

Candice B. Pierucci proposes the following substitute bill:

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Utah Fits All Scholarship Program Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor:

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LONG TITLE

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General Description:

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This bill amends provisions related to the Utah Fits All Scholarship Program.

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Highlighted Provisions:

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This bill:

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▸ strengthens residency requirements and income verification process;

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▸ amends the definition of the program manager;

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▸ creates a financial administrator to process payments and fund expenditures from a

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scholarship account;

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▸ prohibits the program manager from charging processing fees to families;

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▸ establishes deadlines for scholarship acceptance or denial;

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▸ limits extracurricular expenses to 20% of the scholarship amount;

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▸ limit physical education expenses to an additional 20% of the scholarship amount;

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▸ creates procedures for students with special needs;

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▸ enhances program manager accountability through audits and transparency;

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▸ adds requirements for a local education agency acting as qualified providers;

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▸ allows for scholarship amount rollovers;

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▸ creates a Utah Fits All Scholarship Restricted Account (the account);

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▸ allows funds within the account to accrue interest and be invested;

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▸ allows for rollover amounts of unused scholarship awards;

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▸ clarifies the State Tax Commission's role in income verification; and

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▸ makes technical changes.

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Money Appropriated in this Bill:

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None

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Other Special Clauses:

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This bill provides a special effective date.

29 **Utah Code Sections Affected:**

30 AMENDS:

- 31 **53F-6-401**, as last amended by Laws of Utah 2024, Chapter 26
- 32 **53F-6-402**, as last amended by Laws of Utah 2024, Chapter 26
- 33 **53F-6-403**, as enacted by Laws of Utah 2023, Chapter 1
- 34 **53F-6-404**, as last amended by Laws of Utah 2024, Chapter 26
- 35 **53F-6-405**, as last amended by Laws of Utah 2024, Chapter 26
- 36 **53F-6-406**, as enacted by Laws of Utah 2023, Chapter 1
- 37 **53F-6-407**, as enacted by Laws of Utah 2023, Chapter 1
- 38 **53F-6-408**, as last amended by Laws of Utah 2024, Chapter 26
- 39 **53F-6-409**, as last amended by Laws of Utah 2024, Chapter 26
- 40 **53F-6-410**, as enacted by Laws of Utah 2023, Chapter 1
- 41 **53F-6-411**, as enacted by Laws of Utah 2023, Chapter 1
- 42 **53F-6-412**, as last amended by Laws of Utah 2024, Chapter 26

43 ENACTS:

- 44 **53F-6-405.5**, Utah Code Annotated 1953
- 45 **53F-6-415.5**, Utah Code Annotated 1953
- 46 **53F-6-416**, Utah Code Annotated 1953
- 47 **53F-6-417**, Utah Code Annotated 1953



49 *Be it enacted by the Legislature of the state of Utah:*

50 Section 1. Section **53F-6-401** is amended to read:

51 **53F-6-401 . Definitions.**

52 As used in this part:

53 (1) "Contracted entity" means:

54 (a) an organization that:

55 (i) contracts with the state board under Section 53F-6-404 to perform duties and
56 functions necessary for program administration and operations;

57 (ii) is not affiliated with any international organization;

58 (iii) does not harvest data for the purpose of reproducing or distributing the data to
59 other entities;

60 (iv) has no involvement in guiding or directing any curriculum or curriculum
61 standards; and

62 (v) performs the specific duties and functions assigned in the contract with the state

- 63 board.
- 64 (b) "Contracted entity" includes:
- 65 (i) the program manager;
- 66 (ii) the financial administrator; and
- 67 (iii) any other entity contracted to perform program functions under Section
- 68 53F-6-404.
- 69 (c) "Contracted entity" does not include:
- 70 (i) a qualifying provider;
- 71 (ii) an eligible school; or
- 72 (iii) an eligible service provider.
- 73 (2) "Contracted entity employee" means:
- 74 (a) an individual working for an entity contracted under Section 53F-6-404 in a position
- 75 in which the individual's salary, wages, pay, or compensation, including as a
- 76 contractor, is paid from scholarship funds.
- 77 (b) "Contracted entity employee" does not include:
- 78 (i) an individual who volunteers for a contracted entity or for a qualifying provider;
- 79 (ii) an individual who works for a qualifying provider; or
- 80 (iii) a qualifying provider.
- 81 (3) "Contracted entity officer" means:
- 82 (a) a member of the board of a contracted entity; or
- 83 (b) the chief administrative officer of a contracted entity.
- 84 (4) "Department of Operations" means the department of the state board that oversees
- 85 financial operations for the state board.
- 86 (5)(a) "Educational supplements" means:
- 87 (i) materials and equipment directly related to subjects with core standards the state
- 88 board establishes pursuant to Section 53E-4-202, including:
- 89 (A) arts education that aligns with state core standards; and
- 90 (B) music education that aligns with state core standards;
- 91 (ii) educational enrichment materials that support learning objectives; and
- 92 (b) "Educational supplements" does not include:
- 93 (i) entertainment materials;
- 94 (ii) recreational equipment; or
- 95 (iii) non-educational art supplies.
- 96 [(+)] (6) "Eligible student" means a student:

- 97 (a) who is eligible to participate in public school, in kindergarten, or grades 1 through 12;
- 98 (b) who is a primary resident of the state, including a child of a military service member,
- 99 as that term is defined in Section 53B-8-102;
- 100 (c) who, during the school year for which the student is applying for a scholarship
- 101 account:
- 102 (i) does not receive a scholarship under:
- 103 (A) the Carson Smith Scholarship Program established in Section 53F-4-302; or
- 104 (B) the Carson Smith Opportunity Scholarship Program established in Section
- 105 53E-7-402; and
- 106 (ii) is not enrolled in, [~~upon~~] before receiving the scholarship:
- 107 (A) an LEA; or
- 108 (B) the Statewide Online Education Program to participate in a course with
- 109 funding provided under Title 53F, Chapter 4, Part 5, Statewide Online
- 110 Education Program, which does not include participation in a course by an
- 111 entity as described in Subsection 53F-6-409(7);
- 112 (d) whose eligibility is not suspended or disqualified under Section 53F-6-401; [~~and~~]
- 113 (e) who completes, to maintain eligibility, the portfolio requirement described in
- 114 Subsection 53F-6-402(3)(d)[~~;~~];
- 115 (f) who provides verification of primary residence in Utah, including a parent's utility
- 116 bill, lease agreement, or property tax records; and
- 117 (g) for out-of-state military families, who attests that the student is not enrolled in a
- 118 public school elsewhere while receiving the scholarship.
- 119 [~~(2)~~] (7) "Federal poverty level" means the United States poverty level as defined by the
- 120 most recently revised poverty income guidelines published by the United States
- 121 Department of Health and Human Services in the Federal Register.
- 122 (8) "Financial administrator" means an organization that:
- 123 (a) is not affiliated with any international organization;
- 124 (b) does not harvest data for the purpose of reproducing or distributing the data to other
- 125 entities;
- 126 (c) does not have involvement in guiding or directing any curriculum or curriculum
- 127 standards; and
- 128 (d) contracts with the state board to administer scholarship payments in accordance with
- 129 this part.
- 130 [~~(3)~~] (9)(a) "Home-based scholarship student" means a student who:

- 131 (i) is eligible to participate in public school, in kindergarten or grades 1 through 12;
- 132 (ii) is attests to being excused from enrollment in an LEA [in accordance with
- 133 Section 53G-6-204]to attend a home school; and
- 134 (iii) receives a benefit of scholarship funds.
- 135 (b) "Home-based scholarship student" does not mean a home school student who does
- 136 not receive a scholarship under the program.
- 137 ~~[(4)]~~ (10) "Household income" means the combined gross income of all parents residing in
- 138 the same household as the eligible student.
- 139 ~~(11)~~ "Parent" means:
- 140 (a) the same as that term is defined in Section 53E-1-102; and
- 141 (b) a foster parent who has initiated a process to adopt the foster child.
- 142 ~~[(5) "Program manager" means an organization that:]~~
- 143 ~~[(a) is qualified as tax exempt under Section 501(c)(3), Internal Revenue Code;]~~
- 144 ~~[(b) is not affiliated with any international organization;]~~
- 145 ~~[(c) does not harvest data for the purpose of reproducing or distributing the data to other~~
- 146 ~~entities;]~~
- 147 ~~[(d) has no involvement in guiding or directing any curriculum or curriculum standards;]~~
- 148 ~~[(e) does not manage or otherwise administer a scholarship under:]~~
- 149 ~~[(i) the Carson-Smith Scholarship Program established in Section 53F-4-302; or]~~
- 150 ~~[(ii) the Carson-Smith Opportunity Scholarship Program established in Section~~
- 151 ~~53E-7-402; and]~~
- 152 ~~[(f) an agreement with the state board recognizes as a program manager, in accordance~~
- 153 ~~with this part.]~~
- 154 (12) "Primary residence" means the one location where an individual resides for the
- 155 majority of the year.
- 156 (13) "Program administration" means the oversight and coordination functions performed
- 157 by the Department of Operations, including:
- 158 (a) establishing and maintaining program standards;
- 159 (b) determining operational requirements and structures;
- 160 (c) procuring and managing contracts for program services;
- 161 (d) ensuring program integrity through direct or contracted oversight;
- 162 (e) coordinating program functions and contracted services; and
- 163 (f) maintaining appropriate separation between government oversight and independent
- 164 program operations.

- 165 (14) "Program manager" means a contracted entity or entities that:
- 166 (a) performs program operational functions outlined in the procurement agreement
- 167 described in Section 53F-6-404, including:
- 168 (i) processing scholarship applications and eligibility determinations;
- 169 (ii) maintaining scholarship account records;
- 170 (iii) coordinating with qualifying providers and the financial administrator; and
- 171 (iv) providing customer service to program participants;
- 172 (b) in accordance with required program administration, implements established
- 173 program standards and procedures; and
- 174 (c) performs other operational duties as specified in the contract.
- 175 ~~[(6)(a) "Program manager employee" means an individual working for the program~~
- 176 ~~manager in a position in which the individual's salary, wages, pay, or compensation,~~
- 177 ~~including as a contractor, is paid from scholarship funds.]~~
- 178 ~~[(b) "Program manager employee" does not include:]~~
- 179 ~~[(i) an individual who volunteers for the program manager or for a qualifying~~
- 180 ~~provider;]~~
- 181 ~~[(ii) an individual who works for a qualifying provider; or]~~
- 182 ~~[(iii) a qualifying provider.]~~
- 183 ~~[(7) "Program manager officer" means:]~~
- 184 ~~[(a) a member of the board of a program manager; or]~~
- 185 ~~[(b) the chief administrative officer of a program manager.]~~
- 186 ~~[(8)]~~ (15)(a) "Qualifying provider" means one of the following entities:
- 187 (i) an eligible school that the program manager approves in accordance with Section
- 188 53F-6-408; or
- 189 (ii) an eligible service provider that the program manager approves in accordance
- 190 with Section 53F-6-409.
- 191 (b) "Qualifying provider" does not include:
- 192 (i) a parent of a home-based scholarship student or a home school student solely in
- 193 relation to the parent's child; or
- 194 (ii) any other individual that does not meet the requirements described in Subsection [
- 195 ~~(8)(a)]~~ (15)(a).
- 196 ~~[(9)]~~ (16) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother,
- 197 uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
- 198 sister-in-law, son-in-law, or daughter-in-law.

199 [(10)] (17) "Scholarship account" means the account to which a program manager allocates
 200 funds for the payment of approved scholarship expenses in accordance with this part.

201 [(11)] (18)(a) "Scholarship expense" means an expense described in Section 53F-6-402
 202 that a parent or scholarship student incurs in the education of the scholarship student
 203 for a service or goods that a qualifying provider provides, including:

204 [(a)] (i) tuition and fees of a qualifying provider;

205 [(b)] (ii) fees and instructional materials at a technical college;

206 [(c)] (iii) tutoring services;

207 [(d)] (iv) fees for after-school or summer education programs;

208 [(e)] (v) textbooks, curricula, or other instructional materials, including any
 209 supplemental materials or associated online instruction that a curriculum or a
 210 qualifying provider recommends;

211 [(f)] (vi) educational software and applications;

212 [(g)] (vii) supplies or other equipment related to a scholarship student's educational
 213 needs;

214 [(h)] (viii) computer hardware or other technological devices that are intended
 215 primarily for a scholarship student's educational needs, not to exceed once every
 216 three years for a scholarship student;

217 [(i)] (ix) fees for the following examinations, or for a preparation course for the
 218 following examinations, that the program manager approves:

219 [(1)] (A) a national norm-referenced or standardized assessment described in
 220 Section 53F-6-410, an advanced placement examination, or another similar
 221 assessment;

222 [(2)] (B) a state-recognized industry certification examination; and

223 [(3)] (C) an examination related to college or university admission;

224 [(j)] (x) educational services for students with disabilities from a licensed or
 225 accredited practitioner or provider, including occupational, behavioral, physical,
 226 audiology, or speech-language therapies;

227 [(k)] (xi) contracted services that the program manager approves and that an LEA
 228 provides, including individual classes, after-school tutoring services,
 229 transportation, or fees or costs associated with participation in extracurricular
 230 activities;

231 [(l)] (xii) ride fees or fares for a fee-for-service transportation provider to transport the
 232 scholarship student to and from a qualifying provider, not to exceed \$750 in a

- 233 given school year;
- 234 ~~[(m)]~~ (xiii) in accordance with Subsection (18)(c), expenses related to extracurricular
- 235 activities, field trips, educational supplements, physical education experiences,
- 236 and other educational experiences; or
- 237 (xiv) coursework or educational supplements for arts and music that aligns with state
- 238 core standards;
- 239 ~~[(n)]~~ (xv) any other expense for a good or service that:
- 240 [(i)] (A) a parent or scholarship student incurs in the education of the scholarship
- 241 student; and
- 242 [(ii)] (B) the program manager approves~~[-, in accordance with Subsection (5)(d).]~~ .
- 243 (b) "Scholarship expense" does not include:
- 244 (i) chaperon expenses;
- 245 (ii) season tickets or subscriptions to entertainment venues;
- 246 (iii) ski passes or lift tickets;
- 247 (iv) access to recreational facilities unless for physical education purposes;
- 248 (v) playground equipment;
- 249 (vi) the purchase of furniture;
- 250 (vii) clothing; and
- 251 (viii) other non-educational expenses as the program manager determines.
- 252 (c)(i) A scholarship expense for extracurricular activities may not exceed 20% of the
- 253 total scholarship amount ~~hat~~ → **excluding any rollover scholarship amount** ← ~~hat~~ .
- 254 (ii) A scholarship expense for physical education experiences may not exceed an
- 255 additional 20% of the total scholarship amount from the amount described in
- 256 Subsection (18)(c)(i) ~~hat~~ → **excluding any rollover scholarship amount** ← ~~hat~~ .
- 257 (iii) A scholarship expense for arts and music described in Subsection (18)(a)(xiv) is
- 258 not an extracurricular activity.
- 259 ~~[(12)]~~ (19) "Scholarship funds" means:
- 260 (a) funds that the Legislature appropriates for the program; and
- 261 (b) interest that scholarship funds accrue.
- 262 ~~[(13)]~~ (20)(a) "Scholarship student" means an eligible student, including a home-based
- 263 scholarship student, for whom the program manager establishes and maintains a
- 264 scholarship account in accordance with this part.
- 265 (b) "Scholarship student" does not include a home school student who does not receive a
- 266 scholarship award under the program.

267 [(14)] (21) "Utah Fits All Scholarship Program" or "program" means the scholarship
 268 program established in Section 53F-6-402.

269 Section 2. Section **53F-6-402** is amended to read:

270 **53F-6-402 . Utah Fits All Scholarship Program -- Scholarship account**
 271 **application -- Scholarship expenses -- Program information.**

272 (1) [There] Subject to Section 53F-6-415.5, there is established the Utah Fits All
 273 Scholarship Program under which[, beginning March 1, 2024,] a parent may apply [to] [
 274 a program manager on behalf of the parent's student] to establish and maintain a
 275 scholarship account to cover the cost of a scholarship expense.

276 (2)(a) In accordance with this part and required program administration, [The] the
 277 program manager shall establish and maintain[, in accordance with this part,]
 278 scholarship accounts for eligible students.

279 (b) The program manager shall:

280 (i) determine that a student meets the requirements to be an eligible student; and
 281 (ii) subject to Subsection (2)(c), each year the student is an eligible student,
 282 coordinate with the financial administrator to maintain a scholarship account for
 283 the scholarship student to pay for the cost of one or more scholarship expenses
 284 that the student or student's parent incurs in the student's education.

285 (c) Each year, subject to this part and legislative appropriations, a scholarship student is
 286 eligible for no more than[:]
 287 [(i)] for the 2024-2025 school year, \$8,000.[:] [and]
 288 [(ii)] for each school year following the 2024-2025 school year, the maximum allowed
 289 amount under this Subsection (2)(c) in the previous year plus a percentage
 290 increase that is equal to the five-year rolling average inflationary factor described
 291 in Section 53F-2-405.]

292 (d) Unless otherwise authorized under Section 53F-6-411, scholarship funds shall be
 293 distributed to the program manager and through the financial administrator in two
 294 equal payments:

295 (i) the first payment at the beginning of the scholarship year; and
 296 (ii) the second payment during the second half of the scholarship year.

297 (3)(a) In accordance with required program administration, [A] a program manager shall
 298 direct the financial administrator to establish a scholarship account on behalf of an
 299 eligible student who submits a timely application, unless the number of applications
 300 exceeds available scholarship funds for the school year.

- 301 (b) If the number of applications exceeds the available scholarship funds for a school
302 year, the program manager shall select students on a random basis, except as
303 provided in Subsection (6) as long as the student meets the eligibility criteria.
- 304 (c) An eligible student or a public education student shall submit an application for an
305 initial scholarship or renewal for each school year that the student intends to receive
306 scholarship funds.
- 307 (d)(i) To maintain eligibility, a scholarship student or the scholarship student's parent
308 shall annually:
- 309 (A) provide verification of primary residence in Utah through the application
310 process described in this section; and
- 311 (B) complete and deliver to the program manager a portfolio describing the
312 scholarship student's educational opportunities and achievements under the
313 program for the given year.
- 314 (ii) The program manager may not disclose the content of a given scholarship
315 student's portfolio except to the scholarship student's parent.
- 316 (4)(a) An application for a scholarship account shall contain an acknowledgment by the
317 student's parent that the qualifying provider selected by the parent for the student's
318 enrollment or engagement is capable of providing education services for the student.
- 319 (b) A scholarship account application form shall contain the following statement:
- 320 "I acknowledge that:
- 321 1: A qualifying provider may not provide the same level of disability services that are
322 provided in a public school;
- 323 2: I will assume full financial responsibility for the education of my scholarship
324 recipient if I agree to this scholarship account;
- 325 3: Agreeing to establish this scholarship account has the same effect as a parental refusal
326 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the Individuals
327 with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.; and
- 328 4: My child may return to a public school at any time, and I will notify the program
329 manager within five business days if my child returns to a public school that is not a qualifying
330 provider or if we have elected to take courses from the public portion of a qualifying provider
331 ."
- 332 (c) Upon agreeing to establish a scholarship account, the parent assumes full financial
333 responsibility for the education of the scholarship student, including the balance of
334 any expense incurred at a qualifying provider or for goods that are not paid for by the

- 335 scholarship student's scholarship account.
- 336 (d) Agreeing to establish a scholarship account has the same effect as a parental refusal
337 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the
338 Individuals with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.
- 339 (e) The creation of the program or establishment of a scholarship account on behalf of a
340 student does not:
- 341 (i) imply that a public school did not provide a free and appropriate public education
342 for a student; or
- 343 (ii) constitute a waiver or admission by the state.
- 344 (5) A program manager may not charge a scholarship account application fee.
- 345 (6)(a) A program manager shall give an enrollment preference based on the following
346 order of preference:
- 347 (i) to an eligible student who used a scholarship account in the previous school year;
348 (ii) to an eligible student:
- 349 (A) who did not use a scholarship account in the previous school year; and
350 (B) with a family income at or below 200% of the federal poverty level;
- 351 (iii) to an eligible student who is a sibling of an eligible student who:
- 352 (A) uses a scholarship account at the time the sibling applies for a scholarship
353 account; or
- 354 (B) used a scholarship account in the school year immediately preceding the
355 school year for which the sibling is applying for a scholarship account; and
- 356 (iv) to an eligible student:
- 357 (A) who did not use a scholarship account in the previous school year; and
358 (B) with a family income between 200% and 555% of the federal poverty level.
- 359 (b)(i) The State Tax Commission may, upon request, provide state individual income
360 tax information to the program manager for income verification purposes
361 regarding a given individual if:
- 362 [(+)] (A) the individual voluntarily provides the individual's social security number
363 to the program manager; and
- 364 [(+)] (B) consents in writing to the sharing of state individual income tax
365 information solely for income verification purposes.
- 366 (ii) The State Tax Commission shall create and implement an income verification
367 process in accordance with this Subsection (6)(b).
- 368 (c)(i) [~~In addition to the tax information described in Subsection (6)(b),~~] For

- 369 individuals who do not participate in the verification process under Subsection
370 (6)(b), the program manager shall accept the following for income verification:
- 371 [(i)] (A) a federal form W-2;
372 [(ii)] (B) a wage statement from an employer; and
373 [(iii)] (C) other methods or documents that the program manager identifies.
- 374 (ii) If the tax return for the year immediately preceding the current year has not been
375 filed, the program manager may grant conditional approval based on
376 documentation in Subsection (6)(d)(iii), subject to verification upon filing.
- 377 (d) For income verification purposes:
- 378 (i) the program manager shall require documentation of household income, not
379 individual income;
- 380 (ii) if the individual income tax is a business income filing, require:
- 381 (A) the most recently filed business tax returns;
382 (B) year-to-date profit and loss statements; and
383 (C) documentation of the owner's draw or distributions; and
- 384 (iii) for households awaiting completion of tax filings for the year immediately
385 preceding the current year, the following documentation the program manager
386 shall accept for conditional approval are:
- 387 (A) the most recent W-2s;
388 (B) a current pay stubs showing year-to-date earnings; and
389 (C) an employer verification letters.
- 390 (7)(a) Subject to Subsections (7)(b) through (e), a parent may use a scholarship account
391 to pay for a scholarship expense from a qualifying provider that a parent or
392 scholarship student incurs in the education of the scholarship student.
- 393 (b) A scholarship student or the scholarship student's parent may not use a scholarship
394 account for an expense that the student or parent does not incur in the education of
395 the scholarship student, including:
- 396 (i) a rehabilitation program that is not primarily designed for an educational purpose;
397 or
- 398 (ii) a travel expense other than a transportation expense described in Section
399 53F-6-401.
- 400 (c) The program manager may not:
- 401 (i) approve a scholarship expense for a service that a qualifying provider provides
402 unless the program manager determines that the scholarship student or the

- 403 scholarship student's parent incurred the expense in the education of the
404 scholarship student; or
- 405 (ii) reimburse an expense for a service or good that a provider that is not a qualifying
406 provider provides unless:
- 407 (A) the parent or scholarship student submits a receipt that shows the cost and
408 type of service or good and the name of provider;
- 409 (B) the expense would have qualified as a scholarship expense if a qualifying
410 provider provided the good or service;
- 411 (C) the provider of the good or service is not the parent of the student who is a
412 home-based scholarship student solely in relation to the parent's child; and
- 413 (D) the program manager determines that the parent or scholarship student
414 incurred the expense in the education of the scholarship student.
- 415 (d) The parent of a scholarship student may not receive scholarship funds as payment for
416 the parent's time spent educating the parent's child.
- 417 (e) Except for cases in which a scholarship student or the scholarship student's parent is
418 convicted of fraud in relation to scholarship funds, if a qualifying provider,
419 scholarship student, or scholarship student's parent repays an expenditure from a
420 scholarship account for an expense that is not approved under this Subsection (7), the
421 program manager shall credit the repaid amount back to the scholarship account
422 balance within 30 days after the day on which the program manager receives the
423 repayment.
- 424 (8) Notwithstanding any other provision of law, funds that the program manager or
425 financial administrator disburses from the Utah Fits All Scholarship Program Restricted
426 Account created in Section 53F-6-411 under this part to a scholarship account on behalf
427 of a scholarship student do not constitute state taxable income to the parent of the
428 scholarship student.
- 429 (9) The program manager shall prepare and disseminate information on the program to a
430 parent applying for a scholarship account on behalf of a student, including the
431 information that the program manager provides in accordance with Section 53F-6-405.
- 432 (10) [~~On or before September 1, 2023, and as~~] As frequently as necessary to maintain the
433 information, the state board shall provide information on the state board's website,
434 including:
- 435 (a) scholarship account information;
- 436 (b) information on the program manager, including the program manager's contact

- 437 information; and
- 438 (c) an overview of the program.
- 439 (11) In accordance with required program administration, the program manager shall:
- 440 (a) in alignment with deadlines specified in Subsection 53F-6-405(1)(c), establish and
- 441 communicate to an eligible student a deadline by which the eligible student must
- 442 accept or deny the scholarship offer; and
- 443 (b) communicate to an eligible student that failure to respond by the deadline described
- 444 in Subsection (11)(a) shall result in forfeiture of the scholarship offer.
- 445 (12) In accordance with Subsection 53F-6-403(7), the program manager shall:
- 446 (a) verify student eligibility status before removing any student from scholarship
- 447 eligibility;
- 448 (b) establish protocols for reviewing disputed eligibility determinations;
- 449 (c) implement a process for immediate reinstatement of eligibility when errors are
- 450 identified;
- 451 (d) maintain detailed records of all eligibility removals and reinstatements; and
- 452 (e) provide regular reports to the state board regarding eligibility status changes of a
- 453 scholarship student.

454 Section 3. Section **53F-6-403** is amended to read:

455 **53F-6-403 . Qualifying providers.**

- 456 (1) Before the beginning of the school year immediately following a school year in which a
- 457 qualifying provider receives scholarship funds equal to or more than \$500,000, the
- 458 qualifying provider shall file with the program manager a surety bond payable to the
- 459 program manager in an amount equal to the aggregate amount of scholarship funds
- 460 expected to be received during the school year.
- 461 (2) If a program manager determines that a qualifying provider has violated a provision of
- 462 this part, the program manager may ~~interrupt~~ have the disbursement ~~of~~ interrupted or
- 463 withhold scholarship funds from the qualifying provider.
- 464 (3)(a) If the program manager determines that a qualifying provider no longer meets the
- 465 eligibility requirements described in this part, the program manager may withdraw
- 466 the organization's approval of the qualifying provider.
- 467 (b) A provider or person that does not have the approval of the program manager in
- 468 accordance with the following may not accept scholarship funds for services under
- 469 this part:
- 470 (i) Section 53F-6-408 regarding eligible schools; or

- 471 (ii) Section 53F-6-409 regarding eligible service providers.
- 472 (4) If a qualifying provider requires partial payment of tuition or fees before the beginning
473 of the academic year to reserve space for a scholarship student who has been admitted to
474 the qualifying provider, the program manager may direct the financial administrator to:
- 475 (a) pay the partial payment before the beginning of the school year in which the
476 scholarship funds are awarded; and
- 477 (b) deduct the amount of the partial payment from subsequent scholarship fund deposits
478 in an equitable manner that provides the best availability of scholarship funds to the
479 student throughout the remainder of the school year.
- 480 (5) If a scholarship student [~~described in Subsection (4)(a)~~] chooses to withdraw from or
481 otherwise not engage with the qualifying provider before the beginning of the school
482 year:
- 483 (a) the qualifying provider shall remit the partial payment described in Subsection (4)(a) [
484 ~~to the program manager~~] to the financial administrator; and
- 485 (b) the program manager shall direct the financial administrator to credit the remitted
486 partial payment to the scholarship student's scholarship account.
- 487 (6) A qualifying provider that is an LEA shall:
- 488 (a) comply with the additional requirements set forth in Section 53F-6-408, including
489 ensuring enrollment systems provide a distinct separation of a scholarship student
490 from a public education student;
- 491 (b) utilize the reporting process established under Subsection (7);
- 492 (c) submit enrollment verifications in accordance with rules established by the state
493 board; and
- 494 (d) maintain records of enrollment reporting and verification activities.
- 495 (7) The Department Superintendent of Operations shall:
- 496 (a) establish a process for an LEA provider to report:
- 497 (i) instances of double counted enrollment; and
- 498 (ii) students who are erroneously removed from scholarship eligibility;
- 499 (b) develop a standardized reporting mechanism that:
- 500 (i) allows LEA providers to submit verification of accurate student enrollment status;
- 501 (ii) maintains documentation of enrollment discrepancies; and
- 502 (iii) tracks resolution of reported enrollment issues;
- 503 (c) implement data validation measures to:
- 504 (i) identify potential double counted enrollment across LEA providers; and

- 505 (ii) ensure students maintain proper scholarship eligibility status; and
 506 (d) provide training to LEA providers on:
 507 (i) proper enrollment reporting procedures;
 508 (ii) use of the reporting mechanism described in Subsection (7)(b); and
 509 (iii) resolution of enrollment discrepancies.

510 Section 4. Section **53F-6-404** is amended to read:

511 **53F-6-404 . State board procurement -- Failure to comply.**

- 512 (1)(a) In accordance with Title 63G, Chapter 6a, Utah Procurement Code, the state board
 513 shall issue [a] [request] requests for proposals for entities to perform duties and
 514 functions necessary for program operations.[;] [~~on or before June 15, 2023, and enter~~
 515 ~~an agreement with no more than one organization that qualifies as tax exempt under~~
 516 ~~Section 501(e)(3), Internal Revenue Code, for the state board to recognize as the~~
 517 ~~program manager, on or before September 1, 2023].~~
- 518 (b) An organization that responds to a request for proposals described in Subsection
 519 (1)(a) shall submit [the following] information [in the organization's response]
 520 demonstrating:
 521 (i) organizational qualifications and capacity to perform the specific duties or
 522 functions;
 523 (ii) relevant experience in education program administration or financial management;
 524 (iii) proposed methodology for performing assigned responsibilities; and
 525 (iv) an affidavit or other evidence that the organization:
 526 (A) is not affiliated with any international organization;
 527 (B) does not harvest data for the purpose of reproducing or distributing the data to
 528 another entity; and
 529 (C) has no involvement in guiding or directing any curriculum standards.
 530 [(i) a copy of the organization's incorporation documents;]
 531 [(ii) a copy of the organization's Internal Revenue Service determination letter
 532 qualifying the organization as being tax exempt under Section 501(e)(3), Internal
 533 Revenue Code;]
 534 [(iii) a description of the methodology the organization will use to verify a student's
 535 eligibility under this part;]
 536 [(iv) a description of the organization's proposed scholarship account application
 537 process; and]
 538 [(v) an affidavit or other evidence that the organization:]

- 539 ~~[(A) is not affiliated with any international organization;]~~
540 ~~[(B) does not harvest data for the purpose of reproducing or distributing the data~~
541 ~~to another entity; and]~~
542 ~~[(C) has no involvement in guiding or directing any curriculum standards.]~~
- 543 (c) The state board shall ensure that the agreement described in Subsection (1)(a):
544 (i) clearly delineate the specific duties and functions to be performed;
545 (ii) ensures the efficiency and success of the program;
546 (iii) maintain appropriate separation between program administration and direct
547 educational services;
548 (iv) preserve the independence of educational decisions made between parents and
549 providers; and
550 [(ii)] (v) does not impose any requirements on the program manager that:
551 (A) are not essential to the basic administration of the program; or
552 (B) create restrictions, directions, or mandates regarding instructional content or
553 curriculum.
- 554 (2) The state board may regulate and take enforcement action as necessary against [a
555 ~~program manager]~~ contracted entities in accordance with the provisions of the state
556 board's agreement with the [~~program manager]~~ contracted entities.
- 557 (3)(a) If the state board determines that a [~~program manager]~~ contracted entity has
558 violated a provision of this part or a provision of the state board's agreement with the [
559 ~~program manager]~~ contracted entity, the state board shall send written notice to the [
560 ~~program manager]~~ contracted entity explaining the violation and the remedial action
561 required to correct the violation.
- 562 (b) A [~~program manager]~~ contracted entity that receives a notice described in Subsection
563 (3)(a) shall, no later than 60 days after the day on which the [~~program manager]~~
564 contracted entity receives the notice, correct the violation and report the correction to
565 the state board.
- 566 (c)(i) If a [~~program manager]~~ contracted entity that receives a notice described in
567 Subsection (3)(a) fails to correct a violation in the time period described in
568 Subsection (3)(b), the state board may bar the [~~program manager]~~ contracted entity
569 from further participation in the program.
- 570 (ii) A [~~program manager]~~ contracted entity may appeal a decision of the state board
571 under Subsection (3)(c)(i) in accordance with Title 63G, Chapter 4,
572 Administrative Procedures Act.

- 573 (d) A ~~[program manager]~~ contracted entity may not accept state funds while the ~~[program~~
 574 ~~manager]~~ contracted entity:
- 575 (i) is barred from participating in the program under Subsection (3)(c)(i); or
 576 (ii) has an appeal pending under Subsection (3)(c)(ii).
- 577 (e) A~~[program manager]~~ contracted entity that has an appeal pending under Subsection
 578 (3)(c)(ii) may continue to administer scholarship accounts during the pending appeal.
- 579 (4) The state board shall establish a process for a ~~[program manager]~~ contracted entity to
 580 report the information the ~~[program manager]~~ contracted entity is required to report to
 581 the state board under Section 53F-6-405.
- 582 (5) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah
 583 Administrative Rulemaking Act, and include provisions in the state board's agreement
 584 with ~~[the scholarship organization]~~ a contracted entity for:
- 585 (a) subject to Subsection (6), the administration of scholarship accounts and
 586 disbursement of scholarship funds if a ~~[program manager]~~ contracted entity is barred
 587 from participating in the program under Subsection (3)(c)(i); and
 588 (b) audit and report requirements as described in Section 53F-6-405.
- 589 (6)(a) The state board shall include in the rules and provisions described in Subsection
 590 (5)(a) measures to ensure that the establishment and maintenance of scholarship
 591 accounts and enrollment in the program are not disrupted if the ~~[program manager]~~
 592 contracted entity is barred from participating in the program.
- 593 (b) The state board may, if the ~~[program manager]~~ contracted entity is barred from
 594 participating in the program, issue a new request for proposals and enter into a new
 595 agreement with an alternative ~~[program manager]~~ contracted entity in accordance with
 596 this section and, if applicable, Section 53F-6-415.5.
- 597 ~~[(7)(a) On or before January 1, 2024, the program manager shall:]~~
- 598 ~~[(i) establish a process for a scholarship student or a scholarship student's parent to~~
 599 ~~appeal any administrative decision of the program manager, including scholarship~~
 600 ~~expense denials and determinations regarding enrollment eligibility or suspension~~
 601 ~~or disqualification under Section 53F-6-405;]~~
- 602 ~~[(ii) ensure that the body that determines the outcome of internal appeals:]~~
- 603 ~~[(A) includes parents of scholarship students; and]~~
- 604 ~~[(B) makes a determination within 30 days after the day of the appeal;]~~
- 605 ~~[(iii) make information available regarding the internal appeals process on the~~
 606 ~~program manager's website and on the scholarship application.]~~

607 ~~[(b) If the program manager stays or reverses an administrative decision of the program~~
 608 ~~manager on internal appeal, the program manager may not withhold scholarship~~
 609 ~~funds or application approval for the scholarship student on account of the appealed~~
 610 ~~administrative decision unless as the resolution of the internal appeal expressly~~
 611 ~~allows.]~~

612 ~~[(8)]~~ (7) The state board may not include a provision in any rule that creates or implies a
 613 restriction, direction, or mandate regarding:

614 ~~(a)~~ instructional content;~~[-or-]~~

615 ~~(b)~~ curriculum~~[-]~~ ; or

616 ~~(c)~~ program operations that a contracted entity performs pursuant to an agreement under
 617 this section.

618 ~~[(9)]~~ (8) No later than 10 business days after July 1 of each year, the state board shall
 619 disperse to the program manager an amount equal to the funds appropriated for the Utah
 620 Fits All Scholarship Program for the given fiscal year.

621 Section 5. Section **53F-6-405** is amended to read:

622 **53F-6-405 . Program manager duties -- Audit -- Prohibitions.**

623 (1) The program manager shall:

624 ~~(a)~~ administer the program, including:

625 ~~[(a)]~~ ~~(i)~~ maintaining an application website that includes information on enrollment,
 626 relevant application dates, and dates for notification of acceptance;

627 ~~[(b)]~~ ~~(ii)~~ reviewing applications from and determining if a person is:

628 ~~[(i)]~~ ~~(A)~~ an eligible school under Section 53F-6-408; or

629 ~~[(ii)]~~ ~~(B)~~ an eligible service provider under Section 53F-6-409;

630 ~~[(c)]~~ ~~(iii)~~ establishing an application process~~[-, including application dates opening~~
 631 ~~before March 1, 2024, in accordance with Section 53F-6-402;]~~ that:

632 (A) opens March 1 of each year for existing scholarship students;

633 (B) opens April 1 of each year for new scholarship students;

634 (C) closes May 1 of each year;

635 (D) aligns with the acceptance deadline established under Subsection
 636 53F-6-402(11) that shall be prior to July 1 of each year; and

637 (E) provides an eligible student with a decision regarding the eligible student's
 638 application within 30 days of the application deadline specified in this

639 Subsection (1)(c);

640 ~~[(d)]~~ ~~(iv)~~ reviewing and granting or denying applications for a scholarship account;

- 641 (v) determining the eligibility of scholarship expenses, including establishing
 642 necessary policies and procedures;
- 643 (vi) approving qualifying providers;
- 644 (vii) maintaining a list of approved qualifying providers;
- 645 (b) direct the financial administrator to:
- 646 [(e)] (i) [~~providing~~] provide an online portal for the parent of a scholarship student to
 647 access the scholarship student's account;
- 648 (ii) [~~to~~]facilitate payments to a qualifying provider from the online portal;
- 649 [(f)] (iii) [~~ensuring~~] ensure that scholarship funds in a scholarship account are readily
 650 available to a scholarship student within five business days after receipt of funds
 651 from the state board;
- 652 (iv) process scholarship payments in accordance with the payment schedule
 653 established in Section 53F-6-411, unless otherwise authorized; and
- 654 (v) implement accounting procedures to track partial payments and remaining
 655 balances;
- 656 [(g)] (c) [~~requiring~~] require a parent to notify the program manager if the parent's
 657 scholarship student is no longer enrolled in or engaging a service:
- 658 (i) for which the scholarship student receives scholarship funds; and
- 659 (ii) that is provided to the scholarship student for an entire school year;
- 660 (d) upon receiving notification under Subsection (1)(c), direct the financial administrator
 661 to:
- 662 [(h)] (i) [~~obtaining~~] obtain reimbursement of scholarship funds from a qualifying
 663 provider that provides the services in which a scholarship student is no longer
 664 enrolled or with which the scholarship student is no longer engaged; and
- 665 [(i)] (ii) [~~expending~~] expend all revenue from interest on scholarship funds or
 666 investments on scholarship expenses;
- 667 [(j)] (e) each time the program manager makes an administrative decision that is adverse
 668 to a scholarship student or the scholarship student's parent, [~~informing~~] inform the
 669 scholarship student and the scholarship student's parent of the opportunity and
 670 process to appeal an administrative decision of the program manager in accordance
 671 with the process described in Section [~~53F-6-404~~] 53F-6-417;
- 672 [(k)] (f) [~~maintaining~~] maintain a protected internal waitlist of all eligible students who
 673 have applied to the program and are not yet scholarship students, including any
 674 student who removed the student's application from the waitlist; [~~and~~]

- 675 ~~(H)~~ (g) ~~[providing]~~ provide aggregate data regarding the number of scholarship students
676 and the number of eligible students on the waitlist described in Subsection (1)(f)[
677 ~~(1)(k).~~];
- 678 (h) contract for annual and random audits on scholarship accounts conducted:
- 679 (i) by a certified public accountant who is independent from:
- 680 (A) the program manager; and
- 681 (B) the financial administrator's accounts and records pertaining to scholarship
682 funds;
- 683 (ii) in accordance with generally accepted auditing standards; and
- 684 (i) require the financial administrator to demonstrate financial accountability through
685 annual reporting requirements described in Section 53F-6-405.5;
- 686 (j) develop and implement comprehensive training or orientation programs for
687 qualifying providers that include:
- 688 (i) annual training or orientation on:
- 689 (A) program requirements and restrictions;
- 690 (B) proper documentation and reporting;
- 691 (C) expense categorization and limitations;
- 692 (D) fee structure requirements; and
- 693 (E) student privacy and data security requirements;
- 694 (ii) quarterly updates on program changes and compliance requirements;
- 695 (iii) online resources and reference materials that are regularly updated; and
- 696 (iv) a verification process to ensure providers complete ~~H~~→ **[required training] trainings** ←~~H~~
697 or
698 orientation;
- 699 (k) administer the appeals process described in Section 53F-6-417;
- 700 (l) in accordance with Subsection 53F-6-411(4), manage scholarship rollovers;
- 701 (m) track and ensure compliance of allowed scholarship expenses; and
- 702 (n) comply with enhanced accountability measures, including independent audits and
703 public disclosure of third-party contracts and fees related to the administration of the
704 program.
- 705 (2) The program manager shall:
- 706 (a) direct the financial administrator to contract with one or more private entities to
707 develop and implement a commercially viable, cost-effective, and parent-friendly
708 system that:

- 708 (i) processes scholarship payments;
 709 (ii) maximizes payment flexibility;
 710 (iii) allows scholarship students and scholarship student's parents to publicly rate,
 711 review, and share information about qualifying providers; and
 712 (iv) provides the program manager with continuous, real-time, view-only access to:
 713 (A) all scholarship account transactions and balances;
 714 (B) payment processing status;
 715 (C) provider payment history;
 716 (D) reimbursement tracking; and
 717 (E) account reconciliation data;
- 718 (b) require the financial administrator to submit monthly financial reports including:
 719 (i) a statement of financial position;
 720 (ii) a statement of activities;
 721 (iii) account reconciliation statements;
 722 (iv) detailed transaction reports; and
 723 (v) ~~to:~~ exception reports highlighting any unusual activity; and
 724 [(i) ~~establish scholarship accounts;~~]
 725 [(ii) ~~maximize payment flexibility by allowing:~~]
 726 [(A) ~~for payment of services to qualifying providers using scholarship funds by~~
 727 ~~electronic or online funds transfer from the online portal; and]~~
 728 [(B) ~~pre-approval of a reimbursement to a parent for a good that is a scholarship~~
 729 ~~expense; and]~~
 730 [(iii) ~~allow scholarship students and scholarship student's parents to publicly rate,~~
 731 ~~review, and share information about qualifying providers;]~~
- 732 (c) oversee the financial administrator's compliance with requirements regarding:
 733 ~~[(b)]~~ (i) ~~except for a reimbursement authorized under this part, [ensuring]the use of~~
 734 ~~scholarship funds from the online portal directly to a qualifying provider to pay~~
 735 ~~for scholarship expenses without the availability of withdrawal or other direct~~
 736 ~~access to scholarship funds by an individual; and~~
 737 ~~[(e)]~~ (ii) ~~[ensure that the]system [eomplies]~~ compliance with industry standards for
 738 data privacy and cybersecurity, including ensuring compliance with the Family
 739 Educational Rights and Privacy Act, 34 C.F.R. Part 99.
- 740 (3) In advance of the program manager accepting applications in accordance with Section
 741 53F-6-402 and as regularly as information develops, the program manager shall provide

- 742 information regarding the program by publishing a program handbook online for
743 scholarship applicants, scholarship students, parents, service providers seeking to
744 become qualifying providers, and qualifying providers, that includes information
745 regarding:
- 746 (a) the policies and processes of the program;
 - 747 (b) approved scholarship expenses and qualifying providers;
 - 748 (c) the responsibilities of parents regarding the program and scholarship funds;
 - 749 (d) the duties of the program manager;
 - 750 (e) the opportunity and process to appeal an administrative decision of the program
751 manager in accordance with the process described in Section ~~[53F-6-404]~~ 53F-6-417;
 - 752 and
 - 753 (f) the role of any private financial management firms or other private organizations
754 with which the program manager may contract to administer any aspect of the
755 program.
- 756 (4) To ensure the fiscal security and compliance of the program, the program manager shall:
- 757 (a) prohibit ~~[a program manager employee or program manager officer]~~ any person from
758 handling, managing, or processing scholarship funds, if, ~~[based on a criminal~~
759 ~~background check that the state board conducts in accordance with Section 53F-6-407,~~
760 ~~the state board identifies the program manager employee or program manager officer~~
761 ~~as posing a risk to the appropriate use of scholarship funds]~~ the person poses a risk to
762 the appropriate use of scholarship funds, as determined by background checks the
763 program manager conducted in accordance with Section 53F-6-407;
 - 764 (b) establish procedures to ensure a fair process to:
 - 765 (i) suspend scholarship student's eligibility for the program in the event of the
766 scholarship student's or scholarship student's parent's:
 - 767 (A) intentional or substantial misuse of scholarship funds; or
 - 768 (B) violation of this part or the terms of the program; and
 - 769 (ii) if the program manager or financial administrator obtains evidence of fraudulent
770 use of scholarship funds, refer the case to the attorney general for collection or
771 criminal investigation; and
 - 772 (iii) ensure that a scholarship student whose eligibility is suspended or disqualified
773 under this Subsection (4)(b) or Subsection (4)(c) based on the actions of the
774 student's parent regains eligibility if the student is placed with a different parent or
775 otherwise no longer resides with the parent related to the suspension or

- 776 disqualification; and
- 777 (c) notify the ~~[state board]~~ financial administrator, scholarship student, and scholarship
- 778 student's parent in writing:
- 779 (i) of the suspension described in Subsection (4)(b)(i);
- 780 (ii) that no further transactions, disbursements, or reimbursements are allowed;
- 781 (iii) that the scholarship student or scholarship student's parent may take corrective
- 782 action within 10 business days of the day on which the program manager provides
- 783 the notification; and
- 784 (iv) that without taking the corrective action within the time period described in
- 785 Subsection (4)(c)(iii), the program manager may disqualify the student's eligibility.
- 786 (5)(a) A program manager may not direct the financial administrator to:
- 787 (i) disburse scholarship funds to a qualifying provider or allow a qualifying provider
- 788 to use scholarship funds if:
- 789 (A) the program manager determines that the qualifying provider intentionally or
- 790 substantially misrepresented information on overpayment;
- 791 (B) the qualifying provider fails to refund an overpayment in a timely manner; or
- 792 (C) the qualifying provider routinely fails to provide scholarship students with
- 793 promised educational services; or
- 794 (ii) reimburse with scholarship funds an individual for the purchase of a good or
- 795 service if the program manager determines that:
- 796 (A) the scholarship student or the scholarship student's parent requesting
- 797 reimbursement intentionally or substantially misrepresented the cost or
- 798 educational purpose of the good or service; or
- 799 (B) the relevant scholarship student was not the exclusive user of the good or
- 800 service.
- 801 (b) A program manager shall notify a scholarship student if the program manager:
- 802 (i) stops disbursement of the scholarship student's scholarship funds to a qualifying
- 803 provider under Subsection (5)(a)(i); or
- 804 (ii) refuses reimbursement under Subsection (5)(a)(ii).
- 805 (6)(a) At any time, a scholarship student may change the qualifying provider to which
- 806 the scholarship student's scholarship account makes distributions.
- 807 (b) If, during the school year, a scholarship student changes the student's enrollment in
- 808 or engagement with a qualifying provider to another qualifying provider, the program
- 809 manager may direct the financial administrator to prorate scholarship funds between

810 the qualifying providers based on the time the scholarship student received the goods
811 or services or was enrolled.

812 (7) A program manager may not subvert the enrollment preferences required under Section
813 53F-6-402 or other provisions of this part to establish a scholarship account on behalf of
814 a relative of a contracted entity employee or contracted employee officer~~[of a program~~
815 ~~manager-officer]~~.

816 (8) In regards to customer service needs related to the program, the program manager shall:

817 (a) provide customer service regarding:

818 (i) program eligibility determinations;

819 (ii) application status;

820 (iii) qualifying provider approvals;

821 (iv) scholarship expense eligibility;

822 (v) program policies and requirements;

823 (vi) appeals and grievances; and

824 (vii) general program information;

825 (b) ensure the financial administrator provides customer service regarding:

826 (i) scholarship account access;

827 (ii) payment processing status;

828 (iii) technical support for the payment portal;

829 (iv) account balance inquiries;

830 (v) transaction history; and

831 (vi) reimbursement status;

832 (c) establish customer service standards that the program manager and the financial
833 administrator must meet;

834 (d) require the financial administrator to:

835 (i) maintain adequate customer service staffing;

836 (ii) meet specified response time requirements; and

837 (iii) track and report on customer service metrics; and

838 (e) coordinate with the financial administrator to ensure seamless referral of inquiries
839 between entities.

840 [~~(8) The program manager shall:~~]

841 [~~(a) contract for annual and random audits on scholarship accounts conducted:~~]

842 [~~(i) by a certified public accountant who is independent from:~~]

843 [~~(A) the program manager;~~]

- 844 ~~[(B) the state board; and]~~
- 845 ~~[(C) the program manager's accounts and records pertaining to scholarship funds;~~
- 846 ~~and]~~
- 847 ~~[(ii) in accordance with generally accepted auditing standards;]~~
- 848 ~~[(b) demonstrate the program manager's financial accountability by annually submitting~~
- 849 ~~to the state board the following:]~~
- 850 ~~[(i) a financial information report that a certified public accountant prepares and that~~
- 851 ~~includes the total number and total dollar amount of scholarship funds disbursed~~
- 852 ~~during the previous calendar year; and]~~
- 853 ~~[(ii) no later than 180 days after the last day of the program manager's fiscal year, the~~
- 854 ~~results of the audits described in Subsection (8)(a), including the program~~
- 855 ~~manager's financial statements in a format that meets generally accepted~~
- 856 ~~accounting principles.]~~
- 857 ~~[(9)(a) The state board:]~~
- 858 ~~[(i) shall review a report described in this section; and]~~
- 859 ~~[(ii) may request that the program manager revise or supplement the report if the~~
- 860 ~~report does not fully comply with this section.]~~
- 861 ~~[(b) The program manager shall provide to the state board a revised report or a~~
- 862 ~~supplement to the report no later than 45 days after the day on which the state board~~
- 863 ~~makes a request described in Subsection (9)(a).]~~
- 864 (9) In coordinating program operations, the program manager shall:
- 865 (a) facilitate program implementation through:
- 866 (i) contracting with qualified entities to perform specific program functions;
- 867 (ii) establishing clear standards and procedures for program operations;
- 868 (iii) maintaining appropriate oversight of contracted entities; and
- 869 (iv) ensuring program integrity;
- 870 (b) limit direct involvement to:
- 871 (i) coordination between contracted entities;
- 872 (ii) verification of program standards;
- 873 (iii) appropriate oversight measures; and
- 874 (iv) necessary administrative functions;
- 875 (c) preserve the independence of:
- 876 (i) educational decisions made between parents and providers;
- 877 (ii) financial operations performed by the financial administrator; and

- 878 (iii) other contracted program functions; and
879 (d) maintain appropriate separation between:
880 (i) program coordination functions;
881 (ii) financial administration; and
882 (iii) direct program services.
883 (10) The program manager shall establish procedures that:
884 (a) facilitate coordination while maintaining operational independence of contracted
885 entities;
886 (b) ensure clear communication channels between all program participants;
887 (c) protect the autonomy of educational decisions; and
888 (d) maintain program integrity through appropriate oversight measures.
889 (11) Beginning on August 1, 2025, the program manager or financial administrator may not
890 charge processing fees to an eligible student or pass on third-party fees related to the use
891 or management of scholarship funds.

892 Section 6. Section **53F-6-405.5** is enacted to read:

893 **53F-6-405.5 . Financial administrator duties and requirements.**

- 894 (1) The financial administrator shall:
895 (a) operate independently in processing and distributing scholarship funds while:
896 (i) following program requirements as established through the program manager;
897 (ii) implementing payment directives from the program manager regarding:
898 (A) scholarship student eligibility;
899 (B) qualifying provider status;
900 (C) payment timing; and
901 (D) other established program requirements;
902 (iii) maintaining separate systems and controls from program administration; and
903 (iv) providing necessary reporting while preserving operational independence;
904 (b) implement and maintain a payment processing system that:
905 (i) provides an online portal for scholarship account access;
906 (ii) facilitates electronic payments to qualifying providers;
907 (iii) enables pre-approval of parent reimbursements for eligible expenses;
908 (iv) includes provider rating and review capabilities;
909 (v) processes payments efficiently;
910 (vi) prevents unauthorized access;
911 (vii) provides real-time reporting to the program manager; and

- 912 (viii) maintains backup systems and disaster recovery capabilities;
- 913 (c) process payments only:
- 914 (i) to qualifying providers approved by the program manager;
- 915 (ii) for scholarship expenses determined eligible by the program manager, including
- 916 the reimbursement for the scholarship expense to parents; and
- 917 (iii) when directed by the program manager;
- 918 (d) maintain security measures that:
- 919 (i) prevent unauthorized access to scholarship funds;
- 920 (ii) comply with industry standards for data privacy;
- 921 (iii) ensure compliance with federal education privacy laws; and
- 922 (iv) process scholarship payments according to the distribution schedule described in
- 923 Section 53F-6-411, including:
- 924 (A) tracking initial and second-half payments;
- 925 (B) managing early disbursement authorizations; and
- 926 (C) reconciling payment records with the Utah Fits All Scholarship Restricted
- 927 Account balance.
- 928 (2) For financial accountability, the financial administrator shall:
- 929 (a) maintain detailed records of:
- 930 (i) all scholarship account transactions;
- 931 (ii) payment processing activities; and
- 932 (iii) reimbursements and refunds;
- 933 (b) provide monthly reports to the program manager including:
- 934 (i) scholarship account balances and activity;
- 935 (ii) payment processing status and issues;
- 936 (iii) provider payment summaries; and
- 937 (iv) reimbursement tracking; and
- 938 (c) submit annual financial reports including:
- 939 (i) total scholarship funds disbursed;
- 940 (ii) account reconciliation statements; and
- 941 (iii) audit results and responses.
- 942 (3) The financial administrator shall:
- 943 (a) implement payment suspensions or cancellations as directed by the program manager;
- 944 (b) process reimbursements from providers as required;
- 945 (c) credit returned funds to appropriate scholarship accounts; and

- 946 (d) maintain records of all suspended or canceled payments.
- 947 (4) The financial administrator:
- 948 (a) may not:
- 949 (i) approve or deny scholarship expenses;
- 950 (ii) determine provider eligibility;
- 951 (iii) establish program policies; and
- 952 (iv) charge processing fees to an eligible student or pass on third-party fees related to
- 953 the use or management of scholarship funds; and
- 954 (b) shall:
- 955 (i) follow all program manager directives regarding fund disbursement;
- 956 (ii) maintain separation between policy decisions and payment processing; and
- 957 (iii) implement internal controls to prevent unauthorized payments.
- 958 (5) The financial administrator shall:
- 959 (a) cooperate with all program audits;
- 960 (b) provide requested financial records;
- 961 (c) respond to audit findings as directed; and
- 962 (d) implement corrective actions as required by the program manager.

963 Section 7. Section **53F-6-406** is amended to read:

964 **53F-6-406 . Qualifying provider regulatory autonomy -- Home school autonomy**
 965 **-- Student records -- Scholarship student status.**

- 966 (1) Nothing in this part:
- 967 (a) except as expressly described in this part, grants additional authority to any state
- 968 agency or LEA to regulate or control:
- 969 (i) a private school, qualifying provider, or home school;
- 970 (ii) students receiving education from a private school, qualifying provider, or home
- 971 school;
- 972 (b) applies to or otherwise affects the freedom of choice of a home school student,
- 973 including the curriculum, resources, developmental planning, or any other aspect of
- 974 the home school student's education; or
- 975 (c) except as expressly provided in Section 53F-6-408 regarding LEA providers,
- 976 expands the regulatory authority of the state, a state office holder, or an LEA to
- 977 impose any additional regulation of a qualifying provider beyond any regulation
- 978 necessary to administer this part.
- 979 (2) A qualifying provider:

- 980 (a) has a right to maximum freedom from unlawful governmental control in providing
981 for the educational needs of a scholarship student who attends or engages with the
982 qualifying provider; and
- 983 (b) is not an agent of the state by virtue of the provider's acceptance of payment from a
984 scholarship account in accordance with this part.
- 985 (3) Except as provided in Section 53F-6-403 regarding qualifying providers, Section
986 53F-6-408 regarding eligible schools, or Section 53F-6-409 regarding eligible service
987 providers, a program manager may not require a qualifying provider to alter the
988 qualifying provider's creed, practices, admissions policies, hiring practices, or curricula
989 in order to accept scholarship funds.
- 990 (4) An LEA or a school in an LEA in which a scholarship student was previously enrolled
991 shall provide to the scholarship student's parent a copy of all school records relating to
992 the student that the LEA possesses within 30 days after the day on which the LEA or
993 school receives the parent's request for the student's records, subject to:
- 994 (a) Title 53E, Chapter 9, Student Privacy and Data Protection; and
995 (b) Family Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g.
- 996 (5) By virtue of a scholarship student's involvement in the program and unless otherwise
997 expressly provided in statute, a scholarship student is not:
- 998 (a) enrolled in the public education system; or
999 (b) otherwise subject to statute, administrative rules, or other state regulations as if the
1000 student was enrolled in the public education system.

1001 Section 8. Section **53F-6-407** is amended to read:

1002 **53F-6-407 . Background checks for program manager -- Bureau responsibilities**

1003 **-- Fees.**

- 1004 (1) As used in this section:
- 1005 (a) "Bureau" means the Bureau of Criminal Identification created in Section 53-10-201
1006 within the Department of Public Safety.
- 1007 (b) "Department" means the Department of Public Safety.
- 1008 (c) "Division" means the Criminal Investigations and Technical Services Division
1009 created in Section 53-10-103.
- 1010 (d) "Personal identifying information" means:
- 1011 (i) current name;
1012 (ii) former names;
1013 (iii) nicknames;

- 1014 (iv) aliases;
- 1015 (v) date of birth;
- 1016 (vi) address;
- 1017 (vii) telephone number;
- 1018 (viii) driver license number or other government-issued identification number;
- 1019 (ix) social security number; and
- 1020 (x) fingerprints.
- 1021 (e) "Rap back system" means a system that enables authorized entities to receive
- 1022 ongoing status notifications of any criminal history reported on individuals whose
- 1023 fingerprints are registered in the system.
- 1024 (f) "WIN Database" means the Western Identification Network Database that consists of
- 1025 eight western states sharing one electronic fingerprint database.
- 1026 (2) ~~[The program manager]~~ Each contracted entity shall:
- 1027 (a) require an employee or officer of the ~~[program manager]~~ contracted entity[-] to
- 1028 submit to a criminal background check and ongoing monitoring;
- 1029 (b) collect the following from an employee or officer of the ~~[program manager]~~
- 1030 contracted entity:
- 1031 (i) personal identifying information;
- 1032 (ii) a fee described in Subsection (4); and
- 1033 (iii) consent, on a form specified by the program manager, for:
- 1034 (A) an initial fingerprint-based background check by the bureau;
- 1035 (B) retention of personal identifying information for ongoing monitoring through
- 1036 registration with the systems described in Subsection (3); and
- 1037 (C) disclosure of any criminal history information to the ~~[program manager]~~
- 1038 contracted entity;
- 1039 (c) submit the personal identifying information of an employee or officer of the [~~program manager]~~
- 1040 contracted entity to the bureau for:
- 1041 (i) an initial fingerprint-based background check by the bureau; and
- 1042 (ii) ongoing monitoring through registration with the systems described in Subsection
- 1043 (3) if the results of the initial background check do not contain disqualifying
- 1044 criminal history information as determined by the program manager;
- 1045 (d) identify the appropriate privacy risk mitigation strategy that will be used to ensure
- 1046 that the ~~[program manager]~~ contracted entity only receives notifications for
- 1047 individuals with whom the ~~[program manager]~~ contracted entity maintains an

- 1048 authorizing relationship; and
- 1049 (e) submit the information to the bureau for ongoing monitoring through registration
- 1050 with the systems described in Subsection (3).
- 1051 (3) The bureau shall:
- 1052 (a) upon request from the program manager, register the fingerprints submitted by the [
- 1053 ~~program manager~~] contracted entity as part of a background check with the WIN
- 1054 Database rap back system, or any successor system;
- 1055 (b) notify the program manager when a new entry is made against an individual whose
- 1056 fingerprints are registered with the WIN Database rap back system regarding:
- 1057 (i) an alleged offense; or
- 1058 (ii) a conviction, including a plea in abeyance;
- 1059 (c) assist the [~~program manager~~] contracted entity to identify the appropriate privacy risk
- 1060 mitigation strategy that is to be used to ensure that the [~~program manager~~] contracted
- 1061 entity only receives notifications for individuals with whom the authorized [~~entity~~]
- 1062 entities [~~maintains~~] maintain an authorizing relationship; and
- 1063 (d) collaborate with the [~~program manager~~] contracted entity to provide training to
- 1064 appropriate [~~program manager~~] contracted entity employees on the notification
- 1065 procedures and privacy risk mitigation strategies described in this section.
- 1066 (4)(a) The division shall impose fees that the division sets in accordance with Section
- 1067 63J-1-504 for the fingerprint card of an employee or officer of the program manager,
- 1068 for a name check, and to register fingerprints under this section.
- 1069 (b) Funds generated under this Subsection (4) shall be deposited into the General Fund
- 1070 as a dedicated credit by the department to cover the costs incurred in providing the
- 1071 information.
- 1072 Section 9. Section **53F-6-408** is amended to read:
- 1073 **53F-6-408 . Eligible schools.**
- 1074 (1) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1075 eligible school, a private school with 150 or more enrolled students shall:
- 1076 (a)(i) contract with an independent licensed certified public accountant to conduct an
- 1077 agreed upon procedures engagement as the state board adopts, or obtain an audit
- 1078 and report that:
- 1079 (A) a licensed independent certified public accountant conducts in accordance
- 1080 with generally accepted auditing standards;
- 1081 (B) presents the financial statements in accordance with generally accepted

- 1082 accounting principles; and
- 1083 (C) audits financial statements from within the 12 months immediately preceding
- 1084 the audit; and
- 1085 (ii) submit the audit report or report of the agreed upon procedure to the program
- 1086 manager when the private school applies to receive scholarship funds;
- 1087 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d;
- 1088 (c) provide a written disclosure to the parent of each prospective scholarship student,
- 1089 before the student is enrolled, of:
- 1090 (i) the education services that the school will provide to the scholarship student,
- 1091 including the cost of the provided services;
- 1092 (ii) tuition costs;
- 1093 (iii) additional fees the school will require a parent to pay during the school year; and
- 1094 (iv) the skill or grade level of the curriculum in which the prospective scholarship
- 1095 student will participate; and
- 1096 (d) require the following individuals to submit to a nationwide, fingerprint-based
- 1097 criminal background check and ongoing monitoring, in accordance with Section
- 1098 53G-11-402, as a condition for employment or appointment, as authorized by the
- 1099 Adam Walsh Child Protection and Safety Act of 2006, Pub. L. No. 109-248:
- 1100 (i) an employee who does not hold:
- 1101 (A) a current Utah educator license issued by the state board under Title 53E,
- 1102 Chapter 6, Education Professional Licensure; or
- 1103 (B) if the private school is not physically located in Utah, a current educator
- 1104 license in the state where the private school is physically located; and
- 1105 (ii) a contract employee.
- 1106 (2) A private school described in Subsection (1) is not eligible to receive scholarship funds
- 1107 if:
- 1108 (a) the private school requires a scholarship student to sign a contract waiving the
- 1109 scholarship student's right to transfer to another qualifying provider during the school
- 1110 year;
- 1111 (b) the audit report described in Subsection (1)(a) contains a going concern explanatory
- 1112 paragraph; or
- 1113 (c) the report of the agreed upon procedures described in Subsection (1)(a) shows that
- 1114 the private school does not have adequate working capital to maintain operations for
- 1115 the first full year.

- 1116 (3) To be eligible to receive scholarship funds on behalf of a scholarship student as an
1117 eligible school, a private school with fewer than 150 enrolled students shall:
- 1118 (a) provide to the program manager and financial administrator:
- 1119 (i) a federal employer identification number;
- 1120 (ii) the provider's address and contact information;
- 1121 (iii) a description of each program or service the provider proposes to offer a
1122 scholarship student; and
- 1123 (iv) any other information as required by the program manager or financial
1124 administrator; and
- 1125 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d.
- 1126 (4) A private school described in Subsection (3) is not eligible to receive scholarship funds
1127 if the private school requires a scholarship student to sign a contract waiving the
1128 student's rights to transfer to another qualifying provider during the school year.
- 1129 (5) To be eligible to receive scholarship funds on behalf of a scholarship student as an
1130 eligible school, an LEA shall:
- 1131 (a) provide to the program manager and financial administrator:
- 1132 (i) a federal employer identification number;
- 1133 (ii) the LEA's address and contact information; and
- 1134 (iii) the amount to be charged under the program for, in correlation with the LEA's
1135 course and activity fee schedules, and a description of a class, program, or service
1136 the LEA provides to a home-based or a private school scholarship student;
- 1137 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1138 (c) ensure the provision of services to a scholarship student through which:
- 1139 (i) the scholarship student does not enroll in the LEA; and
- 1140 (ii) in accordance with Subsection 53F-2-302(2), the LEA does not receive WPU
1141 funding related to the student's participation with the LEA.
- 1142 (d) treat a scholarship student the same as the LEA would treat an enrolled student,
1143 including in:
- 1144 (i) participation allowances;
- 1145 (ii) audition rules;
- 1146 (iii) athletic team participation;
- 1147 (iv) extracurricular activities; and
- 1148 (v) co-curricular activities;
- 1149 (e) not deny a scholarship student participation in any activity, team, or program simply

- 1150 because:
- 1151 (i) the student is a scholarship student; or
- 1152 (ii) of liability concerns specific to the student's scholarship status;
- 1153 (f) establish a transparent and fair fee structure for scholarship expenses offered by the
- 1154 LEA, including a fee schedule that:
- 1155 (i) is based on actual costs of providing services;
- 1156 (ii) is consistent with fees charged to enrolled students;
- 1157 (iii) itemizes all charges and fees;
- 1158 (iv) explains the basis for each fee; and
- 1159 (v) is updated annually;
- 1160 (g) provide the same liability coverage to scholarship students as provided to enrolled
- 1161 students; and
- 1162 (h) in accordance with Subsection 53F-6-402(7), create and maintain a distinct identifier
- 1163 in the LEA's student information system that:
- 1164 (i) clearly identifies a scholarship student; and
- 1165 (ii) distinguishes the scholarship student from a student enrolled in the LEA.
- 1166 (6) An LEA described in Subsection (5) is not eligible to receive scholarship funds if:
- 1167 (a) the LEA requires a public education system scholarship student to sign a contract
- 1168 waiving the student's rights to engage with another qualifying provider for a
- 1169 scholarship expense during the school year; or
- 1170 (b) the LEA refuses to offer services that do not require LEA enrollment to scholarship
- 1171 students under the program.
- 1172 (7) Residential treatment facilities licensed by the state are not eligible to receive
- 1173 scholarship funds.
- 1174 (8) A private school or LEA intending to receive scholarship funds shall:
- 1175 (a)(i) for a private school, submit an application to the program manager; or
- 1176 (ii) for an LEA, submit a notice to the program manager containing the information
- 1177 described in Subsection (5)(a); and
- 1178 (b) agree to not refund, rebate, or share scholarship funds with scholarship students or
- 1179 scholarship student's parents in any manner except remittances or refunds processed
- 1180 through the financial administrator to a scholarship account in accordance with this
- 1181 part and procedures that the program manager establishes, and the payment schedule
- 1182 described in Section 53F-6-411.
- 1183 (9) The program manager shall:

- 1184 (a) if the private school or LEA meets the eligibility requirements of this section,
 1185 recognize the private school or LEA as an eligible school and, for a private school,
 1186 approve the application; and
- 1187 (b) make available to the public a list of eligible schools approved under this section.
- 1188 (10) A private school approved under this section that changes ownership shall:
- 1189 (a) cease operation as an eligible school until:
- 1190 (i) the school submits a new application to the program manager; and
- 1191 (ii) the program manager approves the new application; and
- 1192 (b) demonstrate that the private school continues to meet the eligibility requirements of
 1193 this section.
- 1194 (11) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 1195 state board shall establish rules for an LEA to create and publish fee structures for
 1196 scholarship students.
- 1197 Section 10. Section **53F-6-409** is amended to read:
- 1198 **53F-6-409 . Eligible service providers.**
- 1199 (1) To be an eligible service provider, a private program or service:
- 1200 (a) shall provide to the program manager:
- 1201 (i) a federal employer identification number;
- 1202 (ii) the provider's address and contact information;
- 1203 (iii) a description of each program or service the provider proposes to offer directly to
 1204 a scholarship student; and
- 1205 (iv) subject to Subsection (2), any other information as required by the program
 1206 manager;
- 1207 (b) shall comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1208 (c) may not act as a consultant, clearing house, or intermediary that connects a
 1209 scholarship student with or otherwise facilitates the student's engagement with a
 1210 program or service that another entity provides.
- 1211 (2) The program manager shall adopt policies that maximize the number of eligible service
 1212 providers, including accepting new providers throughout the school year, while ensuring
 1213 education programs or services provided through the program meet student needs and
 1214 otherwise comply with this part.
- 1215 (3) A private program or service intending to receive scholarship funds shall:
- 1216 (a) submit an application to the program manager;
- 1217

(b) complete ~~the~~ [all required training] trainings ~~or~~ or orientation programs established by
the

1217a program

1218 manager before receiving any scholarship funds and maintain a current training or

1219 orientation status throughout participation in the program; and

1220 ~~[(b)]~~ (c) agree to not refund, rebate, or share scholarship funds with scholarship students

1221 or scholarship students' parents in any manner except remittances or refunds

1222 processed through the financial administrator to a scholarship account in accordance

1223 with this part and procedures that the program manager establishes.

1224 (4) The program manager shall:

1225 (a) if the private program or service meets the eligibility requirements of this section,

1226 recognize the private program or service as an eligible service provider and approve a

1227 private program or service's application to receive scholarship funds on behalf of a

1228 scholarship student; and

1229 (b) make available to the public a list of eligible service providers approved under this

1230 section.

1231 (5) A private program or service approved under this section that changes ownership shall:

1232 (a) cease operation as an eligible service provider until:

1233 (i) the program or service submits a new application to the program manager; and

1234 (ii) the program manager approves the new application; and

1235 (b) demonstrate that the private program or service continues to meet the eligibility

1236 requirements of this section.

1237 (6) The following are not eligible service providers:

1238 (a) a parent of a home-based scholarship student or a home school student solely in

1239 relation to the parent's child; or

1240 (b) any other individual that does not meet the requirements described in this section.

1241 (7) Nothing prohibits an entity that provides education services under the Statewide Online

1242 Education Program described in Title 53F, Chapter 4, Part 5, Statewide Online

1243 Education Program, from operating as an eligible service provider under this part to

1244 provide education services to scholarship students.

1245 Section 11. Section **53F-6-410** is amended to read:

1246 **53F-6-410 . Parental rights -- Optional assessment.**

1247 (1) In accordance with Section 53G-6-803 regarding a parent's right to academic

1248 accommodations, nothing in this chapter restricts or affects a parent's interests and role

1249 in the care, custody, and control of the parent's child, including the duty and right to
 1250 nurture and direct the child's upbringing and education.

1251 (2)(a) A parent may request that the program manager facilitate one of the following
 1252 assessments of the parent's scholarship student:

- 1253 (i) a standards assessment described in Section 53E-4-303;
- 1254 (ii) a high school assessment described in Section 53E-4-304;
- 1255 (iii) a college readiness assessment described in Section 53E-4-305;
- 1256 (iv) an assessment of students in grade 3 to measure reading grade level described in
 1257 Section 53E-4-307; or
- 1258 (v) a nationally norm-referenced assessment.

1259 (b)(i) Notwithstanding any other provision of law, the entity administering an
 1260 assessment described in Subsection (2)(a) to a scholarship student in accordance
 1261 with this section may not report the result of or any other data pertaining to the
 1262 assessment or scholarship student to a person other than the program manager, the
 1263 scholarship student, or the scholarship student's parent.

1264 (ii) The program manager may not report or communicate the result or data described
 1265 in Subsection (2)(b)(i) to a person other than the relevant scholarship student and
 1266 the scholarship student's parent unless the result or data is included in a
 1267 de-identified compilation of data related to all scholarship students.

1268 (c) In any communication from the program manager regarding an assessment described
 1269 in this Subsection (2), the program manager shall include a disclaimer that no
 1270 assessment is required.

1271 (d) The completion of an optional assessment under this section satisfies the portfolio
 1272 eligibility qualification described in Subsection 53F-6-402(3)(d).

1273 (3) The rights described in this section shall be exercised in conjunction with the
 1274 procedures for students with special needs as described in Section 53F-6-416.

1275 Section 12. Section **53F-6-411** is amended to read:

1276 **53F-6-411 . Program funding.**

1277 (1) [H] Except as provided in Subsection (7), if a scholarship student enters or reenters the
 1278 public education system during a given school year:

- 1279 (a) no later than five business days after the day on which the student enters or reenters
 1280 the public education system, the program manager shall direct the financial
 1281 administrator to immediately remove the balance in the scholarship student's
 1282 scholarship account for other use within the program;

- 1283 (b) the state board may not distribute any remaining state funds to the program manager
 1284 or financial administrator for the student; and
- 1285 (c) the program manager may direct the financial administrator to use the balance
 1286 described in Subsection (1)(a) for another scholarship student.
- 1287 (2) At the end of a school year, a program manager shall:
- 1288 (a) direct the financial administrator to:
- 1289 (i) withdraw any remaining scholarship funds in a scholarship account; and
 1290 (ii) [~~retain the scholarship funds for disbursement in the following year.~~] allocate
 1291 these funds as rollovers in accordance with Subsection (4); and
- 1292 (b) return any funds not allocated as rollovers to the program manager or the state board
 1293 to be deposited in the restricted account described in Subsection (4).
- 1294 (3)(a) To administer the program, the program manager may use up to [~~the lesser of~~]5% [
 1295 ~~or \$2,500,000~~]of the funds the Legislature appropriates for the program.
- 1296 (b) [~~Subject to Subsection (3)(a), the~~] The funds for program administration described in
 1297 Subsection (3)(a) are nonlapsing.
- 1298 (c) The program manager may not retain administrative cost balances in excess of 25%
 1299 of total administrative costs in any fiscal year.
- 1300 (4)(a) There is created a restricted account within the Income Tax Fund known as the
 1301 "Utah Fits All Scholarship Program Restricted Account."
- 1302 (b) The restricted account shall consist of:
- 1303 (i) money appropriated to the restricted account by the Legislature;
 1304 (ii) interest earned on the restricted account; and
 1305 (iii) in accordance with Subsection (6), unused scholarship funds returned to the
 1306 restricted account under this section.
- 1307 (5)(a) Subject to legislative appropriations, the state board shall distribute scholarship
 1308 funds to the program manager or financial administrator from the restricted account
 1309 in two equal payments:
- 1310 (i) the first payment at the beginning of the scholarship year; and
 1311 (ii) the second payment during the second half of the scholarship year.
- 1312 (b) Notwithstanding Subsection (5)(a), the program manager may authorize
 1313 disbursement of a scholarship student's full annual award amount at the beginning of
 1314 the scholarship year if:
- 1315 (i) the funds are for private school tuition; or
 1316 (ii) the program manager determines immediate disbursement is necessary for the

- 1317 student's education.
- 1318 (6) The program manager shall:
- 1319 (a) allow unused scholarship funds to rollover in a 2:1 ratio, where:
- 1320 (i) for every three dollars of unused scholarship funds, two dollars rollover to the
- 1321 scholarship student to be added to the student's scholarship award for the next
- 1322 scholarship year, up to a maximum ~~of~~ **[rollover]** ~~amount~~ amount of \$2,000 that may
- 1323 accumulate;
- 1324 and
- 1325 (ii) the remaining unused funds return to the restricted account;
- 1326 (b) verify the scholarship student maintains program eligibility before executing any
- 1327 rollover; and
- 1328 (c) direct the financial administrator to return any unused funds not allocated as
- 1329 rollovers to the restricted account described in this section.
- 1330 (7)(a) Before determining a student has reentered public education, the program
- 1331 manager shall:
- 1332 (i) notify the parent in writing of:
- 1333 (A) the identified public school enrollment; and
- 1334 (B) the parent's right to verify or dispute the enrollment finding; and
- 1335 (ii) allow the parent five business days to:
- 1336 (A) confirm the accuracy of the enrollment; or
- 1337 (B) provide evidence disputing the enrollment finding.
- 1338 (b) A parent may appeal an incorrect reentry determination by submitting documentation
- 1339 to the program manager within the time specified in Subsection (7)(a).
- 1340 Section 13. Section **53F-6-412** is amended to read:
- 1341 **53F-6-412 . Reports.**
- 1342 [~~Beginning in 2025 and in~~] In accordance with Section 68-3-14 and the Family
- 1343 Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g, the program manager shall submit
- 1344 a report on the program to the Education Interim Committee no later than September 1 of each
- 1345 year that includes:
- 1346 (1) the number and outcomes of appeals processed through the appeals process established
- 1347 in Section 53F-6-417;
- 1348 (2) the total amount and usage of rollover funds as described in Section 53F-6-411;
- 1349 (3) a summary of the income verification process and outcomes, including the number of
- households verified through each method described in Section 53F-6-402;

- 1350 (4) for scholarship rollovers:
- 1351 (a) the total amount of funds rolled over;
- 1352 (b) the number of students with rollovers; and
- 1353 (c) the impact on subsequent year scholarship amounts;
- 1354 (5) for restricted expenses:
- 1355 (a) total amount spent on extracurricular and physical education expenses;
- 1356 (b) percentage of scholarship funds used for restricted expenses by student; and
- 1357 (c) number of students reaching:
- 1358 (i) the 20% restriction limit for physical education; and
- 1359 (ii) the 20% limit for extracurricular related expenses; and
- 1360 (6) in consultation with the financial administrator, all financial data necessary for the
- 1361 preparation of the reports required under this section no later than 30 days before each
- 1362 reporting deadline.
- 1363 [(1)] (7) the total amount of tuition and fees qualifying providers charged for the current
- 1364 year and previous two years;
- 1365 [(2)] (8) the total amount of goods paid for with scholarship funds in the previous year and a
- 1366 general characterization of the types of goods;
- 1367 [(3)] (9) administrative costs of the program;
- 1368 [(4)] (10) the number of scholarship students from each county and the aggregate number of
- 1369 eligible students on the waitlist described in Section 53F-6-405;
- 1370 [(5)] (11) the percentage of first-time scholarship students who were enrolled in a public
- 1371 school during the previous school year or who entered kindergarten or a higher grade for
- 1372 the first time in Utah;
- 1373 [(6)] (12) the program manager's strategy and outreach efforts to reach eligible students
- 1374 whose family income is at or below 200% of the federal poverty level and related
- 1375 obstacles to enrollments;
- 1376 [(7)] (13) in the report that the program manager submits in 2025, information on steps the
- 1377 program manager has taken and processes the program manager has adopted to
- 1378 implement the program; and
- 1379 [(8)] (14) any other information regarding the program and the program's implementation
- 1380 that the committee requests.

1381 Section 14. Section **53F-6-415.5** is enacted to read:

1382 **53F-6-415.5 . Transition provisions**

1383 (1) As used in this section:

- 1384 (a) "Previous contracted entity" means an organization that was contracted to perform
1385 program functions immediately prior to a transition event.
- 1386 (b) "Transition event" means:
- 1387 (i) the expiration or termination of a contracted entity contract;
1388 (ii) the inability of a contracted entity to perform required duties; or
1389 (iii) any other circumstance requiring transition to a new contracted entity; and
1390 (iv) "Transition period" means the time between:
- 1391 (A) the occurrence of a transition event; and
1392 (B) the effective date of a contract with a new contracted entity selected through
1393 the state's procurement process.
- 1394 (2) Upon the occurrence of a transition event, the Department of Operations shall:
- 1395 (a) serve as a temporary bridge administrator solely during the time required to:
- 1396 (i) maintain essential program operations; and
1397 (ii) complete the procurement process for selecting new contracted entities;
- 1398 (b) immediately initiate and complete the procurement process described in Section
1399 53F-6-404 in an expedited manner;
- 1400 (c) establish clear timelines and procedures for the transition process;
- 1401 (d) if the transition event affects the financial administrator:
- 1402 (i) immediately secure temporary financial services through an emergency
1403 procurement process to ensure continuity of payment processing;
1404 (ii) ensure the temporary financial services provider meets all qualifications of a
1405 financial administrator under Section 53F-6-401; and
1406 (iii) maintain separation between program administration and financial operations
1407 during the transition period; and
- 1408 (e) provide proper notice to and coordinate with:
- 1409 (i) qualifying providers;
1410 (ii) parents;
1411 (iii) all contracted entities;
1412 (iv) the state board; and
1413 (v) other affected parties.
- 1414 (3) During the transition period, the Department of Operations:
- 1415 (a) shall ensure:
- 1416 (i) all existing scholarship accounts remain valid and operational;
1417 (ii) all qualifying provider approvals remain in effect;

- 1418 (iii) no interruption in:
- 1419 (A) scholarship payments;
- 1420 (B) account access for parents;
- 1421 (C) contracted entity operations; and
- 1422 (D) other essential program functions;
- 1423 (iv) if a temporary financial services provider is necessary:
- 1424 (A) oversee the provider's compliance with program requirements;
- 1425 (B) ensure proper processing of scholarship payments; and
- 1426 (C) maintain appropriate separation of duties;
- 1427 (v) preservation of all program data and records for transfer to new contracted
- 1428 entities; and
- 1429 (vi) continuation of necessary reporting and compliance activities;
- 1430 (b) may not:
- 1431 (i) implement new policies or procedures;
- 1432 (ii) modify existing program operations; or
- 1433 (iii) directly handle or process any scholarship funds; and
- 1434 (c) shall maintain the program's operational independence from governmental control.
- 1435 (4) The Department of Operations' temporary bridge administrator role:
- 1436 (a) is limited to maintaining essential program functions;
- 1437 (b) may not extend beyond the minimum time necessary to complete the procurement
- 1438 process;
- 1439 (c) does not constitute ongoing program management or operations;
- 1440 (d) shall be exercised solely to maintain program continuity during the transition to a
- 1441 new program manager; and
- 1442 (e) shall terminate immediately upon the new program manager assuming duties
- 1443 (5) All contracts, agreements, and obligations from the previous contracted entity shall:
- 1444 (a) remain in effect during the transition period unless specifically terminated through
- 1445 appropriate procedures;
- 1446 (b) be reviewed for continuation, modification, or termination; and
- 1447 (c) if necessary, be transferred to appropriate entities as determined through the
- 1448 procurement process.
- 1449 (6) Upon selection of a new contracted entity, the Department of Operations shall:
- 1450 (a) facilitate an orderly transfer of all relevant program operations, records, and data;
- 1451 (b) ensure the new contracted entity is prepared to assume all relevant program

- 1452 responsibilities; and
- 1453 (c) terminate all temporary administrative duties.
- 1454 (7) During the transition period
- 1455 (a) If a temporary financial services provider is necessary:
- 1456 (i) the provider shall process all program payments and maintain all scholarship
- 1457 accounts;
- 1458 (ii) the Department of Operations may not directly handle or process any scholarship
- 1459 funds; and
- 1460 (iii) the temporary financial services provider shall receive the portion of
- 1461 administrative funds necessary for financial operations.
- 1462 (b) The state board shall:
- 1463 (i) allocate administrative funds as directed by the Department of Operations to:
- 1464 (A) the temporary financial services provider for financial operations; and
- 1465 (B) other contracted entities continuing to perform program functions;
- 1466 (ii) ensure the total administrative costs do not exceed the limit in Subsection
- 1467 53F-6-411(3)(a)(i).
- 1468 (c) The Department of Operations:
- 1469 (i) shall maintain detailed accounting of all transition period administrative
- 1470 expenditures;
- 1471 (ii) shall report transition period expenditures to the state board;
- 1472 (iii) may not directly handle scholarship funds or accounts; and
- 1473 (iv) shall ensure proper separation between program administration and financial
- 1474 operations is maintained throughout the transition period.
- 1475 (d) Any unexpended administrative funds at the end of the transition period shall:
- 1476 (i) transfer to the newly contracted entities upon completion of the procurement
- 1477 process; or
- 1478 (ii) return to the restricted account described in Section 53F-6-411 if not needed for
- 1479 contracted entity operations.

1480 Section 15. Section **53F-6-416** is enacted to read:

1481 **53F-6-416 . Students with special needs.**

1482 The program manager shall coordinate with the program manager of the Carson Smith

1483 Opportunity Scholarship Program created in Section 53E-7-402 and the Carson Smith

1484 Scholarship Program created in Section 53F-4-302 to ensure that a student is not receiving

1485 duplicate benefits.

1486 Section 16. Section **53F-6-417** is enacted to read:

1487 **53F-6-417 . Appeals process for denied reimbursements.**

1488 (1) In accordance with required program administration the program manager shall:

1489 (a) follow an appeals process for when a student's eligibility is suspended or disqualified
1490 under Section 53F-6-405; and

1491 (b) establish the process and procedures for the appeals process described in this section.

1492 Section 17. **Effective Date.**

1493 This bill takes effect:

1494 (1) except as provided in Subsection (2), May 7, 2025; or

1495 (2) if approved by two-thirds of all members elected to each house:

1496 (a) upon approval by the governor;

1497 (b) without the governor's signature, the day following the constitutional time limit of
1498 Utah Constitution, Article VII, Section 8; or

1499 (c) in the case of a veto, the date of veto override.