who has an education savings account may not be counted in average
194 daily membership for funding purposes.

195 Section 6. Section **53A-17b-105** is enacted to read:

196 **53A-17b-105. Preference for or restrictions on courses prohibited -- Differentiated**
197 **diplomas.**

198 (1) Neither the State Board of Education, staff of the State Board of Education, a
199 school district, nor a charter school may impose restrictions or give preference to any course
200 provider that is authorized to offer a course that a student may take using money in an
201 education savings account.

202 (2) A school district or charter school may specify course requirements for a
203 differentiated diploma, but may not specify from which course provider a required course must
204 be taken.

205 Section 7. Section **53A-17b-106** is enacted to read:

206 **53A-17b-106. Eligibility to participate in an extracurricular activity.**

207 (1) A student is eligible to participate in an extracurricular activity at a school where
208 the student takes one or more courses.

209 (2) A student who is not a full-time student at a school is eligible to participate in an
210 extracurricular activity consistent with eligibility standards applied to a full-time student.

211 (3) A school district or public school may not impose additional requirements on a
212 part-time student to participate in an extracurricular activity that are not imposed on a full-time
213 student.

214 Section 8. Section **53A-17b-107** is enacted to read:

215 **53A-17b-107. Campus hours.**

216 A school district or charter school may not impose physical attendance restrictions on
217 campus hours that limit a student's ability to customize a course schedule with multiple course
218 providers.

219 Section 9. Section **53A-17b-108** is enacted to read:

220 **53A-17b-108. Accelerated high school completion.**

221 (1) The State Board of Education shall make rules to allow a student to complete high
222 school graduation requirements, and exit high school, up to one or more years early, in
223 accordance with the student's education/occupation plan (SEOP).

224 (2) The rules adopted under Subsection (1) shall allow the student to withdraw money
225 the student is otherwise eligible to receive in a shorter period of time.

226 Section 10. Section **53A-17b-109** is enacted to read:

227 **53A-17b-109. Courses provided under contract with State Board of Education or**
228 **State Board of Regents.**

229 (1) (a) The State Board of Education shall establish a program in which the State Board
230 of Education contracts with two or more private entities located in the state to provide courses
231 to secondary school students who use money in an education savings account to pay for the
232 courses.

233 (b) A State Board of Education program established under Subsection (1)(a) shall:

234 (i) be consistent with Utah Constitution Article X, Sections 1 and 2; and

235 (ii) balance the need to regulate the private entities with allowing the private entities to
236 maintain autonomy.

237 (2) (a) The State Board of Regents may establish a program in which the State Board
238 of Regents contracts with a private, nonprofit college or university in the state to provide
239 courses to students who use money in an education savings account to pay for the courses.

240 (b) A State Board of Regents program established under Subsection (2)(a) shall be
241 consistent with Utah Constitution Article X, Section 1.

242 (c) A private, nonprofit college or university in the state under contract with the State
243 Board of Regents pursuant to Subsection (2)(a) must be accredited by a regional accrediting
244 organization recognized by the State Board of Regents.

245 Section 11. Section **53A-17b-110** is enacted to read:

246 **53A-17b-110. Preference for students with an education savings account**
247 **prohibited.**

248 A school district or charter school may not give enrollment preference to a student with
249 an education savings account.

250 Section 12. Section **53A-17b-111** is enacted to read:

251 **53A-17b-111. State Board of Education report.**

252 The State Board of Education shall:

253 (1) make periodic reports to the Education Interim Committee on the pilot project
254 established under this chapter;

255 (2) make an oral report on the rules being developed to administer the program and
256 submit a draft of the rules to each of the Education Interim Committee and the Administrative
257 Rules Review Committee by September 30, 2015; and

258 (3) make recommendations to the Education Interim Committee for the state-wide
259 implementation of education savings accounts by the committee's November 2018 meeting.