## SB0107S01 compared with SB0107

{Omitted text} shows text that was in SB0107 but was omitted in SB0107S01 inserted text shows text that was not in SB0107 but was inserted into SB0107S01

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<b>Education Scholarship Amendments</b>
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Lincoln Fillmore
House Sponsor:
LONG TITLE
General Description:
This bill {amends the Carson Smith Opportunity Scholarship Program} removes income-based
criteria from scholarship awards.
Highlighted Provisions:
This bill:
• {requires scholarship granting organizations to verify Utah residency through multiple
forms of documentation;}
• {prohibits scholarship granting organizations from charging any fees to families;}
• {mandates independent audits of all scholarship granting organizations regardless of
scholarship amount;}
• {requires public disclosure of all third-party contracts and associated fees;}
• {establishes a formal appeals process for denied expense reimbursements;}
• {limits extracurricular and physical education expenses to 20% of the scholarship
amount;}
• {requires specific deadlines be created for scholarship notification and acceptance;}

17 removes {the requirement for home school affidavit documentation} income-based criteria from scholarship awards; and 18 makes technical changes. 10 Money Appropriated in this Bill: 11 None 12 None 15 AMENDS: 16 53E-7-401 {(Effective 07/01/25)}, as last amended by Laws of Utah 2024, Chapter 466 {(Effective <del>07/01/25)</del>, as last amended by Laws of Utah 2024, Chapter 466 17 53E-7-402 {(Effective 07/01/25)}, as last amended by Laws of Utah 2024, Chapter 466 {(Effective <del>07/01/25)</del>, as last amended by Laws of Utah 2024, Chapter 466 27 {53E-7-405 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 466 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 466} 18 *Be it enacted by the Legislature of the state of Utah:* 19 20 Section 1. Section **53E-7-401** is amended to read: 21 53E-7-401. {(Effective 07/01/25)} Definitions. As used in this part: 33 (1) "The Carson Smith Opportunity Scholarship Program" or "program" means the program established in Section 53E-7-402. 35 (2) "Eligible student" means: 36 (a) a student who: 37 (i) is: 38 (A) eligible to participate in public school, {fin {}} preschool, }kindergarten, or grades 1 through 12; 40 (B) enrolled in a qualifying school as defined in Subsection  $\{f(11)\}$   $\{12\}$ 41 (C) a home-based scholarship student as defined in Subsection (6); or 42 (D) at least three years old before September 2 of the year the scholarship is awarded; 44 (ii) is a {primary} resident of the state; 45 (iii) has a qualified disability identified under 20 U.S.C. Sec. 140(3) as determined by: (A) having an IEP within the previous three years; or 46 47 (B) a multidisciplinary team evaluation described in Subsection (7); {{fand}}

- 48 (iv) during the school year for which the student is applying for the scholarship, is not:
- 50 (A) a student who receives a scholarship under the Carson Smith Scholarship Program created in Section 53F-4-302;
- 52 {(B)} a student who receives a scholarship under the Utah Fits All Scholarship Program created in Section 53F-6-402; }or
- 54  $\{\{(B)\}\}$   $\{(C)\}$  enrolled as a public school student;  $\{\{or\}\}\}$
- 55 {(v)} {provides verification of primary residence in Utah, including a parent's utility bill, lease agreement, or property tax records; and}
- 57 {(vi)} for out-of-state military families, attests that the student is not enrolled in a public school elsewhere while receiving the scholarship; or}
- 59 (b) a student who:
- 60 (i) meets the requirement of Subsections (2)(a)(i) and (ii); and
- 61 (ii) is a sibling of and resides in the same household as a student described in Subsection (2)(a) if:
- (A) the student described in Subsection (2)(a) is a scholarship student and has verified enrollment or intent to enroll at a qualifying school {{ or participate in services provided by a qualifying provider}}; and
- 66 (B) the sibling is applying for a scholarship to attend the same qualifying school { f or participate in the same services provided by a qualifying provider } .
- 68 (3)
  - (a) "Employee" means an individual working in a position in which the individual's salary, wages, pay, or compensation, including as a contractor, is paid from:
- 70 (i) program donations to a scholarship granting organization; or
- 71 (ii) scholarship money allocated to a qualifying school or qualifying provider by a scholarship granting organization under Section 53E-7-405.
- 73 (b) "Employee" does not include an individual who volunteers at the scholarship granting organization, qualifying school, or qualifying provider.
- 75 [(4) "Family income" means the annual income of the parent, parents, legal guardian, or legal guardians with whom a scholarship student lives.]
- [(5) "Federal poverty level" means the 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.]

- 80 [(6)] (4) "Home-based scholarship student" means a student who:
- 81 (a) is eligible to participate in public school, in kindergarten or grades 1 through 12;
- 82 (b) {{is{}} attests to being} excused from enrollment in an LEA{{ in accordance with Section 53G-6-204}} to attend a home school; and
- 84 (c) receives a benefit from a scholarship under the program.
- 85 [(7)] (5) "Multidisciplinary evaluation team" means two or more individuals:
- 86 (a) who are qualified in two or more separate disciplines or professions; and
- 87 (b) who evaluate a child.
- 88 [<del>(8)</del>] (6) "Officer" means:
- 89 (a) a member of the board of a scholarship granting organization, qualifying school, or qualifying provider; or
- 91 (b) the chief administrative officer of a scholarship granting organization, qualifying school, or qualifying provider.
- 93 {(9)} "Primary residence" means the one location where an individual resides for the majority of the year.}
- 95 [(9)] [(10)] (7) "Program donation" means a donation to the program under Section 53E-7-405.
- 96 [(10)]  $\{(11)\}$  (8) "Qualifying provider" means:
- 97 (a) an entity that:
- 98 (i) is not a public school and is autonomous and not an agent of the state, in accordance with Section 53E-7-406; and
- 100 (ii) meets the requirement described in Section 53E-7-403; and
- 101 (b) is an eligible service provider approved by the scholarship granting organization in accordance with Section 53E-7-408.5.
- 103 [(11)]  $\{(12)\}$  (9) "Qualifying school" means a private school that:
- 104 (a) provides {preschool, }kindergarten, elementary, or secondary education;
- 105 (b) is approved by the state board under Section 53E-7-408; and
- 106 (c) meets the requirements described in Section 53E-7-403.
- [(12)] [(13)] (10) "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.
- 110 [(13)]  $\{(14)\}$  (11) "Scholarship" means a grant awarded to an eligible student:

111 (a) by a scholarship granting organization out of program donations or program appropriations; and 113 (b) for the purpose of paying for a scholarship expense. 114 [(14)]  $\{(15)\}$  (12){(a)} "Scholarship expense" means an expense that a parent or eligible student incurs in the education of the eligible student for goods or a service that a qualifying school or qualifying provider provides or facilitates, including: 117  $\{\{(a)\}\}$   $\{(b)\}$  published tuition and fees of a qualifying school or qualifying provider; 118  $\{\{(b)\}\}$   $\{(ii)\}$  fees and instructional materials at a technical college; 119  $\{\{(c)\}\}\}$   $\{(iii)\}$  tutoring services; 120  $\{f(d)\}\}$   $\{(iv)\}$  fees for after-school or summer education programs; 121 {f(e) {}} {\(\frac{\tau}{\text}\)}} textbooks, curricula, or other instructional materials, including any supplemental materials or associated online instruction that a curriculum, qualifying provider, or a qualifying school recommends; 124  $\{f(f)\}\}$   $\{(vi)\}\}$  educational software and applications; 125  $\{\{(y)\}\}\}$  supplies or other equipment related to an eligible student's educational needs; 127 {f(h){}} {(viii)}} computer hardware or other technological devices that are intended primarily for an eligible student's educational needs; 129  $\{f(i)\}\}$  fees for the following examinations, or for a preparation course for the following examinations, that the scholarship granting organization approves: 131  $\{f(i)\}\}$  a national norm-referenced or standardized assessment described in Section 53F-6-410, an advanced placement examination, or another similar assessment; 134  $\{\{(ii)\}\}\}$  a state-recognized industry certification examination; and 135  $\{f(iii)\}\}$   $\{(C)\}$  an examination related to college or university admission;  $\{f(i)\}\}$  educational services for students with disabilities from a licensed or accredited 136 practitioner or provider, including occupational, behavioral, physical, audiology, or speechlanguage therapies {, or other licensed or accredited practitioners approved by the scholarship granting organization \; 140  $\{f(k)\}\}$  (xi)} contracted services that the scholarship granting organization approves and that an LEA provides, including individual classes, after-school tutoring services, transportation, or fees or costs associated with participation in extracurricular activities;

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- {{(1){}} {(xii)}} ride fees or fares for a fee-for-service transportation provider to transport the eligible student to and from a qualifying school or qualifying provider, not to exceed \$750 in a given school year;
- {f(m){}} {(xiii)}} expenses related to extracurricular activities, field trips, educational supplements, { physical education experiences,} and other educational experiences { not to exceed 20% of the total scholarship amount}; or
- 150  $\{\{(n)\}\}$   $\{(xiv)\}$  the scholarship granting organization approves in accordance with Subsection 53E-7-405(3).
- 152 {(b)} {"Scholarship expense" does not include:}
- 153 {(i)} {chaperone expenses;}
- 154 {(ii)} {season tickets, annual passes, or subscriptions to entertainment venues; and}
- 155 {(iii)} the purchase of furniture.}
- 156 [(15)]  $\{(16)\}$  (13) "Scholarship granting organization" means an organization that is:
- 157 (a) qualified as tax exempt under Section 501(c)(3), Internal Revenue Code; and
- 158 (b) recognized through an agreement with the state board as a scholarship granting organization, as described in Section 53E-7-404.
- 160 [(16)] {(17)} (14) "Scholarship student" means an eligible student, including a home-based scholarship student, who receives a scholarship under this part.
- [(17)] [(18)] (15) "Value of the weighted pupil unit" means the amount established each year in the enacted public education budget that is multiplied by the number of weighted pupil units to yield the funding level for the basic state-supported school program.
- Section 2. Section **53E-7-402** is amended to read:
- 53E-7-402. {(Effective 07/01/25)}Carson Smith Opportunity Scholarship Program.
- 168 (1) There is established the Carson Smith Opportunity Scholarship Program under which a parent may apply to a scholarship granting organization on behalf of the parent's student for a scholarship to help cover the cost of a scholarship expense.
- 171 (2)
  - (a) A scholarship granting organization shall award, in accordance with this part, scholarships to eligible students.
- 173 (b) In awarding scholarships, a scholarship granting organization shall give priority to an eligible student described in Subsection 53E-7-401(1)(a) by:

- 175 (i) establishing an August 10 deadline for an eligible student described in Subsection 53E-7-401(1)(b) to apply for a scholarship; and
- 177 (ii) awarding a scholarship to an eligible student described in Subsection 53E-7-401(2)(b) only if funds exist after awarding scholarships to all eligible students described in Subsection 53E-7-401(2)(a) who have applied and qualify.
- 180 (c) Subject to available funds, a scholarship awarded to an eligible student described in Subsection 53E-7-401(2)(b) shall be for a similar term as a scholarship awarded to the eligible student's sibling.
- 183 (3) A scholarship granting organization shall determine a full-year scholarship award to pay for the cost of one or more scholarship expenses in an amount not more than:
- 185 (a) for an eligible student described in Subsection 53E-7-401(2)(a) who is:
- (i) in kindergarten through grade 12, [and whose family income is:]
- 187 [(A) at or below 185% of the federal poverty level, the value of the weighted pupil unit multiplied by 2.5;
- $\{(B)\}$  and
- 160 (B) except as provided in Subsection (3)(a)(i)(C), above 185% of the federal poverty level, the value of the weighted pupil unit multiplied by two; or
- 191 **(C)** above 185% of the federal poverty level and the eligible student would have received an average of 180 minutes per day or more of special education services in a public school before transferring to a private school, the value of the weighted pupil unit multiplied by 2.5; or
- 195 (ii) in preschool  $\{\{,\{\}\}\}$
- 196 {(A)} for full-time enrollment, the value of the weighted pupil unit; or
- 197 {(B) for part-time enrollment, the value of the weighted pupil unit multiplied by 0.55; or}
- 199 (b) for an eligible student described in Subsection 53E-7-401(2)(b), half the value of the weighted pupil unit.
- $201 \quad \frac{(4)}{(4)}$ 
  - {(a) A scholarship granting organization shall:}
- 202 <u>{(i) establish and communicate to an eligible student a deadline by which the eligible student must accept or deny the scholarship offer; and }</u>
- 204 {(ii) communicate to an eligible student that failure to respond by the deadline described in Subsection (4)(a)(i) may result in forfeiture of the scholarship offer.}

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	(b) The State Tax Commission may, upon request, provide state individual income tax information to a
	scholarship granting organization for income verification purposes regarding a given individual if:}
209	{(i) the individual voluntarily provides the individual's social security number to the scholarship
	granting organization; and}
211	{(ii) consents in writing to the sharing of state individual income tax information solely for income
	verification purposes.}
213	{(e) In addition to the tax information described in Subsection (4)(b), the scholarship granting
	organization shall accept the following for income verification:}
215	{(i) a federal form W-2;}
216	{(ii) a wage statement from an employer; and}
217	{(iii) other methods or documents that the scholarship granting organization identifies.}
218	{(d) For income verification purposes:}
219	{(i) the scholarship granting organization shall require documentation of combined household income,
	not individual income; and}
221	{(ii) the income verification shall be based on the most recent filed tax return for each filer in the
	household.}
223	{(e) The State Tax Commission shall create and implement an income verification process and tool to
	facilitate this verification.}
225	$\{\{(4)\}\}$ Eligibility for a scholarship as determined by a multidisciplinary evaluation team
	under this program does not establish eligibility for an IEP under the Individuals with Disabilities
	Education Act, Subchapter II, 20 U.S.C. Secs. 1400 to 1419, and is not binding on any LEA that is
	required to provide an IEP under the Individuals with Disabilities Education Act.
230	$\{\{(5)\}\}$ The scholarship granting organizations shall prepare and disseminate information on
	the program to a parent applying for a scholarship on behalf of a student.
232	{Section 3. Section 53E-7-405 is amended to read: }
233	53E-7-405. Program donations Scholarship granting organization requirements

Legislative appropriations.

(1) A person that makes a donation to a scholarship granting organization to help fund scholarships through the program may be eligible to receive a nonrefundable tax credit as described in Sections

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59-7-625 and 59-10-1041.

- (2) In accordance with Section 53E-7-404, an organization may enter into an agreement with the state board to be a scholarship granting organization.
- 240 (3) A scholarship granting organization shall:
- (a) accept program donations and allow a person that makes a program donation to designate a qualifying school[or qualifying provider] to which the donation shall be directed for scholarships;
- 244 (b) adopt an application process in accordance with Subsection (5);
- (c) review scholarship applications and determine scholarship awards;
- 246 (d) allocate scholarship money to a scholarship student's parent or, on the parent's behalf, to a qualifying school or qualifying provider in which the scholarship student is enrolled or participates;
- (e) adopt a process, with state board approval, that allows a parent to use a scholarship to pay for a nontuition scholarship expense for the scholarship student;
- (f) ensure that during the state fiscal year:
- 252 (i) at least 92% of the scholarship granting organization's revenue from program donations and other funding sources are spent on scholarships;
- 254 (ii) up to 5% of the scholarship granting organization's revenue from program donations and other funding sources are spent on administration of the program;
- 256 (iii) up to 3% of the scholarship granting organization's revenue from program donations and other funding sources are spent on marketing and fundraising costs; and
- 259 (iv) all revenue from interest or investments is spent on scholarships;
- (g) carry forward no more than 60% of the scholarship granting organization's funds, less funds for a scholarship that has been awarded, and funds expended for administration and marketing, from the state fiscal year in which the scholarship granting organization received the funds to the following state fiscal year;
- 264 (h) at the end of a state fiscal year, remit to the state treasurer donation amounts greater than the amount described in Subsection (3)(g);
- 266 (i) prohibit a scholarship granting organization employee or officer from handling, managing, or processing program donations or other funds, if, based on a criminal background check conducted by the state board in accordance with Section 53E-7-404, the state board identifies the employee or officer as posing a risk to the appropriate use of program donations or other funds;
- 271 (j) ensure that a scholarship can be transferred during the school year to a different qualifying school or qualifying provider that accepts the scholarship student;

273	(k) report to the state board on or before November 1 of each year the following information, prepared
213	by a certified public accountant:
275	
275	(i) the name and address of the scholarship granting organization;
276	(ii) the total number and total dollar amount of program donations and other funding sources that the
	scholarship granting organization received during the previous calendar year;
279	(iii)
•	(A) the total number and total dollar amount of scholarships the scholarship granting organization
	awarded during the previous state fiscal year to eligible students described in Subsection
	53E-7-401(2)(a); and
282	(B) the total number and total dollar amount of scholarships the scholarship granting organization
	awarded during the previous state fiscal year to eligible students described in Subsection
	53E-7-401(2)(b); and
285	(iv) the percentage of first-time scholarship recipients who were enrolled in a public school during the
	previous school year or who entered kindergarten or a higher grade for the first time in Utah;
288	(l) issue tax credit certificates as described in Section 53E-7-407; [and]
289	(m)
	(i) require a parent to notify a scholarship granting organization if the parent's scholarship recipient:
291	(A) receives scholarship money for tuition expenses; and
292	(B) does not have continuing enrollment and attendance at a qualifying school; or
293	(ii) has transitioned to be a home-based student[-];
294	(n) verify an applicant's Utah residency through at least two forms of documentation, which may
	include a:
296	(i) current Utah driver's license;
297	(ii) valid Utah voter registration card;
298	(iii) utility bill dated within the last 60 days;
299	(iv) current Utah vehicle registration; or
300	(v) Utah tax return from the previous year;
301	(o) ensure that combined expenses for extracurricular activities and physical education do not exceed
	20% of the total scholarship amount;
303	(p) facilitate an appeals process for denied reimbursements in accordance with Subsection (12);
305	

	<u>(q)</u>	be prohibited from charging any processing fees to an eligible student or pass on third-party fees
		related to the use or management of scholarship funds; and
307	<u>(r)</u>	conduct an annual independent audit and publicly disclose all third-party contracts and fees.
309	(4)	The state treasurer shall deposit the money described in Subsection (3)(h) into the Income Tax Fund
311	(5)	
	(a)	An application for a scholarship shall contain an acknowledgment by the applicant's parent that
		the qualifying school or qualifying provider selected by the parent for the applicant to attend or
		participate in using a scholarship is capable of providing the level of disability services required for
		the student.
315	(b)	A scholarship application form shall contain the following statement:
316		"I acknowledge that:
317		(1) A private school may not provide the same level of disability services that are provided in a
		public school;
319		(2) I will assume full financial responsibility for the education of my scholarship recipient if I accep
		this scholarship;
321		(3) Acceptance of this scholarship has the same effect as a parental refusal to consent to services as
		described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities Education Act,
		20 U.S.C. Sec. 1400 et seq.; and
324		(4) My child may return to a public school at any time."
325	(c)	Upon acceptance of a scholarship, the parent assumes full financial responsibility for the education
		of the scholarship recipient.
327	(d)	Acceptance of a scholarship has the same effect as a parental refusal to consent to services as
		described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities Education Act,
		20 U.S.C. Sec. 1400 et seq.
330	(e)	The creation of the program or granting of a scholarship does not:
331	(i)	imply that a public school did not provide a free and appropriate public education for a student; or
333	(ii)	constitute a waiver or admission by the state.
334	(6)	A scholarship granting organization shall demonstrate the scholarship granting organization's
		financial accountability by annually submitting to the state board a financial information report that:
337	(a)	complies with the uniform financial accounting standards described in Section 53E-7-404; and
339	(b)	is prepared by a certified public accountant.

340	(7)
	(a) [If a scholarship granting organization allocates \$500,000 or more in scholarships annually through
	the program, the ] The scholarship granting organization shall:
342	(i) contract for an annual audit, conducted by a certified public accountant who is independent
	from:
344	(A) the scholarship granting organization; and
345	(B) the scholarship granting organization's accounts and records pertaining to program donations and
	other funding sources; and
347	(ii) in accordance with Subsection (7)(b), report the results of the audit to the state board for review
349	(b) For the report described in Subsection (7)(a)(ii), the scholarship granting organization shall:
351	(i) include the scholarship granting organization's financial statements in a format that meets generally
	accepted accounting standards; and
353	(ii) submit the report to the state board no later than November 1.
354	(c) The certified public accountant shall conduct an audit described in Subsection (7)(a)(i) in
	accordance with generally accepted auditing standards and rules made by the state board.
357	(d)
	(i) The state board shall review a report submitted under this section and may request that the
	scholarship granting organization revise or supplement the report if the report is not in compliance
	with the provisions of this Subsection (7) or rules adopted by the state board.
361	(ii) A scholarship granting organization shall provide a revised report or supplement to the report no
	later than 45 days after the day on which the state board makes a request described in Subsection (7
	(d)(i).
364	(8)
•	(a) A scholarship granting organization may not allocate scholarship money to a qualifying school or
	qualifying provider if:
366	(i) the scholarship granting organization determines that the qualifying school or qualifying
	provider intentionally or substantially misrepresented information on overpayment;
369	(ii) the qualifying school or qualifying provider fails to refund an overpayment in a timely manner;
	or
371	(iii) the qualifying school or qualifying provider routinely fails to provide scholarship recipients
	with promised educational goods or services.

- 373 (b) A scholarship granting organization shall notify a scholarship recipient if the scholarship granting organization stops allocation of the recipient's scholarship money to a qualifying school or qualifying provider under Subsection (8)(a).
- (9) If a scholarship recipient transfers to another qualifying school or qualifying provider during the school year, the scholarship granting organization may prorate scholarship money between the qualifying schools or qualifying providers according to the time the scholarship recipient spends at each school or each provider.
- 380 (10) A scholarship granting organization may not:
- 381 (a) award a scholarship to a relative of the scholarship granting organization's officer; or
- (b) allocate scholarship money to a qualifying school or qualifying provider at which the scholarship recipient has a relative who is an officer or an administrator of the qualifying school or qualifying provider.
- 385 (11) The Legislature may appropriate funds to the board to be distributed in an equal amount to each scholarship granting organization for the same purposes program donations are used.
- 388 (12) A scholarship granting organization shall establish an appeals process for when an eligible student is denied reimbursement for an educational expense that:
- 390 (a) is not explicitly listed in Subsection 53E-7-401(15)(a); and
- 391 (b) meets the criteria described in Subsection 53E-7-401(15)(a)(xiv).
- 392 (13) The scholarship granting organization shall implement the appeals decision within 15 business days of the decision.
- 176 Section 3. **Effective date.**

This bill takes effect on {July 1, } May 7, 2025.

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