

Candice B. Pierucci proposes the following substitute bill:

Utah Fits All Scholarship Program Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor: Kirk A. Cullimore

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- strengthens residency requirements and income verification process;
- amends the definition of the program manager;
- creates a financial administrator to process payments and fund expenditures from a scholarship account;
- prohibits contracted entities from charging processing fees to families;
- establishes deadlines for scholarship acceptance or denial;
- limits extracurricular expenses to 20% of the scholarship amount;
- limits physical education expenses to an additional 20% of the scholarship amount;
- creates procedures for students with special needs;
- enhances program manager accountability through audits and transparency;
- adds requirements for a local education agency acting as qualified providers;
- allows for scholarship amount rollovers;
- creates a Utah Fits All Scholarship Restricted Account (the account);
- allows funds within the account to accrue interest and be invested;
- allows for rollover amounts of unused scholarship awards;
- clarifies the State Tax Commission's role in income verification; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

29 **Utah Code Sections Affected:**30 **AMENDS:**31 **53E-1-201** [~~(Effective 07/01/24)~~] **(Effective upon governor's approval)**, as last amended by

32 Laws of Utah 2024, Chapters 3, 460 and 525

33 **53F-6-401** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

34 Chapter 26

35 **53F-6-402** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

36 Chapter 26

37 **53F-6-403** **(Effective upon governor's approval)**, as enacted by Laws of Utah 2023,

38 Chapter 1

39 **53F-6-404** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

40 Chapter 26

41 **53F-6-405** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

42 Chapter 26

43 **53F-6-406** **(Effective upon governor's approval)**, as enacted by Laws of Utah 2023,

44 Chapter 1

45 **53F-6-407** **(Effective upon governor's approval)**, as enacted by Laws of Utah 2023,

46 Chapter 1

47 **53F-6-408** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

48 Chapter 26

49 **53F-6-409** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

50 Chapter 26

51 **53F-6-410** **(Effective upon governor's approval)**, as enacted by Laws of Utah 2023,

52 Chapter 1

53 **53F-6-411** **(Effective upon governor's approval)**, as enacted by Laws of Utah 2023,

54 Chapter 1

55 **53F-6-412** **(Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

56 Chapter 26

57 **ENACTS:**58 **53F-6-405.5** **(Effective upon governor's approval)**, Utah Code Annotated 195359 **53F-6-415.5** **(Effective upon governor's approval)**, Utah Code Annotated 195360 **53F-6-416** **(Effective upon governor's approval)**, Utah Code Annotated 195361 **53F-6-417** **(Effective upon governor's approval)**, Utah Code Annotated 1953

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

Section 1. Section **53E-1-201** is amended to read:

53E-1-201 [~~(Effective 07/01/24)~~] **(Effective upon governor's approval). Reports to and action required of the Education Interim Committee.**

(1) In accordance with applicable provisions and Section 68-3-14, the following recurring reports are due to the Education Interim Committee:

- (a) the report described in Section 9-22-109 by the STEM Action Center Board, including the information described in Section 9-22-113 on the status of the computer science initiative and Section 9-22-114 on the Computing Partnerships Grants Program;
- (b) the prioritized list of data research described in Section 53B-33-302 and the report on research and activities described in Section 53B-33-304 by the Utah Data Research Center;
- (c) the report described in Section 53B-1-402 by the Utah Board of Higher Education on career and technical education issues and addressing workforce needs;
- (d) the annual report of the Utah Board of Higher Education described in Section 53B-1-402;
- (e) the reports described in Section 53B-28-401 by the Utah Board of Higher Education regarding activities related to campus safety;
- (f) the State Superintendent's Annual Report by the state board described in Section 53E-1-203;
- (g) the annual report described in Section 53E-2-202 by the state board on the strategic plan to improve student outcomes;
- (h) the report described in Section 53E-8-204 by the state board on the Utah Schools for the Deaf and the Blind;
- (i) the report described in Section 53E-10-703 by the Utah Leading through Effective, Actionable, and Dynamic Education director on research and other activities;
- (j) the report described in Section 53F-2-522 regarding mental health screening programs;
- (k) the report described in Section 53F-4-203 by the state board and the independent evaluator on an evaluation of early interactive reading software;
- (l) the report described in Section 53F-6-412 by the program manager of the Utah Fits All Scholarship Program;
- ~~(t)~~ (m) the report described in Section 63N-20-107 by the Governor's Office of

Economic Opportunity on UPSTART;

~~[(m)]~~ (n) the reports described in Sections 53F-5-214 and 53F-5-215 by the state board related to grants for professional learning and grants for an elementary teacher preparation assessment;

~~[(n)]~~ (o) upon request, the report described in Section 53F-5-219 by the state board on the Local Innovations Civics Education Pilot Program;

~~[(o)]~~ (p) the report described in Section 53F-5-405 by the state board regarding an evaluation of a partnership that receives a grant to improve educational outcomes for students who are low income;

~~[(p)]~~ (q) the report described in Section 53B-35-202 regarding the Higher Education and Corrections Council;

~~[(q)]~~ (r) the report described in Section 53G-7-221 by the state board regarding innovation plans;

~~[(r)]~~ (s) the reports described in Section 53F-6-412 regarding the Utah Fits All Scholarship Program.

(2) In accordance with applicable provisions and Section 68-3-14, the following occasional reports are due to the Education Interim Committee:

(a) in 2027, 2030, 2033, and 2035, the reports described in Sections 53B-1-116, 53B-1-117, and 53B-1-118;

(b) if required, the report described in Section 53E-4-309 by the state board explaining the reasons for changing the grade level specification for the administration of specific assessments;

(c) if required, the report described in Section 53E-5-210 by the state board of an adjustment to the minimum level that demonstrates proficiency for each statewide assessment;

(d) the report described in Section 53E-10-702 by Utah Leading through Effective, Actionable, and Dynamic Education;

(e) if required, the report described in Section 53F-2-513 by the state board evaluating the effects of salary bonuses on the recruitment and retention of effective teachers in high poverty schools;

(f) upon request, a report described in Section 53G-7-222 by an LEA regarding expenditure of a percentage of state restricted funds to support an innovative education program;

(g) the reports described in Section 53G-11-304 by the state board regarding proposed

- 131 rules and results related to educator exit surveys; and
- 132 (h) the report described in Section 26B-5-113 by the Office of Substance Use and
- 133 Mental Health, the state board, and the Department of Health and Human Services
- 134 regarding recommendations related to Medicaid reimbursement for school-based
- 135 health services.

136 Section 2. Section **53F-6-401** is amended to read:

137 **53F-6-401 (Effective upon governor's approval). Definitions.**

138 As used in this part:

- 139 (1) "Contract administrator" means the state board's appointed Deputy Superintendent of
- 140 Operations that ensures the program manager or financial administrator meets
- 141 contractual obligations.
- 142 (2) "Contract oversight and compliance" means the oversight and coordination functions
- 143 performed by the Department of Operations contract administrator, including:
- 144 (a) establishing and maintaining program standards within a contract with a program
- 145 manager or financial administrator;
- 146 (b) determining operational requirements and structures;
- 147 (c) procuring and managing contracts for program services and standards;
- 148 (d) ensuring program integrity through direct or contracted oversight;
- 149 (e) coordinating program functions and contracted services with a program manager or
- 150 financial administrator; and
- 151 (f) maintaining appropriate separation between government oversight and independent
- 152 program operations.
- 153 (3) "Contracted entity" means:
- 154 (a) an organization that:
- 155 (i) contracts with the state board under Section 53F-6-404 to perform duties and
- 156 functions necessary for program administration and operations;
- 157 (ii) is not affiliated with any international organization;
- 158 (iii) does not harvest data for the purpose of reproducing or distributing the data to
- 159 other entities;
- 160 (iv) is not involved in guiding or directing any curriculum or curriculum standards;
- 161 and
- 162 (v) performs the specific duties and functions assigned in the contract with the state
- 163 board.
- 164 (b) "Contracted entity" includes:

(i) the program manager, unless the program manager is the Department of Operations for any duration of time;

(ii) the financial administrator; and

(iii) any other entity contracted to perform program functions under Section 53F-6-404.

(c) "Contracted entity" does not include:

(i) a qualifying provider;

(ii) an eligible school; or

(iii) an eligible service provider.

(4)(a) "Contracted entity employee" means an individual working for an entity contracted under Section 53F-6-404 in a position in which the individual's salary, wages, pay, or compensation, including as a contractor, is paid from scholarship funds.

(b) "Contracted entity employee" does not include:

(i) an individual who volunteers for a contracted entity or for a qualifying provider;

(ii) an individual who works for a qualifying provider; or

(iii) a qualifying provider.

(5) "Contracted entity officer" means:

(a) a member of the board of a contracted entity; or

(b) the chief administrative officer of a contracted entity.

(6) "Department of Operations" means the section of the state board that oversees financial operations, procurement operations, data and statistics operations, school land trust, and information technology operations for the state board.

(7)(a) "Educational supplements" means:

(i) materials, tools, and equipment that:

(A) are directly related to and necessary for subjects aligned with the core standards the state board establishes pursuant to Section 53E-4-202;

(B) are used for specific learning objectives or competencies;

(C) support structured learning activities or lessons; and

(D) are consumable or non-reusable in nature;

(ii) supplemental learning materials that:

(A) directly support or enhance the delivery of instruction in core academic subjects;

(B) are tied to specific educational goals or outcomes; and

- (C) are not primarily for entertainment or general enrichment purposes;
- (iii) arts and music education materials that:
- (A) align with state core standards; and
- (B) are used in structured arts or music instruction; and
- (iv) other educational materials that the program manager determines are:
- (A) necessary for meeting specific learning objectives;
- (B) appropriate for the student's age or grade level; and
- (C) primarily educational rather than recreational in nature.
- (b) "Educational supplements" does not include:
- (i) entertainment materials;
- (ii) recreational equipment;
- (iii) food or nutritional items;
- (iv) furniture or household items;
- (v) general office supplies not specific to an educational activity; or
- (vi) other items that do not have a clear, direct educational purpose aligned with
academic instruction.
- [(1)] (8) "Eligible student" means a student:
- (a) who is eligible to participate in public school, in kindergarten, or grades 1 through 12;
- (b) who is a primary resident of the state, including a child of a military service member, as that term is defined in Section 53B-8-102;
- (c) who, during the school year for which the student is applying for a scholarship account:
- (i) does not receive a scholarship under:
- (A) the Carson Smith Scholarship Program established in Section 53F-4-302; or
- (B) the Carson Smith Opportunity Scholarship Program established in Section 53E-7-402; and
- (ii) ~~[is not enrolled in, upon]~~ before receiving the scholarship is not enrolled in:
- (A) an LEA; or
- (B) the Statewide Online Education Program to participate in a course with funding provided under Title 53F, Chapter 4, Part 5, Statewide Online Education Program, which does not include participation in a course by an entity as described in Subsection 53F-6-409(7);
- (d) whose eligibility is not suspended or disqualified under Section 53F-6-401;~~[-and]~~
- (e) who completes, to maintain eligibility, the portfolio requirement described in

Subsection 53F-6-402(3)(d)[:] ;

(f) who provides verification of primary residence in Utah, including a parent's utility bill, mortgage statement, lease agreement, or property tax records from the current calendar year in which the eligible student is renewing, reapplying, or applying for the scholarship for the first time; and

(g) for out-of-state military families, who attests that the student is not enrolled in a public school elsewhere while receiving the scholarship.

[(2)] (9) "Federal poverty level" means the United States poverty level as defined by the most recently revised poverty income guidelines published by the United States Department of Health and Human Services in the Federal Register.

(10)(a) "Financial administrator" means an organization that:

(i) is not affiliated with any international organization;

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

(iii) is not involved in guiding or directing any curriculum or curriculum standards; and

(iv) contracts with the state board to administer scholarship payments in accordance with this part.

(b) "Financial administrator" may include an organization that serves as both program manager and financial administrator if the organization maintains appropriate separation of duties and meets all qualifications for both roles.

[(3)] (11)(a) "Home-based scholarship student" means a student who:

(i) is eligible to participate in public school, in kindergarten or grades 1 through 12;

(ii) [is] attests to being [excused] exited from enrollment in [an LEA in accordance with Section 53G-6-204-] in a public school to attend a home school if the student was enrolled at any time in a public school; and

(iii) receives a benefit of scholarship funds.

(b) "Home-based scholarship student" does not mean a home school student who does not receive a scholarship under the program.

[(4)] (12) "Household income" means:

(a) the combined gross income of all parents residing in the same household as the eligible student;

(b) the gross income of a single parent who claims the student as a dependent; or

(c) the gross income of a parent who claims the student as a dependent under the terms

267 of a joint custody agreement.

268 (13) "Parent" means:

269 (a) the same as that term is defined in Section 53E-1-102; and

270 (b) a foster parent who has initiated a process to adopt the foster child.

271 ~~[(5) "Program manager" means an organization that:]~~

272 ~~[(a) is qualified as tax exempt under Section 501(c)(3), Internal Revenue Code;]~~

273 ~~[(b) is not affiliated with any international organization;]~~

274 ~~[(c) does not harvest data for the purpose of reproducing or distributing the data to other~~
275 ~~entities;]~~

276 ~~[(d) has no involvement in guiding or directing any curriculum or curriculum standards;]~~

277 ~~[(e) does not manage or otherwise administer a scholarship under:]~~

278 ~~[(i) the Carson Smith Scholarship Program established in Section 53F-4-302; or]~~

279 ~~[(ii) the Carson Smith Opportunity Scholarship Program established in Section~~
280 ~~53E-7-402; and]~~

281 ~~[(f) an agreement with the state board recognizes as a program manager, in accordance~~
282 ~~with this part.]~~

283 (14) "Primary residence" means the one location where an individual resides for the
284 majority of the year.

285 (15) "Private school" means a full-time, tuition-bearing educational institution where the
286 student receives the majority of the student's academic instruction.

287 (16)(a) "Program manager" means a contracted entity or entities that:

288 (i) perform program operational functions outlined in the procurement agreement
289 described in Section 53F-6-404, including:

290 (A) processing scholarship applications and eligibility determinations;

291 (B) maintaining scholarship account records;

292 (C) coordinating with qualifying providers and the financial administrator; and

293 (D) providing customer service to program participants;

294 (ii) in accordance with required program administration, implement established
295 program standards and procedures; and

296 (iii) perform other operational duties as specified in the contract.

297 (b) "Program manager" may include an organization that serves as both program
298 manager and financial administrator if the organization maintains appropriate
299 separation of duties and meets all qualifications for both roles

300 [(6)(a) "Program manager employee" means an individual working for the program

manager in a position in which the individual's salary, wages, pay, or compensation, including as a contractor, is paid from scholarship funds.]

~~[(b) "Program manager employee" does not include:]~~

~~[(i) an individual who volunteers for the program manager or for a qualifying provider;]~~

~~[(ii) an individual who works for a qualifying provider; or]~~

~~[(iii) a qualifying provider.]~~

~~[(7) "Program manager officer" means:]~~

~~[(a) a member of the board of a program manager; or]~~

~~[(b) the chief administrative officer of a program manager.]~~

~~[(8)] (17)(a) "Qualifying provider" means one of the following entities:~~

~~(i) an eligible school that the program manager approves in accordance with Section 53F-6-408; or~~

~~(ii) an eligible service provider that the program manager approves in accordance with Section 53F-6-409.~~

~~(b) "Qualifying provider" does not include:~~

~~(i) a parent of a home-based scholarship student or a home school student solely in relation to the parent's child; or~~

~~(ii) any other individual that does not meet the requirements described in Subsection [(8)(a)] (15)(a).~~

~~[(9)] (18) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother, uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law.~~

~~[(10)] (19) "Scholarship account" means the account to which a program manager allocates funds for the payment of approved scholarship expenses in accordance with this part.~~

~~[(11)] (20)(a) "Scholarship expense" means an expense described in Section 53F-6-402 that a parent or scholarship student incurs in the education of the scholarship student for a service or goods that a qualifying provider provides, including:~~

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

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

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

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

~~[(e)] (v) textbooks, curricula, or other instructional materials, including any~~

~~supplemental materials or associated online instruction that a curriculum or a~~

qualifying provider recommends;

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

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

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

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

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

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

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

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

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

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

[(m)] (xiii) in accordance with Subsection (20)(c), expenses related to extracurricular activities, field trips, educational supplements, physical education experiences, and other educational experiences; [or]

(xiv) coursework or an educational supplement for arts and music that aligns with state core standards;

(xv) a musical instrument rental, excluding purchase; or

[(n)] (xvi) any other expense for a good or service that:

[(i)] (A) a parent or scholarship student incurs in the education of the scholarship student; and

[(ii)] (B) the program manager approves~~[- in accordance with Subsection (5)(d).]~~ .

(b) "Scholarship expense" does not include:

(i) $\hat{H} \rightarrow [\text{chaperon}] \text{chaperone} \leftarrow \hat{H}$ expenses, except that a family

(a) funds that the Legislature appropriates for the program; and

(b) interest that scholarship funds accrue.

[(43)] (22)(a) "Scholarship student" means an eligible student, including a home-based scholarship student, for whom the program manager establishes and maintains a scholarship account in accordance with this part.

(b) "Scholarship student" does not include a home school student who does not receive a scholarship award under the program.

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

Section 3. Section **53F-6-402** is amended to read:

53F-6-402 (Effective upon governor's approval). Utah Fits All Scholarship Program -- Scholarship account application -- Scholarship expenses -- Program information.

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

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

(b) The program manager shall:

(i) determine that a student meets the requirements to be an eligible student; and

(ii) subject to Subsection (2)(c), each year the student is an eligible student, coordinate with the financial administrator to maintain a scholarship account for the scholarship student to pay for the cost of one or more scholarship expenses that the student or student's parent incurs in the student's education.

~~[(e) Each year, subject to this part and legislative appropriations, a scholarship student is eligible for no more than:]~~

~~[(i) for the 2024-2025 school year, \$8,000; and]~~

~~[(ii) for each school year following the 2024-2025 school year, the maximum allowed amount under this Subsection (2)(c) in the previous year plus a percentage increase that is equal to the five-year rolling average inflationary factor described in Section 53F-2-405.]~~

(c) Each year, subject to this part and legislative appropriations, a scholarship student is eligible for no more than:

(i) for a private school student, \$8,000;

(ii) for a home-based scholarship student ages 5-12 as of September 1 of the scholarship year, \$4,000; and

(iii) for a home-based scholarship student ages 13-18 as of September 1 of the scholarship year, \$6,000.

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

- 434 (i) the first payment no later than July 31 of the scholarship year; and
435 (ii) the second payment no later than December 31 of the scholarship year.
436 (e) When a scholarship student exits the program during the school year:
437 (i) the program manager or the financial administrator shall:
438 (A) remove any remaining funds from the exited student's scholarship account; and
439 (B) make those funds available for new scholarship awards within the same year;
440 and
441 (ii) any new scholarship award made during the same year and using funds from an
442 exited student's account shall be prorated as follows:
443 (A) if awarded during the second quarter of the school year, no more than 75% of
444 the annual scholarship amount is allocated;
445 (B) if awarded during the third quarter of the school year, no more than 50% of
446 the annual scholarship amount is allocated; and
447 (C) no new scholarship awards shall be made during the fourth quarter of the
448 school year.
449 (3)(a) [A] In accordance with required program administration, a program manager shall
450 direct the financial administrator to establish a scholarship account on behalf of an
451 eligible student who submits a timely application, unless the number of applications
452 exceeds available scholarship funds for the school year.
453 (b) If the number of applications exceeds the available scholarship funds for a school
454 year, the program manager shall select students on a random basis, except as
455 provided in Subsection (6), and as long as the student meets the eligibility criteria.
456 (c) An eligible student or a public education student shall submit an application for an
457 initial scholarship or renewal for each school year that the student intends to receive
458 scholarship funds.
459 (d)(i) To maintain eligibility for the following school year, a scholarship student or
460 the scholarship student's parent shall:
461 (A) complete and deliver to the program manager a portfolio describing the
462 scholarship student's educational opportunities and achievements under the
463 program for the given year; or
464 (B) submit results from an assessment as described in Section 53F-6-410.
465 (ii) The portfolio or assessment described in Subsection (3)(d)(i) must be submitted:
466 (A) no later than May 31; or
467 (B) in accordance with the assessment schedule submitted to and approved by the

- 468 program manager.
- 469 (iii) The receipt of the portfolio or assessment results by the program manager is a
- 470 condition of scholarship award for the following school year.
- 471 ~~[(d)(i) To maintain eligibility, a scholarship student or the scholarship student's~~
- 472 ~~parent shall annually complete and deliver to the program manager a portfolio~~
- 473 ~~describing the scholarship student's educational opportunities and achievements~~
- 474 ~~under the program for the given year.]~~
- 475 ~~[(ii) The program manager may not disclose the content of a given scholarship~~
- 476 ~~student's portfolio except to the scholarship student's parent.]~~
- 477 (4)(a) An application for a scholarship account shall contain an acknowledgment by the
- 478 student's parent that the qualifying provider selected by the parent for the student's
- 479 enrollment or engagement ~~[is capable of providing]~~ can provide education services for
- 480 the student.
- 481 (b) A scholarship account application form shall contain the following statement:
- 482 "I acknowledge that:
- 483 1: A qualifying provider may not provide the same level of disability services that are
- 484 provided in a public school;
- 485 2: I will assume full financial responsibility for the education of my scholarship
- 486 recipient if I agree to this scholarship account;
- 487 3: Agreeing to establish this scholarship account has the same effect as a parental refusal
- 488 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the Individuals
- 489 with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.; and
- 490 4: My child may return to a public school at any time, and I will notify the program
- 491 manager within five business days if my child returns to a public school that is not a qualifying
- 492 provider or if we have elected to take courses from the public portion of a qualifying provider
- 493 .".
- 494 (c) Upon agreeing to establish a scholarship account, the parent assumes full financial
- 495 responsibility for the education of the scholarship student, including the balance of
- 496 any expense incurred at a qualifying provider or for goods that are not paid for by the
- 497 scholarship student's scholarship account.
- 498 (d) Agreeing to establish a scholarship account has the same effect as a parental refusal
- 499 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the
- 500 Individuals with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.
- 501 (e) The creation of the program or establishment of a scholarship account on behalf of a

student does not:

(i) imply that a public school did not provide a free and appropriate public education for a student; or

(ii) constitute a waiver or admission by the state.

(5) A program manager or financial administrator may not charge a scholarship account application fee.

(6)(a) A program manager shall give an enrollment preference based on the following order of preference:

(i) to an eligible student who used a scholarship account in the previous school year and has submitted the required accountability measure;

(ii) to an eligible student:

(A) who did not use a scholarship account in the previous school year; and

(B) with a family income at or below ~~[200%]~~ 300% of the federal poverty level;

(iii) to an eligible student who is a sibling of an eligible student who:

(A) uses a scholarship account at the time the sibling applies for a scholarship account; or

(B) used a scholarship account in the school year immediately preceding the school year for which the sibling is applying for a scholarship account; and

(iv) for any remaining scholarships, to an eligible student~~[:]~~ on a lottery basis.

~~[(A) who did not use a scholarship account in the previous school year; and]~~

~~[(B) with a family income between 200% and 555% of the federal poverty level.]~~

~~[(b) The State Tax Commission may, upon request, provide state individual income tax information to the program manager for income verification purposes regarding a given individual if:]~~

~~[(i) the individual voluntarily provides the individual's social security number to the program manager; and]~~

~~[(ii) consents in writing to the sharing of state individual income tax information solely for income verification purposes.]~~

~~[(c) In addition to the tax information described in Subsection (6)(b), the program manager shall accept the following for income verification:]~~

~~[(i) a federal form W-2;]~~

~~[(ii) a wage statement from an employer; and]~~

~~[(iii) other methods or documents that the program manager identifies.]~~

(b) If the number of eligible students within any preference tier described in Subsection

(6)(a) exceeds available scholarship funds the program manager shall grant awards on a lottery basis.

(c)(i) For income verification purposes, a parent of a scholarship student shall:

(A) provide written consent authorizing the State Tax Commission to disclose the parent's state individual income tax return information to the program manager; and

(B) submit the consent in a form prescribed by the State Tax Commission.

(ii) Upon receiving the consent described in Subsection (6)(c)(i), the State Tax Commission shall provide state individual income tax information to the program manager for income verification purposes regarding the parent within ten business days.

(d) For income verification purposes:

(i) the program manager shall require documentation of household income, not individual income;

(ii) if the individual income tax is a business income filing, require:

(A) the most recently filed business tax returns;

(B) year-to-date profit and loss statements; and

(C) documentation of the owner's draw or distributions; and

(iii) for households awaiting completion of tax filings for the year immediately preceding the current year, the program manager shall accept the following documentation for conditional approval and only until such a time as the current tax year returns, year-to-date profit and loss statements, or documentation of owner's draw or distributions are provided for the current tax year:

(A) the most recent W-2s;

(B) a current pay stubs showing year-to-date earnings; and

(C) an employer verification letters.

(7)(a) Subject to Subsections (7)(b) through (e), a parent may use a scholarship account to pay for a scholarship expense from a qualifying provider that a parent or scholarship student incurs in the education of the scholarship student.

(b) A scholarship student or the scholarship student's parent may not use a scholarship account for an expense that the student or parent does not incur in the education of the scholarship student, including:

(i) a rehabilitation program that is not primarily designed for an educational purpose; or

- 570 (ii) a travel expense other than a transportation expense described in Section
571 53F-6-401.
- 572 (c) The program manager or financial administrator may not:
- 573 (i) approve a scholarship expense for a service that a qualifying provider provides
574 unless the program manager determines that the scholarship student or the
575 scholarship student's parent incurred the scholarship expense in the education of
576 the scholarship student; or
- 577 (ii) reimburse an expense for a service or good that a provider that is not a qualifying
578 provider provides unless:
- 579 (A) the parent or scholarship student submits a receipt that shows the cost and
580 type of service or good and the name of provider;
- 581 (B) the expense would have qualified as a scholarship expense if a qualifying
582 provider provided the good or service;
- 583 (C) the provider of the good or service is not the parent of the student who is a
584 home-based scholarship student solely in relation to the parent's child; ~~and~~
- 585 (D) the program manager determines that the parent or scholarship student
586 incurred the expense in the education of the scholarship student[-] ; and
- 587 (E) the program manager or financial administrator determines that the parent or
588 scholarship student incurred the expense when the student was not enrolled in a
589 public school.
- 590 (d) The parent of a scholarship student may not receive scholarship funds as payment for
591 the parent's time spent educating the parent's child.
- 592 (e) Except for cases in which a scholarship student or the scholarship student's parent is
593 convicted of fraud in relation to scholarship funds, if a qualifying provider,
594 scholarship student, or scholarship student's parent repays an expenditure from a
595 scholarship account for an expense that is not approved under this Subsection (7), the
596 program manager shall credit the repaid amount back to the scholarship account
597 balance within 30 days after the day on which the program manager receives the
598 repayment.
- 599 (8) Notwithstanding any other provision of law, funds that the program manager or
600 financial administrator disburses from the Utah Fits All Scholarship Program Restricted
601 Account created in Section 53F-6-411 under this part to a scholarship account on behalf
602 of a scholarship student do not constitute state taxable income to the parent of the
603 scholarship student.

- (9) The program manager shall prepare and disseminate information on the program to a parent applying for a scholarship account on behalf of a student, including the information that the program manager provides in accordance with Section 53F-6-405.
- (10) ~~[On or before September 1, 2023, and as]~~ As frequently as necessary to maintain the information, the state board shall provide information on the state board's website, including:
- (a) scholarship account information;
 - (b) information on the program manager or financial administrator, including the program ~~[manager's]~~ manager or financial administrator's contact information; and
 - (c) an overview of the program.
- (11) In accordance with required program administration, the program manager shall:
- (a) in alignment with deadlines specified in Subsection 53F-6-405(1)(c), establish and communicate to an eligible student a deadline by which the eligible student must accept or deny the scholarship offer; and
 - (b) communicate to an eligible student that failure to respond by the deadline described in Subsection (11)(a) shall result in forfeiture of the scholarship offer.
- (12) In accordance with Subsection 53F-6-403(7), the program manager shall:
- (a) verify student eligibility status before removing any student from scholarship eligibility;
 - (b) establish protocols for reviewing disputed eligibility determinations;
 - (c) implement a process for immediate reinstatement of eligibility when errors are identified;
 - (d) maintain detailed records of all eligibility removals and reinstatements; and
 - (e) provide regular reports to the state board regarding eligibility status changes of a scholarship student.
- Section 4. Section **53F-6-403** is amended to read:
- 53F-6-403 (Effective upon governor's approval). Qualifying providers.**
- (1) Before the beginning of the school year immediately following a school year in which a qualifying provider receives scholarship funds equal to or more than \$500,000, the qualifying provider shall file with the program manager a surety bond payable to the program manager in an amount equal to the aggregate amount of scholarship funds expected to be received during the school year.
- (2) If a program manager determines that a qualifying provider has violated a provision of this part, the program manager may ~~[interrupt]~~ have the disbursement ~~[of]~~ interrupted or

withhold scholarship funds from the qualifying provider.

(3)(a) If the program manager determines that a qualifying provider no longer meets the eligibility requirements described in this part, the program manager may withdraw the organization's approval of the qualifying provider.

(b) A provider or person that does not have the approval of the program manager in accordance with the following may not accept scholarship funds for services under this part:

(i) Section 53F-6-408 regarding eligible schools; or

(ii) Section 53F-6-409 regarding eligible service providers.

(4) If a qualifying provider requires partial payment of tuition or fees before the beginning of the academic year to reserve space for a scholarship student who has been admitted to the qualifying provider, the program manager may direct the financial administrator to:

(a) pay the partial payment before the beginning of the school year in which the scholarship funds are awarded; and

(b) deduct the amount of the partial payment from subsequent scholarship fund deposits in an equitable manner that provides the best availability of scholarship funds to the student throughout the remainder of the school year.

(5) If a scholarship student [~~described in Subsection (4)(a)~~] chooses to withdraw from or otherwise not engage with the qualifying provider before the beginning of the school year:

(a) the qualifying provider shall remit the partial payment described in Subsection (4)(a) [~~to the program manager~~] to the financial administrator; and

(b) the program manager shall direct the financial administrator to credit the remitted partial payment to the scholarship student's scholarship account.

(6) A qualifying provider that is an LEA shall:

(a) comply with the additional requirements set forth in Section 53F-6-408, including ensuring enrollment systems provide a distinct separation of a scholarship student from a public education student;

(b) utilize the reporting process established under Subsection (7);

(c) submit enrollment verifications in accordance with rules established by the state board; and

(d) maintain records of enrollment reporting and verification activities.

(7) The Department of Operations shall:

(a) establish a process for an LEA provider to report:

- 672 (i) instances of double counted enrollment; and
- 673 (ii) students who are erroneously removed from scholarship eligibility;
- 674 (b) develop a standardized reporting mechanism that:
 - 675 (i) allows LEA providers to submit verification of accurate student enrollment status;
 - 676 (ii) maintains documentation of enrollment discrepancies; and
 - 677 (iii) tracks resolution of reported enrollment issues;
- 678 (c) implement data validation measures to:
 - 679 (i) identify potential double counted enrollment across LEA providers; and
 - 680 (ii) ensure students maintain proper scholarship eligibility status; and
- 681 (d) provide training to LEA providers on:
 - 682 (i) proper enrollment reporting procedures;
 - 683 (ii) use of the reporting mechanism described in Subsection (7)(b); and
 - 684 (iii) resolution of enrollment discrepancies.

685 Section 5. Section **53F-6-404** is amended to read:

686 **53F-6-404 (Effective upon governor's approval). State board procurement --**
 687 **Failure to comply.**

- 688 (1)(a) In accordance with Title 63G, Chapter 6a, Utah Procurement Code, the state board
- 689 shall issue ~~[a request]~~ requests for proposals~~[- on or before June 15, 2023, and enter an~~
- 690 ~~agreement with no more than one organization that qualifies as tax exempt under~~
- 691 ~~Section 501(c)(3), Internal Revenue Code, for the state board to recognize as the~~
- 692 ~~program manager, on or before September 1, 2023.]~~ for entities to perform duties and
- 693 functions necessary for program operations.
- 694 (b) An organization that responds to a request for proposals described in Subsection
- 695 (1)(a) shall submit ~~[the following]~~ information ~~[in the organization's response]~~
- 696 demonstrating:
 - 697 (i) organizational qualifications and capacity to perform the specific duties or
 - 698 functions;
 - 699 (ii) relevant experience in education program administration or financial management;
 - 700 (iii) the proposed methodology for performing assigned responsibilities; and
 - 701 (iv) an affidavit or other evidence that the organization:
 - 702 (A) is not affiliated with any international organization;
 - 703 (B) does not harvest data for the purpose of reproducing or distributing the data to
 - 704 another entity; and
 - 705 (C) has no involvement in guiding or directing any curriculum standards.

- 706 [(i) a copy of the organization's incorporation documents;]
 707 [(ii) a copy of the organization's Internal Revenue Service determination letter
 708 qualifying the organization as being tax exempt under Section 501(c)(3), Internal
 709 Revenue Code;]
 710 [(iii) a description of the methodology the organization will use to verify a student's
 711 eligibility under this part;]
 712 [(iv) a description of the organization's proposed scholarship account application
 713 process; and]
 714 [(v) an affidavit or other evidence that the organization:]
 715 [(A) is not affiliated with any international organization;]
 716 [(B) does not harvest data for the purpose of reproducing or distributing the data
 717 to another entity; and]
 718 [(C) has no involvement in guiding or directing any curriculum standards.];
 719 (c) The state board shall ensure that the agreement described in Subsection (1)(a):
 720 (i) clearly delineates the specific duties and functions to be performed;
 721 (ii) ensures the efficiency and success of the program;
 722 (iii) maintains appropriate separation between program and contract administration
 723 and direct educational services;
 724 (iv) preserves the independence of educational decisions made between parents and
 725 providers; and
 726 [(ii)] (v) does not impose any requirements on the program manager that:
 727 (A) are not essential to the basic administration of the program; or
 728 (B) create restrictions, directions, or mandates regarding instructional content or
 729 curriculum.
 730 (2) The state board may regulate and take enforcement action as necessary against [a
 731 ~~program manager~~] a contracted entity in accordance with the provisions of the state
 732 board's agreement with the [~~program manager~~] contracted entity.
 733 (3)(a) If the state board determines that a [~~program manager~~] contracted entity has
 734 violated a provision of this part or a provision of the state board's agreement with the [
 735 ~~program manager~~] contracted entity, the state board shall send written notice to the [
 736 ~~program manager~~] contracted entity explaining the violation and the remedial action
 737 required to correct the violation.
 738 (b) A [~~program manager~~] contracted entity that receives a notice described in Subsection
 739 (3)(a) shall, no later than 60 days after the day on which the [~~program manager~~]

contracted entity receives the notice, correct the violation and report the correction to the state board.

(c)(i) If a ~~[program manager]~~ contracted entity that receives a notice described in Subsection (3)(a) fails to correct a violation in the time period described in Subsection (3)(b), the state board may bar the ~~[program manager]~~ contracted entity from further participation in the program.

(ii) A ~~[program manager]~~ contracted entity may appeal a decision of the state board under Subsection (3)(c)(i) in accordance with Title 63G, Chapter 4, Administrative Procedures Act.

(d) A ~~[program manager]~~ contracted entity may not accept state funds while the ~~[program manager]~~ contracted entity:

(i) is barred from participating in the program under Subsection (3)(c)(i); or

(ii) has an appeal pending under Subsection (3)(c)(ii).

(e) A~~[program manager]~~ contracted entity that has an appeal pending under Subsection (3)(c)(ii) may continue to administer scholarship accounts during the pending appeal.

(4) The state board shall establish a process for a ~~[program manager]~~ contracted entity to report the information the ~~[program manager]~~ contracted entity is required to report to the state board under Section 53F-6-405.

(5) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and include provisions in the state board's agreement with ~~[the scholarship organization]~~ a contracted entity for:

(a) subject to Subsection (6), the administration of scholarship accounts and disbursement of scholarship funds if a ~~[program manager]~~ contracted entity is barred from participating in the program under Subsection (3)(c)(i); and

(b) audit and report requirements as described in Section 53F-6-405.

(6)(a) The state board shall include in the rules and provisions described in Subsection (5)(a) measures to ensure that the establishment and maintenance of scholarship accounts and enrollment in the program are not disrupted if the ~~[program manager]~~ contracted entity is barred from participating in the program.

(b) The state board may, if the ~~[program manager]~~ contracted entity is barred from participating in the program, issue a new request for proposals and enter into a new agreement with an alternative ~~[program manager]~~ contracted entity in accordance with this section and, if applicable, Section 53F-6-415.5.

~~[(7)(a) On or before January 1, 2024, the program manager shall:]~~

~~[(i) establish a process for a scholarship student or a scholarship student's parent to appeal any administrative decision of the program manager, including scholarship expense denials and determinations regarding enrollment eligibility or suspension or disqualification under Section 53F-6-405;]~~

~~[(ii) ensure that the body that determines the outcome of internal appeals:]~~

~~[(A) includes parents of scholarship students; and]~~

~~[(B) makes a determination within 30 days after the day of the appeal;]~~

~~[(iii) make information available regarding the internal appeals process on the program manager's website and on the scholarship application.]~~

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

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

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

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

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

~~[(9)] (8) No later than 10 business days after [July 1 of each year] each distribution described in Section 53F-6-411, the state board shall disperse to the program manager an amount equal to the funds appropriated for the Utah Fits All Scholarship Program for the given fiscal year.~~

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

53F-6-405 (Effective upon governor's approval). Program manager duties -- Audit -- Prohibitions.

(1) The program manager shall:

(a) administer the program, including:

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

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

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

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

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

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

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

(C) closes May 1 of each year;

(D) aligns with the acceptance deadline established under Subsection

53F-6-402(11) that shall be prior to July 1 of each year; and

(E) provides an eligible student with a decision regarding the eligible student's application within 30 days of the application deadline specified in this Subsection (1)(c);

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

(v) determining the eligibility of scholarship expenses, including establishing necessary policies and procedures;

(vi) approving qualifying providers in accordance with Section 53F-6-403; and

(vii) maintaining a list of approved qualifying providers;

~~[(f)]~~ expending all revenue from interest on scholarship funds or investments on scholarship expenses;]

(b) direct the financial administrator to:

~~[(e)]~~ (i) [providing] provide an online portal for the parent of a scholarship student to access the scholarship student's account;

(ii) [-to-]facilitate payments to a qualifying provider from the online portal;

~~[(f)]~~ (iii) [ensuring-] ensure that scholarship funds in a scholarship account are readily available to a scholarship student within five business days after receipt of funds from the state board;

(iv) process scholarship payments in accordance with the payment schedule established in Section 53F-6-411, unless otherwise authorized;

(v) in accordance with program administration when needed, develop and implement a commercially viable, cost-effective, and parent-friendly system that:

(A) processes scholarship payments;

(B) maximizes payment flexibility;

(C) allows scholarship students and scholarship student's parents to publicly rate, review, and share information about qualifying providers; and

(D) provides the program manager with continuous, real-time, view-only access to all scholarship account transactions and balances, payment processing status,

- 842 provider payment history, reimbursement tracking, and account reconciliation
843 data;
- 844 (vi) upon receiving notification under Subsection (1)(c):
- 845 (A) obtain reimbursement of scholarship funds from a qualifying provider that
846 provides the services in which a scholarship student is no longer enrolled or
847 with which the scholarship student is no longer engaged; and
- 848 (B) expend all revenue from interest on scholarship funds or investments on
849 scholarship expenses; and
- 850 (vii) implement accounting procedures to track partial payments and remaining
851 balances;
- 852 ~~[(g)]~~ (c) ~~[requiring]~~ require a parent to notify the program manager if the parent's
853 scholarship student is no longer enrolled in or engaging a service:
- 854 (i) for which the scholarship student receives scholarship funds; and
855 (ii) that is provided to the scholarship student for an entire school year;
- 856 ~~[(h) obtaining reimbursement of scholarship funds from a qualifying provider that~~
857 ~~provides the services in which a scholarship student is no longer enrolled or with~~
858 ~~which the scholarship student is no longer engaged;]~~
- 859 ~~[(j)]~~ (d) each time the program manager makes an administrative decision that is adverse
860 to a scholarship student or the scholarship student's parent, ~~[informing]~~ inform the
861 scholarship student and the scholarship student's parent of the opportunity and
862 process to appeal an administrative decision of the program manager in accordance
863 with the process described in Section ~~[53F-6-404]~~ 53F-6-417;
- 864 ~~[(k)]~~ (e) ~~[maintaining-]~~ maintain a protected internal waitlist of all eligible students who
865 have applied to the program and are not yet scholarship students, including any
866 student who removed the student's application from the waitlist; ~~[and]~~
- 867 ~~[(t)]~~ (f) ~~[providing-]~~ provide aggregate data regarding the number of scholarship students
868 and the number of eligible students on the waitlist described in Subsection ~~[(1)(k)-]~~
869 (1)(e);
- 870 (g) contract for annual and random audits on scholarship accounts conducted:
- 871 (i) by a certified public accountant who is independent from:
- 872 (A) the program manager; and
- 873 (B) the financial administrator's accounts and records pertaining to scholarship
874 funds;
- 875 (ii) in accordance with generally accepted auditing standards;

- (iii) require the financial administrator to demonstrate financial accountability through annual reporting requirements described in Section 53F-6-405.5;
- (iv) develop and implement an annual orientation for qualifying providers;
- (v) administer the appeals process described in Section 53F-6-417;
- (vi) in accordance with Subsection 53F-6-411(4), manage scholarship rollovers;
- (vii) track and ensure compliance of allowed scholarship expenses; and
- (viii) comply with enhanced accountability measures, including independent audits and public disclosure of third-party contracts and fees related to the administration of the program.

(2) The program manager shall:

- ~~[(a) contract with one or more private entities to develop and implement a commercially viable, cost-effective, and parent-friendly system]~~

(a) require the financial administrator to submit monthly financial reports including:

- (i) a statement of financial position;
- (ii) a statement of activities;
- (iii) account reconciliation statements;
- (iv) detailed transaction reports; and
- (v) ~~[to:]~~ exception reports highlighting any unusual activity; and

~~[(i) establish scholarship accounts;]~~

~~[(ii) maximize payment flexibility by allowing:]~~

~~[(A) for payment of services to qualifying providers using scholarship funds by electronic or online funds transfer from the online portal; and]~~

~~[(B) pre-approval of a reimbursement to a parent for a good that is a scholarship expense; and]~~

~~[(iii) allow scholarship students and scholarship student's parents to publicly rate, review, and share information about qualifying providers;]~~

(b) oversee the financial administrator's compliance with requirements regarding:

- ~~[(b)]~~ (i) except for a reimbursement authorized under this part, ~~[ensuring]~~ the use of scholarship funds from the online portal directly to a qualifying provider to pay for scholarship expenses without the availability of withdrawal or other direct access to scholarship funds by an individual; and

~~[(e)]~~ (ii) ~~[ensure that the]~~system ~~[complies]~~ compliance with industry standards for data privacy and cybersecurity, including ensuring compliance with the Family Educational Rights and Privacy Act, 34 C.F.R. Part 99.

- (3) In advance of the program manager accepting applications in accordance with Section 53F-6-402 and as regularly as information develops, the program manager shall provide information regarding the program by publishing a program handbook online for scholarship applicants, scholarship students, parents, service providers seeking to become qualifying providers, and qualifying providers, that includes information regarding:
- (a) the policies and processes of the program;
 - (b) approved scholarship expenses and qualifying providers;
 - (c) the responsibilities of parents regarding the program and scholarship funds;
 - (d) the duties of ~~[the program manager]~~ each contracted entity; and
 - (e) the opportunity and process to appeal an administrative decision of the program manager in accordance with the process described in Section ~~[53F-6-404]~~ 53F-6-417.~~;~~
and]
 - ~~[(f) the role of any private financial management firms or other private organizations with which the program manager may contract to administer any aspect of the program.]~~
- (4) To ensure the fiscal security and compliance of the program, the program manager shall:
- (a) prohibit ~~[a program manager employee or program manager officer]~~ any person from handling, managing, or processing scholarship funds, if, ~~[based on a criminal background check that the state board conducts in accordance with Section 53F-6-407, the state board identifies the program manager employee or program manager officer as posing a risk to the appropriate use of scholarship funds]~~ the person poses a risk to the appropriate use of scholarship funds, as determined by background checks the program manager conducted in accordance with Section 53F-6-407;
 - (b) establish procedures to ensure a fair process to:
 - (i) suspend scholarship student's eligibility for the program in the event of the scholarship student's or scholarship student's parent's:
 - (A) intentional or substantial misuse of scholarship funds; or
 - (B) violation of this part or the terms of the program; and
 - (ii) if the program manager or financial administrator obtains evidence of fraudulent use of scholarship funds, refer the case to the attorney general for collection or criminal investigation; and
 - (iii) ensure that a scholarship student whose eligibility is suspended or disqualified under this Subsection (4)(b) or Subsection (4)(c) based on the actions of the

- 944 student's parent regains eligibility if the student is placed with a different parent or
945 otherwise no longer resides with the parent related to the suspension or
946 disqualification; and
- 947 (c) notify the ~~[state board]~~ financial administrator, scholarship student, and scholarship
948 student's parent in writing:
- 949 (i) of the suspension described in Subsection (4)(b)(i);
950 (ii) that no further transactions, disbursements, or reimbursements are allowed;
951 (iii) that the scholarship student or scholarship student's parent may take corrective
952 action within 10 business days of the day on which the program manager provides
953 the notification; and
954 (iv) that without taking the corrective action within the time period described in
955 Subsection (4)(c)(iii), the program manager may disqualify the student's eligibility.
- 956 (5)(a) A program manager may not direct the financial administrator to:
- 957 (i) disburse scholarship funds to a qualifying provider or allow a qualifying provider
958 to use scholarship funds if:
- 959 (A) the program manager determines that the qualifying provider intentionally or
960 substantially misrepresented information on overpayment;
961 (B) the qualifying provider fails to refund an overpayment in a timely manner; or
962 (C) the qualifying provider routinely fails to provide scholarship students with
963 promised educational services; or
- 964 (ii) reimburse with scholarship funds an individual for the purchase of a good or
965 service if the program manager determines that:
- 966 (A) the scholarship student or the scholarship student's parent requesting
967 reimbursement intentionally or substantially misrepresented the cost or
968 educational purpose of the good or service; or
969 (B) the relevant scholarship student was not the exclusive user of the good or
970 service.
- 971 (b) A program manager shall notify a scholarship student if the program manager:
- 972 (i) stops disbursement of the scholarship student's scholarship funds to a qualifying
973 provider under Subsection (5)(a)(i); or
974 (ii) refuses reimbursement under Subsection (5)(a)(ii).
- 975 (6)(a) At any time, a scholarship student may change the qualifying provider to which
976 the scholarship student's scholarship account makes distributions.
- 977 (b) If, during the school year, a scholarship student changes the student's enrollment in

or engagement with a qualifying provider to another qualifying provider, the program manager may direct the financial administrator to prorate scholarship funds between the qualifying providers based on the time the scholarship student received the goods or services or was enrolled.

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

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

(a) provide customer service regarding:

(i) program eligibility determinations;

(ii) application status;

(iii) qualifying provider approvals;

(iv) scholarship expense eligibility;

(v) program policies and requirements;

(vi) appeals and grievances;

(vii) accessibility for disabled individuals; and

(viii) general program information;

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

(i) scholarship account access;

(ii) payment processing status;

(iii) technical support for the payment portal;

(iv) account balance inquiries;

(v) transaction history; and

(vi) reimbursement status;

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

(d) require the financial administrator to:

(i) maintain adequate customer service staffing;

(ii) meet specified response time requirements; and

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

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

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

- ~~[(a) contract for annual and random audits on scholarship accounts conducted:]~~
- ~~[(i) by a certified public accountant who is independent from:]~~
- ~~[(A) the program manager;]~~
- ~~[(B) the state board; and]~~
- ~~[(C) the program manager's accounts and records pertaining to scholarship funds;~~
- ~~and]~~
- ~~[(ii) in accordance with generally accepted auditing standards;]~~
- ~~[(b) demonstrate the program manager's financial accountability by annually submitting~~
- ~~to the state board the following:]~~
- ~~[(i) a financial information report that a certified public accountant prepares and that~~
- ~~includes the total number and total dollar amount of scholarship funds disbursed~~
- ~~during the previous calendar year; and]~~
- ~~[(ii) no later than 180 days after the last day of the program manager's fiscal year, the~~
- ~~results of the audits described in Subsection (8)(a), including the program~~
- ~~manager's financial statements in a format that meets generally accepted~~
- ~~accounting principles.]~~
- ~~[(9)(a) The state board:]~~
- ~~[(i) shall review a report described in this section; and]~~
- ~~[(ii) may request that the program manager revise or supplement the report if the~~
- ~~report does not fully comply with this section.]~~
- ~~[(b) The program manager shall provide to the state board a revised report or a~~
- ~~supplement to the report no later than 45 days after the day on which the state board~~
- ~~makes a request described in Subsection (9)(a).]~~

(9) Contracted entities may not charge processing fees to an eligible student or pass on third-party fees related to the use or management of scholarship funds.

Section 7. Section **53F-6-405.5** is enacted to read:

53F-6-405.5 (Effective upon governor's approval). Financial administrator duties and requirements.

(1) The financial administrator shall:

- (a) operate independently in processing and distributing scholarship funds while:
 - (i) following program requirements the program manager establishes;
 - (ii) implementing payment directives from the program manager regarding:
 - (A) scholarship student eligibility;
 - (B) qualifying provider status;

- 1046 (C) payment timing; and
1047 (D) other established program requirements;
1048 (iii) maintaining separate systems and controls from program administration; and
1049 (iv) providing necessary reporting while preserving operational independence;
1050 (b) implement and maintain a payment processing system that:
1051 (i) provides an online portal for scholarship account access;
1052 (ii) facilitates electronic payments to qualifying providers;
1053 (iii) enables pre-approval of parent reimbursements for eligible expenses;
1054 (iv) includes provider rating and review capabilities;
1055 (v) processes payments efficiently;
1056 (vi) prevents unauthorized access;
1057 (vii) provides real-time reporting to the program manager; and
1058 (viii) maintains backup systems and disaster recovery capabilities;
1059 (c) process payments only:
1060 (i) to qualifying providers approved by the program manager;
1061 (ii) for scholarship expenses determined eligible by the program manager, including
1062 the reimbursement for the scholarship expense to parents; and
1063 (iii) when directed by the program manager;
1064 (d) maintain security measures that:
1065 (i) prevent unauthorized access to scholarship funds;
1066 (ii) comply with industry standards for data privacy; and
1067 (iii) ensure compliance with federal education privacy laws; and
1068 (e) process scholarship payments according to the distribution schedule described in
1069 Section 53F-6-411, including:
1070 (i) tracking initial and second-half payments;
1071 (ii) managing early disbursement authorizations; and
1072 (iii) reconciling payment records with the Utah Fits All Scholarship Restricted
1073 Account balance.
1074 (2) For financial accountability, the financial administrator shall:
1075 (a) maintain detailed records of:
1076 (i) all scholarship account transactions to the service or item level;
1077 (ii) payment processing activities; and
1078 (iii) reimbursements and refunds;
1079 (b) provide monthly reports to the program manager including:

- 1080 (i) scholarship account balances and activity;
1081 (ii) payment processing status and issues;
1082 (iii) provider payment summaries; and
1083 (iv) reimbursement tracking; and
1084 (c) submit annual financial reports including:
1085 (i) total scholarship funds disbursed;
1086 (ii) account reconciliation statements; and
1087 (iii) audit results and responses.
1088 (3) The financial administrator shall:
1089 (a) implement payment suspensions or cancellations as directed by the program manager;
1090 (b) process reimbursements from providers as required;
1091 (c) credit returned funds to appropriate scholarship accounts; and
1092 (d) maintain records of all suspended or canceled payments.
1093 (4) The financial administrator:
1094 (a) may not:
1095 (i) approve or deny scholarship expenses;
1096 (ii) determine provider eligibility;
1097 (iii) establish program policies; and
1098 (iv) charge processing fees to an eligible student or pass on third-party fees related to
1099 the use or management of scholarship funds; and
1100 (b) shall:
1101 (i) follow all program manager directives regarding fund disbursement;
1102 (ii) maintain separation between policy decisions and payment processing; and
1103 (iii) implement internal controls to prevent unauthorized payments.
1104 (5) The financial administrator shall:
1105 (a) cooperate with all program audits;
1106 (b) provide requested financial records;
1107 (c) respond to audit findings as directed; and
1108 (d) implement corrective actions as required by the program manager.
1109 Section 8. Section **53F-6-406** is amended to read:
1110 **53F-6-406 (Effective upon governor's approval). Qualifying provider regulatory**
1111 **autonomy -- Home school autonomy -- Student records -- Scholarship student status.**
1112 (1) Nothing in this part:
1113 (a) except as expressly described in this part, grants additional authority to any state

- 1114 agency or LEA to regulate or control:
- 1115 (i) a private school, qualifying provider, or home school;
- 1116 (ii) students receiving education from a private school, qualifying provider, or home
- 1117 school;
- 1118 (b) applies to or otherwise affects the freedom of choice of a home school student,
- 1119 including the curriculum, resources, developmental planning, or any other aspect of
- 1120 the home school student's education; or
- 1121 (c) except as expressly provided in Section 53F-6-408 regarding LEA providers,
- 1122 expands the regulatory authority of the state, a state office holder, or an LEA to
- 1123 impose any additional regulation of a qualifying provider beyond any regulation
- 1124 necessary to administer this part.
- 1125 (2) A qualifying provider:
- 1126 (a) has a right to maximum freedom from unlawful governmental control in providing
- 1127 for the educational needs of a scholarship student who attends or engages with the
- 1128 qualifying provider; and
- 1129 (b) is not an agent of the state by virtue of the provider's acceptance of payment from a
- 1130 scholarship account in accordance with this part.
- 1131 (3) Except as provided in Section 53F-6-403 regarding qualifying providers, Section
- 1132 53F-6-408 regarding eligible schools, or Section 53F-6-409 regarding eligible service
- 1133 providers, a program manager may not require a qualifying provider to alter the
- 1134 qualifying provider's creed, practices, admissions policies, hiring practices, or curricula
- 1135 in order to accept scholarship funds.
- 1136 (4) An LEA or a school in an LEA in which a scholarship student was previously enrolled
- 1137 shall provide to the scholarship student's parent a copy of all school records relating to
- 1138 the student that the LEA possesses within 30 days after the day on which the LEA or
- 1139 school receives the parent's request for the student's records, subject to:
- 1140 (a) Title 53E, Chapter 9, Student Privacy and Data Protection; and
- 1141 (b) Family Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g.
- 1142 (5) By virtue of a scholarship student's involvement in the program and unless otherwise
- 1143 expressly provided in statute, a scholarship student is not:
- 1144 (a) enrolled in the public education system; or
- 1145 (b) otherwise subject to statute, administrative rules, or other state regulations as if the
- 1146 student was enrolled in the public education system.
- 1147 Section 9. Section **53F-6-407** is amended to read:

**53F-6-407 (Effective upon governor's approval). Background checks for
program manager -- Bureau responsibilities -- Fees.**

(1) As used in this section:

(a) "Bureau" means the Bureau of Criminal Identification created in Section 53-10-201 within the Department of Public Safety.

(b) "Department" means the Department of Public Safety.

(c) "Division" means the Criminal Investigations and Technical Services Division created in Section 53-10-103.

(d) "Personal identifying information" means:

(i) current name;

(ii) former names;

(iii) nicknames;

(iv) aliases;

(v) date of birth;

(vi) address;

(vii) telephone number;

(viii) driver license number or other government-issued identification number;

(ix) social security number; and

(x) fingerprints.

(e) "Rap back system" means a system that enables authorized entities to receive ongoing status notifications of any criminal history reported on individuals whose fingerprints are registered in the system.

(f) "WIN Database" means the Western Identification Network Database that consists of eight western states sharing one electronic fingerprint database.

(2) ~~[The program manager]~~ Each contracted entity shall:

(a) require an employee or officer of the ~~[program manager]~~ contracted entity to submit to a criminal background check and ongoing monitoring;

(b) collect the following from an employee or officer of the ~~[program manager]~~ contracted entity:

(i) personal identifying information;

(ii) a fee described in Subsection (4); and

(iii) consent, on a form specified by the program manager, for:

(A) an initial fingerprint-based background check by the bureau;

(B) retention of personal identifying information for ongoing monitoring through

- 1182 registration with the systems described in Subsection (3); and
1183 (C) disclosure of any criminal history information to the [~~program manager~~
1184 contracted entity];
- 1185 (c) submit the personal identifying information of an employee or officer of the [
1186 ~~program manager~~] contracted entity to the bureau for:
1187 (i) an initial fingerprint-based background check by the bureau; and
1188 (ii) ongoing monitoring through registration with the systems described in Subsection
1189 (3) if the results of the initial background check do not contain disqualifying
1190 criminal history information as determined by the program manager;
- 1191 (d) identify the appropriate privacy risk mitigation strategy that will be used to ensure
1192 that the [~~program manager~~] contracted entity only receives notifications for
1193 individuals with whom the [~~program manager~~] contracted entity maintains an
1194 authorizing relationship; and
- 1195 (e) submit the information to the bureau for ongoing monitoring through registration
1196 with the systems described in Subsection (3).
- 1197 (3) The bureau shall:
- 1198 (a) upon request from the program manager, register the fingerprints submitted by the [
1199 ~~program manager~~] contracted entity as part of a background check with the WIN
1200 Database rap back system, or any successor system;
- 1201 (b) notify the program manager when a new entry is made against an individual whose
1202 fingerprints are registered with the WIN Database rap back system regarding:
1203 (i) an alleged offense; or
1204 (ii) a conviction, including a plea in abeyance;
- 1205 (c) assist the [~~program manager~~] contracted entity to identify the appropriate privacy risk
1206 mitigation strategy that is to be used to ensure that the [~~program manager~~] contracted
1207 entity only receives notifications for individuals with whom the authorized [~~entity~~
1208 ~~maintains~~] entity maintains an authorizing relationship; and
- 1209 (d) collaborate with the [~~program manager~~] contracted entity to provide training to
1210 appropriate [~~program manager~~] contracted entity employees on the notification
1211 procedures and privacy risk mitigation strategies described in this section.
- 1212 (4)(a) The division shall impose fees that the division sets in accordance with Section
1213 63J-1-504 for the fingerprint card of an employee or officer of the program manager,
1214 for a name check, and to register fingerprints under this section.
- 1215 (b) Funds generated under this Subsection (4) shall be deposited into the General Fund

1216 as a dedicated credit by the department to cover the costs incurred in providing the
1217 information.

1218 Section 10. Section **53F-6-408** is amended to read:

1219 **53F-6-408 (Effective upon governor's approval). Eligible schools.**

1220 (1) To be eligible to receive scholarship funds on behalf of a scholarship student as an
1221 eligible school, a private school with 150 or more enrolled students shall:

1222 (a)(i) contract with an independent licensed certified public accountant to conduct an
1223 agreed upon procedures engagement as the state board adopts, or obtain an audit
1224 and report that:

1225 (A) a licensed independent certified public accountant conducts in accordance
1226 with generally accepted auditing standards;

1227 (B) presents the financial statements in accordance with generally accepted
1228 accounting principles; and

1229 (C) audits financial statements from within the 12 months immediately preceding
1230 the audit; and

1231 (ii) submit the audit report or report of the agreed upon procedure to the program
1232 manager when the private school applies to receive scholarship funds;

1233 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d;

1234 (c) provide a written disclosure to the parent of each prospective scholarship student,
1235 before the student is enrolled, of:

1236 (i) the education services that the school will provide to the scholarship student,
1237 including the cost of the provided services;

1238 (ii) tuition costs;

1239 (iii) additional fees the school will require a parent to pay during the school year; and

1240 (iv) the skill or grade level of the curriculum in which the prospective scholarship
1241 student will participate; and

1242 (d) require the following individuals to submit to a nationwide, fingerprint-based
1243 criminal background check and ongoing monitoring, in accordance with Section
1244 53G-11-402, as a condition for employment or appointment, as authorized by the
1245 Adam Walsh Child Protection and Safety Act of 2006, Pub. L. No. 109-248:

1246 (i) an employee who does not hold:

1247 (A) a current Utah educator license issued by the state board under Title 53E,
1248 Chapter 6, Education Professional Licensure; or

1249 (B) if the private school is not physically located in Utah, a current educator

- 1250 license in the state where the private school is physically located; and
- 1251 (ii) a contract employee.
- 1252 (2) A private school described in Subsection (1) is not eligible to receive scholarship funds
- 1253 if:
- 1254 (a) the private school requires a scholarship student to sign a contract waiving the
- 1255 scholarship student's right to transfer to another qualifying provider during the school
- 1256 year;
- 1257 (b) the audit report described in Subsection (1)(a) contains a going concern explanatory
- 1258 paragraph; or
- 1259 (c) the report of the agreed upon procedures described in Subsection (1)(a) shows that
- 1260 the private school does not have adequate working capital to maintain operations for
- 1261 the first full year.
- 1262 (3) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1263 eligible school, a private school with fewer than 150 enrolled students shall:
- 1264 (a) provide to the program manager and financial administrator:
- 1265 (i) a federal employer identification number;
- 1266 (ii) the provider's address and contact information;
- 1267 (iii) a description of each program or service the provider proposes to offer a
- 1268 scholarship student; and
- 1269 (iv) any other information as required by the program manager or financial
- 1270 administrator; and
- 1271 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d.
- 1272 (4) A private school described in Subsection (3) is not eligible to receive scholarship funds
- 1273 if the private school requires a scholarship student to sign a contract waiving the
- 1274 student's rights to transfer to another qualifying provider during the school year.
- 1275 (5) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1276 eligible school, an LEA shall:
- 1277 (a) provide to the program manager and financial administrator:
- 1278 (i) a federal employer identification number;
- 1279 (ii) the LEA's address and contact information; and
- 1280 (iii) the amount to be charged under the program for, in correlation with the LEA's
- 1281 course and activity fee schedules, and a description of a class, program, or service
- 1282 the LEA provides to a ~~[home-based]~~ scholarship student;
- 1283 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and

- (c) ensure the provision of services to a scholarship student through which:
- (i) the scholarship student does not enroll in the LEA; and
 - (ii) in accordance with Subsection 53F-2-302(2), the LEA does not receive WPU funding related to the student's participation with the LEA.
- (d) treat a scholarship student the same as the LEA would treat an enrolled student, including in:
- (i) participation allowances;
 - (ii) audition rules;
 - (iii) athletic team participation;
 - (iv) extracurricular activities; and
 - (v) co-curricular activities;
- (e) not deny a scholarship student participation in any activity, team, or program simply because:
- (i) the student is a scholarship student; or
 - (ii) of liability concerns specific to the student's scholarship status;
- (f) establish a transparent and fair fee structure for scholarship expenses offered by the LEA, including a fee schedule that:
- (i) is based on actual costs of providing services;
 - (ii) is consistent with fees charged to enrolled students;
 - (iii) itemizes all charges and fees;
 - (iv) explains the basis for each fee; and
 - (v) is updated annually;
- (g) provide the same liability coverage to scholarship students as provided to enrolled students; and
- (h) in accordance with Subsection 53F-6-402(7), create and maintain a distinct identifier in the LEA's student information system that:
- (i) clearly identifies a scholarship student; and
 - (ii) distinguishes the scholarship student from a student enrolled in the LEA.
- (6) An LEA described in Subsection (5) is not eligible to receive scholarship funds if:
- (a) the LEA requires a public education system scholarship student to sign a contract waiving the student's rights to engage with another qualifying provider for a scholarship expense during the school year; or
 - (b) the LEA refuses to offer services that do not require LEA enrollment to scholarship students under the program.

- 1318 (7) Residential treatment facilities licensed by the state are not eligible to receive
1319 scholarship funds.
- 1320 (8) A private school or LEA intending to receive scholarship funds shall:
- 1321 (a)(i) for a private school, submit an application to the program manager; or
1322 (ii) for an LEA, submit a notice to the program manager containing the information
1323 described in Subsection (5)(a); and
- 1324 (b) agree to not refund, rebate, or share scholarship funds with scholarship students or
1325 scholarship student's parents in any manner except remittances or refunds processed
1326 through the financial administrator to a scholarship account in accordance with this
1327 part and procedures that the program manager establishes, and the payment schedule
1328 described in Section 53F-6-411.
- 1329 (9) The program manager shall:
- 1330 (a) if the private school or LEA meets the eligibility requirements of this section,
1331 recognize the private school or LEA as an eligible school and, for a private school,
1332 approve the application; and
- 1333 (b) make available to the public a list of eligible schools approved under this section.
- 1334 (10) A private school approved under this section that changes ownership shall:
- 1335 (a) cease operation as an eligible school until:
1336 (i) the school submits a new application to the program manager; and
1337 (ii) the program manager approves the new application; and
- 1338 (b) demonstrate that the private school continues to meet the eligibility requirements of
1339 this section.
- 1340 (11) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1341 state board shall establish rules for an LEA to create and publish fee structures for
1342 scholarship students.
- 1343 Section 11. Section **53F-6-409** is amended to read:
- 1344 **53F-6-409 (Effective upon governor's approval). Eligible service providers.**
- 1345 (1) To be an eligible service provider, a private program or service:
- 1346 (a) shall provide to the program manager and financial administrator:
- 1347 (i) a federal employer identification number;
1348 (ii) the provider's address and contact information;
1349 (iii) a description of each program or service the provider proposes to offer directly to
1350 a scholarship student; and
1351 (iv) subject to Subsection (2), any other information as required by the program

- 1352 manager;
- 1353 (b) shall comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1354 (c) may not act as a consultant, clearing house, or intermediary that connects a
- 1355 scholarship student with or otherwise facilitates the student's engagement with a
- 1356 program or service that another entity provides.
- 1357 (2) The program manager shall adopt policies that maximize the number of eligible service
- 1358 providers, including accepting new providers throughout the school year, while ensuring
- 1359 education programs or services provided through the program meet student needs and
- 1360 otherwise comply with this part.
- 1361 (3) A private program or service intending to receive scholarship funds shall:
- 1362 (a) submit an application to the program manager;
- 1363 (b) complete all required orientation programs established by the program manager
- 1364 before receiving any scholarship funds and maintain a current orientation status
- 1365 throughout participation in the program; and
- 1366 ~~[(b)]~~ (c) agree to not refund, rebate, or share scholarship funds with scholarship students
- 1367 or scholarship students' parents in any manner except remittances or refunds
- 1368 processed through the financial administrator to a scholarship account in accordance
- 1369 with this part and procedures that the program manager establishes.
- 1370 (4) The program manager shall:
- 1371 (a) if the private program or service meets the eligibility requirements of this section,
- 1372 recognize the private program or service as an eligible service provider and approve a
- 1373 private program or service's application to receive scholarship funds on behalf of a
- 1374 scholarship student; and
- 1375 (b) make available to the public a list of eligible service providers approved under this
- 1376 section.
- 1377 (5) A private program or service approved under this section that changes ownership shall:
- 1378 (a) cease operation as an eligible service provider until:
- 1379 (i) the program or service submits a new application to the program manager; and
- 1380 (ii) the program manager approves the new application; and
- 1381 (b) demonstrate that the private program or service continues to meet the eligibility
- 1382 requirements of this section.
- 1383 (6) The following are not eligible service providers:
- 1384 (a) a parent of a home-based scholarship student or a home school student solely in
- 1385 relation to the parent's child; or

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

(7) Nothing prohibits an entity that provides education services under the Statewide Online Education Program described in Title 53F, Chapter 4, Part 5, Statewide Online Education Program, from operating as an eligible service provider under this part to provide education services to scholarship students.

Section 12. Section **53F-6-410** is amended to read:

53F-6-410 (Effective upon governor's approval). Parental rights -- Optional assessment.

(1) In accordance with Section 53G-6-803 regarding a parent's right to academic accommodations, nothing in this chapter restricts or affects a parent's interests and role in the care, custody, and control of the parent's child, including the duty and right to nurture and direct the child's upbringing and education.

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

(i) a standards assessment described in Section 53E-4-303;

(ii) a high school assessment described in Section 53E-4-304;

(iii) a college readiness assessment described in Section 53E-4-305;

(iv) an assessment of students in grade 3 to measure reading grade level described in Section 53E-4-307; or

(v) a nationally norm-referenced assessment.

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

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

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

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

- (3) The rights described in this section shall be exercised in conjunction with the procedures for students with special needs as described in Section 53F-6-416.
- Section 13. Section **53F-6-411** is amended to read:
- 53F-6-411 (Effective upon governor's approval). Program funding.**
- (1) [H] Except as provided in Subsection (7), if a scholarship student enters or reenters the public education system during a given school year:
- (a) no later than five business days after the day on which the student enters or reenters the public education system, the program manager shall direct the financial administrator to immediately remove the balance in the scholarship student's scholarship account for other use within the program;
- (b) the state board may not distribute any remaining state funds to the program manager or financial administrator for the student; and
- (c) the program manager may direct the financial administrator to use the balance described in Subsection (1)(a) for another scholarship student.
- (2) At the end of a school year, a program manager shall:
- (a) direct the financial administrator to:
- (i) withdraw any remaining scholarship funds in a scholarship account; and
- (ii) [retain the scholarship funds for disbursement in the following year.] allocate these funds as rollovers in accordance with Subsection (4); and
- (b) return any funds not allocated as rollovers to the program manager or the state board to be deposited in the restricted account described in Subsection (4).
- (3)(a) To administer the program, the program manager may use up to [the lesser of] 5% [or \$2,500,000] of the funds the Legislature appropriates for the program.
- (b) ~~[Subject to Subsection (3)(a), the]~~ The funds for program administration described in Subsection (3)(a) are nonlapsing.
- (c) The program manager may not retain administrative cost balances in excess of 25% of total administrative costs in any fiscal year.
- (4)(a) There is created a restricted account within the Income Tax Fund known as the "Utah Fits All Scholarship Program Restricted Account."
- (b) The restricted account shall consist of:
- (i) money appropriated to the restricted account by the Legislature;
- (ii) interest earned on the restricted account; and
- (iii) in accordance with Subsection (6), unused scholarship funds returned to the restricted account under this section.

- 1454 (5)(a) Subject to legislative appropriations, the state board shall distribute scholarship
1455 funds to the program manager or financial administrator from the restricted account
1456 in two equal payments:
- 1457 (i) the first payment at the beginning of the scholarship year; and
 - 1458 (ii) the second payment during the second half of the scholarship year.
- 1459 (b) Notwithstanding Subsection (5)(a), the program manager may authorize
1460 disbursement of a scholarship student's full annual award amount at the beginning of
1461 the scholarship year if:
- 1462 (i) the funds are for private school tuition; or
 - 1463 (ii) the program manager determines immediate disbursement is necessary for the
1464 student's education.
- 1465 (6) The program manager shall:
- 1466 (a) allow unused scholarship funds to rollover in a 2:1 ratio, where:
- 1467 (i) for every three dollars of unused scholarship funds, two dollars rollover to the
1468 scholarship student to be added to the student's scholarship award for the next
1469 scholarship year, up to a maximum rollover amount of \$2,000 that may cumulate;
1470 and
 - 1471 (ii) the remaining unused funds return to the restricted account;
- 1472 (b) verify the scholarship student maintains program eligibility before executing any
1473 rollover; and
 - 1474 (c) direct the financial administrator to return any unused funds not allocated as
1475 rollovers to the restricted account described in this section.
- 1476 (7)(a) Before determining a student has reentered public education, the program
1477 manager shall:
- 1478 (i) notify the parent in writing of:
- 1479 (A) the identified public school enrollment; and
 - 1480 (B) the parent's right to verify or dispute the enrollment finding; and
- 1481 (ii) allow the parent five business days to:
- 1482 (A) confirm the accuracy of the enrollment; or
 - 1483 (B) provide evidence disputing the enrollment finding.
- 1484 (b) A parent may appeal an incorrect reentry determination by submitting documentation
1485 to the program manager within the time specified in Subsection (7)(a).
- 1486 Section 14. Section **53F-6-412** is amended to read:
- 1487 **53F-6-412 (Effective upon governor's approval). Reports.**

1488 ~~[Beginning in 2025 and in]~~ In accordance with Section 68-3-14 and the Family
1489 Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g, the program manager shall submit
1490 a report on the program to the Education Interim Committee no later than September 1 of each
1491 year that includes:

- 1492 (1) the number and outcomes of appeals processed through the appeals process established
1493 in Section 53F-6-417;
- 1494 (2) the total amount and usage of rollover funds as described in Section 53F-6-411;
- 1495 (3) a summary of the income verification process and outcomes, including the number of
1496 households verified through each method described in Section 53F-6-402;
- 1497 (4) for scholarship rollovers:
 - 1498 (a) the total amount of funds rolled over;
 - 1499 (b) the number of students with rollovers; and
 - 1500 (c) the impact on subsequent year scholarship amounts;
- 1501 (5) for restricted expenses:
 - 1502 (a) the total amount spent on extracurricular and physical education expenses;
 - 1503 (b) the percentage of scholarship funds used for restricted expenses by student; and
 - 1504 (c) the number of students reaching:
 - 1505 (i) the 20% restriction limit for physical education; and
 - 1506 (ii) the 20% limit for extracurricular related expenses;
- 1507 (6) in consultation with the financial administrator, all financial data necessary for the
1508 preparation of the report required under this section no later than 30 days before each
1509 reporting deadline;
- 1510 ~~[(4)]~~ (7) the total amount of tuition and fees qualifying providers charged for the current
1511 year and previous two years;
- 1512 ~~[(2)]~~ (8) the total amount of goods paid for with scholarship funds in the previous year and a
1513 general characterization of the types of goods;
- 1514 ~~[(3)]~~ (9) administrative costs of the program;
- 1515 ~~[(4)]~~ (10) the number of scholarship students from each county and the aggregate number of
1516 eligible students on the waitlist described in Section 53F-6-405;
- 1517 ~~[(5)]~~ (11) the percentage of first-time scholarship students who were enrolled in a public
1518 school during the previous school year or who entered kindergarten or a higher grade for
1519 the first time in Utah;
- 1520 ~~[(6)]~~ (12) the program manager's strategy and outreach efforts to reach eligible students
1521 whose family income is at or below 200% of the federal poverty level and related

obstacles to enrollments;

[(7)] (13) in the report that the program manager submits in 2025, information on steps the program manager has taken and processes the program manager has adopted to implement the program; [and]

(14) breakdown of scholarship students by:

(a) private school enrollment versus home-based education; and

(b) enrollment preference tier through which the student received the scholarship; and

[(8)] (15) any other information regarding the program and the program's implementation that the committee requests.

Section 15. Section **53F-6-415.5** is enacted to read:

53F-6-415.5 (Effective upon governor's approval). Transition provisions.

(1) As used in this section:

(a) "Previous contracted entity" means an organization that was contracted to perform program functions immediately prior to a transition event.

(b) "Transition event" means:

(i) the expiration or termination of a contracted entity contract;

(ii) the inability of a contracted entity to perform required duties; or

(iii) any other circumstance requiring transition to a new contracted entity, including legislative changes to this part or the program appropriations.

(c) "Transition period" means the time between:

(i) the occurrence of a transition event; and

(ii) the effective date of a contract with a new contracted entity selected through the state's procurement process.

(2) Upon the occurrence of a transition event, the Department of Operations shall:

(a) serve as a temporary bridge program administrator solely during the time required to:

(i) maintain essential program operations with the full cooperation from the previous contracted entity that is undergoing termination of contract; and

(ii) complete the procurement process for selecting new contracted entities;

(b) immediately initiate and complete the procurement process described in Section 53F-6-404 in an expedited manner;

(c) establish clear timelines and procedures for the transition process between the previous contracted entity to the Department of Operations to the new contracted entity;

(d) if the transition event affects the financial administrator;

- 1556 (i) immediately secure temporary financial services through an emergency
1557 procurement process to ensure continuity of payment processing;
1558 (ii) ensure the temporary financial services provider meets all qualifications of a
1559 financial administrator under Section 53F-6-401; and
1560 (iii) maintain separation between program administration and financial operations
1561 during the transition period; and
1562 (e) provide proper notice to and coordinate with:
1563 (i) qualifying providers;
1564 (ii) parents;
1565 (iii) all contracted entities;
1566 (iv) the state board; and
1567 (v) other affected parties.
1568 (3) During the transition period, the Department of Operations:
1569 (a) shall ensure with full cooperation and support of the previous contracted entity:
1570 (i) all existing scholarship accounts remain valid and operational;
1571 (ii) all qualifying provider approvals remain in effect;
1572 (iii) no interruption in:
1573 (A) scholarship payments;
1574 (B) account access for parents;
1575 (C) contracted entity operations; and
1576 (D) other essential program functions;
1577 (iv) if a temporary financial services provider is necessary:
1578 (A) the provider's compliance with program requirements;
1579 (B) proper processing of scholarship payments; and
1580 (C) appropriate separation of duties is maintained between the provider and the
1581 Department of Operations;
1582 (v) preservation of all program data and records for transfer to new contracted
1583 entities; and
1584 (vi) continuation of necessary reporting and compliance activities;
1585 (b) may not:
1586 (i) implement new policies or procedures;
1587 (ii) modify existing program operations; or
1588 (iii) directly handle or process any scholarship funds; and
1589 (c) shall maintain the program's operational independence from governmental control.

- 1590 (4) The Department of Operations' temporary bridge program administrator role:
1591 (a) is limited to maintaining essential program functions;
1592 (b) may not extend beyond the minimum time necessary to complete the procurement
1593 process;
1594 (c) does not constitute ongoing program management or operations;
1595 (d) shall be performed solely to maintain program continuity during the transition to a
1596 new program manager; and
1597 (e) shall terminate immediately upon the new program manager assuming the duties of a
1598 program manager.
- 1599 (5) All contracts, agreements, and obligations with the previous contracted entity shall:
1600 (a) remain in effect during the transition period unless specifically terminated through
1601 appropriate procedures;
1602 (b) be reviewed by the Department of Operations for continuation, modification, or
1603 termination; and
1604 (c) if necessary, be transferred to appropriate entities as determined through the
1605 procurement process.
- 1606 (6) Upon selection and awarding of a new contract to a contracted entity, the Department of
1607 Operations shall:
1608 (a) facilitate an orderly transfer of all relevant program operations, records, and data;
1609 (b) ensure the new contracted entity is prepared to assume all relevant program
1610 responsibilities; and
1611 (c) except for contract administrator duties, terminate all temporary administrative duties.
- 1612 (7) During the transition period:
1613 (a) if a temporary financial services provider is necessary:
1614 (i) the provider shall process all program payments and maintain all scholarship
1615 accounts;
1616 (ii) the Department of Operations may not directly handle or process any scholarship
1617 funds; and
1618 (iii) the temporary financial services provider shall receive the portion of
1619 administrative funds necessary for financial operations;
1620 (b) the state board shall:
1621 (i) allocate administrative funds as directed by the Department of Operations to:
1622 (A) the temporary financial services provider for financial operations; and
1623 (B) other contracted entities continuing to perform program functions; and

- 1624 (ii) ensure the total administrative costs do not exceed the limit in Subsection
1625 53F-6-411(3)(a)(i); and
- 1626 (c) the Department of Operations:
- 1627 (i) shall maintain detailed accounting of all transition period administrative
1628 expenditures;
- 1629 (ii) shall report transition period expenditures to the state board;
- 1630 (iii) may not directly handle scholarship funds or accounts; and
- 1631 (iv) shall ensure proper separation between program administration and financial
1632 operations is maintained throughout the transition period.
- 1633 (8) Any unexpended administrative funds at the end of the transition period shall:
- 1634 (a) transfer to the newly contracted entities upon completion of the procurement process;
1635 or
- 1636 (b) return to the restricted account described in Section 53F-6-411 if not needed for
1637 contracted entity operations.
- 1638 (9) Within 30 days after terminating temporary administrative duties under Subsection
1639 (6)(c), the Department of Operations shall submit a report to the Executive
1640 Appropriations Committee that includes:
- 1641 (a) a summary of actions taken during the transition period;
- 1642 (b) an accounting of all expenditures made during the transition period;
- 1643 (c) confirmation that all program operations, records, and data have been properly
1644 transferred to new contracted entities; and
- 1645 (d) verification that all temporary administrative duties have been terminated.
- 1646 Section 16. Section **53F-6-416** is enacted to read:
- 1647 **53F-6-416 (Effective upon governor's approval). Students with special needs.**
- 1648 The program manager shall coordinate with the program manager of the Carson Smith
1649 Opportunity Scholarship Program created in Section 53E-7-402 and the Carson Smith
1650 Scholarship Program created in Section 53F-4-302 to ensure that a student is not receiving
1651 duplicate benefits.
- 1652 Section 17. Section **53F-6-417** is enacted to read:
- 1653 **53F-6-417 (Effective upon governor's approval). Appeals process for denied**
1654 **reimbursements.**
- 1655 In accordance with required program administration the program manager shall:
- 1656 (1) follow an appeals process for when a student's eligibility is suspended or disqualified
1657 under Section 53F-6-405; and

1658 (2) establish the process and procedures for the appeals process described in this section.

1659 Section 18. **Effective Date.**

1660 This bill takes effect:

1661 (1) except as provided in Subsection (2), May 7, 2025; or

1662 (2) if approved by two-thirds of all members elected to each house:

1663 (a) upon approval by the governor;

1664 (b) without the governor's signature, the day following the constitutional time limit of

1665 Utah Constitution, Article VII, Section 8; or

1666 (c) in the case of a veto, the date of veto override.