

1 **Utah Fits All Scholarship Program Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor:

3 **LONG TITLE**

4 **General Description:**

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

6 **Highlighted Provisions:**

7 This bill:

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

25 **Money Appropriated in this Bill:**

26 None

27 **Other Special Clauses:**

28 This bill provides a special effective date.

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **53F-6-401**, as last amended by Laws of Utah 2024, Chapter 26
 32 **53F-6-402**, as last amended by Laws of Utah 2024, Chapter 26
 33 **53F-6-403**, as enacted by Laws of Utah 2023, Chapter 1
 34 **53F-6-404**, as last amended by Laws of Utah 2024, Chapter 26
 35 **53F-6-405**, as last amended by Laws of Utah 2024, Chapter 26
 36 **53F-6-406**, as enacted by Laws of Utah 2023, Chapter 1
 37 **53F-6-407**, as enacted by Laws of Utah 2023, Chapter 1
 38 **53F-6-408**, as last amended by Laws of Utah 2024, Chapter 26
 39 **53F-6-409**, as last amended by Laws of Utah 2024, Chapter 26
 40 **53F-6-410**, as enacted by Laws of Utah 2023, Chapter 1
 41 **53F-6-411**, as enacted by Laws of Utah 2023, Chapter 1
 42 **53F-6-412**, as last amended by Laws of Utah 2024, Chapter 26
 43 **53G-6-703**, as last amended by Laws of Utah 2023, Chapter 340
 44 **53G-6-704**, as last amended by Laws of Utah 2023, Chapter 340
 45 **63A-4-204**, as last amended by Laws of Utah 2021, Chapter 33
 46 **63A-4-204.5**, as last amended by Laws of Utah 2021, Chapter 33

47 ENACTS:

48 **53F-6-405.5**, Utah Code Annotated 1953
 49 **53F-6-415.5**, Utah Code Annotated 1953
 50 **53F-6-416**, Utah Code Annotated 1953
 51 **53F-6-417**, Utah Code Annotated 1953

52

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

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

55 **53F-6-401 . Definitions.**

56 As used in this part:

57 (1) "Department of Operations" means the department of the state board that oversees
 58 financial operations for the state board.

59 (2)(a) "Educational supplements" means:

60 (i) materials directly related to subjects with core standards the state board establishes
 61 pursuant to Section 53E-4-202;

62 (ii) educational enrichment materials that:

63 (A) support learning objectives; and

64 (B) are used under the direction of a qualifying provider.

- 65 (b) "Educational supplements" does not include:
 66 (i) entertainment materials;
 67 (ii) recreational equipment; or
 68 (iii) non-educational art supplies.
- 69 [(+)] (3) "Eligible student" means a student:
 70 (a) who is eligible to participate in public school, in kindergarten, or grades 1 through 12;
 71 (b) who is a primary resident of the state, including a child of a military service member,
 72 as that term is defined in Section 53B-8-102;
 73 (c) who, during the school year for which the student is applying for a scholarship
 74 account:
 75 (i) does not receive a scholarship under:
 76 (A) the Carson Smith Scholarship Program established in Section 53F-4-302; or
 77 (B) the Carson Smith Opportunity Scholarship Program established in Section
 78 53E-7-402; and
 79 (ii) is not enrolled in, [~~upon~~] before receiving the scholarship:
 80 (A) an LEA; or
 81 (B) the Statewide Online Education Program to participate in a course with
 82 funding provided under Title 53F, Chapter 4, Part 5, Statewide Online
 83 Education Program, which does not include participation in a course by an
 84 entity as described in Subsection 53F-6-409(7);
 85 (d) whose eligibility is not suspended or disqualified under Section 53F-6-401; [~~and~~]
 86 (e) who completes, to maintain eligibility, the portfolio requirement described in
 87 Subsection 53F-6-402(3)(d)[~~;~~];
 88 (f) who provides verification of primary residence in Utah, including a parent's utility
 89 bill, lease agreement, or property tax records; and
 90 (g) for out-of-state military families, who attests that the student is not enrolled in a
 91 public school elsewhere while receiving the scholarship.
- 92 [(2)] (4) "Federal poverty level" means the United States poverty level as defined by the
 93 most recently revised poverty income guidelines published by the United States
 94 Department of Health and Human Services in the Federal Register.
- 95 (5) "Financial administrator" means an organization that:
 96 (a) is not affiliated with any international organization;
 97 (b) does not harvest data for the purpose of reproducing or distributing the data to other
 98 entities;

- 99 (c) does not have involvement in guiding or directing any curriculum or curriculum
 100 standards; and
- 101 (d) contracts with the state board to administer scholarship payments in accordance with
 102 this part.
- 103 ~~[(3)]~~ (6)(a) "Home-based scholarship student" means a student who:
- 104 (i) is eligible to participate in public school, in kindergarten or grades 1 through 12;
- 105 (ii) ~~[is] attests to being excused from enrollment in an LEA [in accordance with~~
 106 ~~Section 53G-6-204]~~to attend a home school; and
- 107 (iii) receives a benefit of scholarship funds.
- 108 (b) "Home-based scholarship student" does not mean a home school student who does
 109 not receive a scholarship under the program.
- 110 ~~[(4)]~~ (7) "Household income" means the combined gross income of all parents residing in
 111 the same household as the eligible student.
- 112 (8) "Parent" means:
- 113 (a) the same as that term is defined in Section 53E-1-102; and
- 114 (b) a foster parent who has initiated a process to adopt the foster child.
- 115 ~~[(5)]~~ (9) "Primary residence" means the one location where an individual resides for the
 116 majority of the year.
- 117 (10) "Program manager" means ~~[an organization that:]~~ the Department of Operations or
 118 entities the Department of Operations contracts with to perform any program functions
 119 as the Department of Operations determines.
- 120 ~~[(a) is qualified as tax exempt under Section 501(c)(3), Internal Revenue Code;]~~
- 121 ~~[(b) is not affiliated with any international organization;]~~
- 122 ~~[(c) does not harvest data for the purpose of reproducing or distributing the data to other~~
 123 ~~entities;]~~
- 124 ~~[(d) has no involvement in guiding or directing any curriculum or curriculum standards;]~~
- 125 ~~[(e) does not manage or otherwise administer a scholarship under:]~~
- 126 ~~[(i) the Carson Smith Scholarship Program established in Section 53F-4-302; or]~~
- 127 ~~[(ii) the Carson Smith Opportunity Scholarship Program established in Section~~
 128 ~~53E-7-402; and]~~
- 129 ~~[(f) an agreement with the state board recognizes as a program manager, in accordance~~
 130 ~~with this part.]~~
- 131 ~~[(6)]~~ (11)(a) "Program manager or financial administrator employee" means an
 132 individual working for the program manager in a position in which the individual's

133 salary, wages, pay, or compensation, including as a contractor, is paid from
 134 scholarship funds.

135 (b) "Program manager or financial administrator employee" does not include:

- 136 (i) an individual who volunteers for the program manager, financial administrator, or
 137 for a qualifying provider;
- 138 (ii) an individual who works for a qualifying provider; or
- 139 (iii) a qualifying provider.

140 [(7)] (12) "Program manager or financial administrator officer" means:

- 141 (a) a member of the board of a program manager or financial administrator; or
- 142 (b) the chief administrative officer of a program manager or financial administrator.

143 [(8)] (13)(a) "Qualifying provider" means one of the following entities:

- 144 (i) an eligible school that the program manager approves in accordance with Section
 145 53F-6-408; or
- 146 (ii) an eligible service provider that the program manager approves in accordance
 147 with Section 53F-6-409.

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

- 149 (i) a parent of a home-based scholarship student or a home school student solely in
 150 relation to the parent's child; or
- 151 (ii) any other individual that does not meet the requirements described in Subsection
 152 (8)(a).

153 [(9)] (14) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother,
 154 uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
 155 sister-in-law, son-in-law, or daughter-in-law.

156 [(10)] (15) "Scholarship account" means the account to which a program manager allocates
 157 funds for the payment of approved scholarship expenses in accordance with this part.

158 [(11)] (16)(a) "Scholarship expense" means an expense described in Section 53F-6-402
 159 that a parent or scholarship student incurs in the education of the scholarship student
 160 for a service or goods that a qualifying provider provides, including:

- 161 [(a)] (i) tuition and fees of a qualifying provider;
- 162 [(b)] (ii) fees and instructional materials at a technical college;
- 163 [(c)] (iii) tutoring services;
- 164 [(d)] (iv) fees for after-school or summer education programs;
- 165 [(e)] (v) textbooks, curricula, or other instructional materials, including any
 166 supplemental materials or associated online instruction that a curriculum or a

- 167 qualifying provider recommends;
- 168 ~~[(f)]~~ (vi) educational software and applications;
- 169 ~~[(g)]~~ (vii) supplies or other equipment related to a scholarship student's educational
- 170 needs;
- 171 ~~[(h)]~~ (viii) computer hardware or other technological devices that are intended
- 172 primarily for a scholarship student's educational needs, not to exceed once every
- 173 three years for a scholarship student;
- 174 ~~[(i)]~~ (ix) fees for the following examinations, or for a preparation course for the
- 175 following examinations, that the program manager approves:
- 176 ~~[(i)]~~ (A) a national norm-referenced or standardized assessment described in
- 177 Section 53F-6-410, an advanced placement examination, or another similar
- 178 assessment;
- 179 ~~[(i)]~~ (B) a state-recognized industry certification examination; and
- 180 ~~[(ii)]~~ (C) an examination related to college or university admission;
- 181 ~~[(j)]~~ (x) educational services for students with disabilities from a licensed or
- 182 accredited practitioner or provider, including occupational, behavioral, physical,
- 183 audiology, or speech-language therapies;
- 184 ~~[(k)]~~ (xi) contracted services that the program manager approves and that an LEA
- 185 provides, including individual classes, after-school tutoring services,
- 186 transportation, or fees or costs associated with participation in extracurricular
- 187 activities;
- 188 ~~[(l)]~~ (xii) ride fees or fares for a fee-for-service transportation provider to transport the
- 189 scholarship student to and from a qualifying provider, not to exceed \$750 in a
- 190 given school year;
- 191 ~~[(m)]~~ (xiii) in accordance with Subsection (16)(c), expenses related to extracurricular
- 192 activities, field trips, educational supplements, physical education experiences,
- 193 and other educational experiences; or
- 194 ~~[(n)]~~ (xiv) any other expense for a good or service that:
- 195 ~~[(i)]~~ (A) a parent or scholarship student incurs in the education of the scholarship
- 196 student; and
- 197 ~~[(ii)]~~ (B) the program manager approves~~[, in accordance with Subsection (5)(d)].~~ .
- 198 **(b) "Scholarship expense" does not include:**
- 199 (i) chaperon expenses;
- 200 (ii) season tickets or subscriptions to entertainment venues;

- 201 (iii) ski passes or lift tickets;
 202 (iv) access to recreational facilities unless for physical education purposes;
 203 (v) playground equipment;
 204 (vi) the purchase of furniture;
 205 (vii) clothing; and
 206 (viii) other non-educational expenses as the program manager determines.
- 207 (c)(i) A scholarship expense for extracurricular activities may not exceed 20% of the
 208 total scholarship amount.
- 209 (ii) A scholarship expense for physical education experiences may not exceed and
 210 additional 20% of the total scholarship amount from the amount described in
 211 Subsection (16)(c)(i).
- 212 ~~[(12)]~~ (17) "Scholarship funds" means:
- 213 (a) funds that the Legislature appropriates for the program; and
 214 (b) interest that scholarship funds accrue.
- 215 ~~[(13)]~~ (18)(a) "Scholarship student" means an eligible student, including a home-based
 216 scholarship student, for whom the program manager establishes and maintains a
 217 scholarship account in accordance with this part.
- 218 (b) "Scholarship student" does not include a home school student who does not receive a
 219 scholarship award under the program.
- 220 ~~[(14)]~~ (19) "Utah Fits All Scholarship Program" or "program" means the scholarship
 221 program established in Section 53F-6-402.
- 222 Section 2. Section **53F-6-402** is amended to read:
- 223 **53F-6-402 . Utah Fits All Scholarship Program -- Scholarship account**
 224 **application -- Scholarship expenses -- Program information.**
- 225 (1) ~~[There]~~ Subject to Section 53F-6-415.5, there is established the Utah Fits All
 226 Scholarship Program under which~~[, beginning March 1, 2024,]~~ a parent may apply to a
 227 program manager on behalf of the parent's student to establish and maintain a
 228 scholarship account to cover the cost of a scholarship expense.
- 229 (2)(a) ~~[The]~~ Beginning July 1, 2025, the program manager shall direct the financial
 230 administrator to establish and maintain, in accordance with this part, scholarship
 231 accounts for eligible students.
- 232 (b) The program manager shall:
- 233 (i) determine that a student meets the requirements to be an eligible student before
 234 the scholarship is issued; and

- 235 (ii) subject to Subsection (2)(c), each year the student is an eligible student, direct the
236 financial administrator to maintain a scholarship account for the scholarship
237 student to pay for the cost of one or more scholarship expenses that the student or
238 student's parent incurs in the student's education.
- 239 (c) Each year, subject to this part and legislative appropriations, a scholarship student is
240 eligible for no more than[:]
241 [(+)] for the 2024-2025 school year, \$8,000.[:] [and]
242 [(ii) for each school year following the 2024-2025 school year, the maximum allowed
243 amount under this Subsection (2)(c) in the previous year plus a percentage
244 increase that is equal to the five-year rolling average inflationary factor described
245 in Section 53F-2-405.]
- 246 (d) Unless otherwise authorized under Section 53F-6-411, scholarship funds shall be
247 distributed by the state board or the program manager through the financial
248 administrator in two equal payments:
249 (i) the first payment at the beginning of the scholarship year; and
250 (ii) the second payment during the second half of the scholarship year.
- 251 (3)(a) A program manager shall direct the financial administrator to establish a
252 scholarship account on behalf of an eligible student who submits a timely application,
253 unless the number of applications exceeds available scholarship funds for the school
254 year.
- 255 (b) If the number of applications exceeds the available scholarship funds for a school
256 year, the program manager shall select students on a random basis, except as
257 provided in Subsection (6) as long as the student meets the eligibility criteria.
- 258 (c) An eligible student or a public education student shall submit an application for an
259 initial scholarship or renewal for each school year that the student intends to receive
260 scholarship funds.
- 261 (d)(i) To maintain eligibility, a scholarship student or the scholarship student's parent
262 shall annually:
263 (A) provide verification of primary residence in Utah through the application
264 process described in this section; and
265 (B) complete and deliver to the program manager a portfolio describing the
266 scholarship student's educational opportunities and achievements under the
267 program for the given year.
- 268 (ii) The program manager may not disclose the content of a given scholarship

269 student's portfolio except to the scholarship student's parent.

270 (4)(a) An application for a scholarship account shall contain an acknowledgment by the
271 student's parent that the qualifying provider selected by the parent for the student's
272 enrollment or engagement is capable of providing education services for the student.

273 (b) A scholarship account application form shall contain the following statement:

274 "I acknowledge that:

275 1: A qualifying provider may not provide the same level of disability services that are
276 provided in a public school;

277 2: I will assume full financial responsibility for the education of my scholarship
278 recipient if I agree to this scholarship account;

279 3: Agreeing to establish this scholarship account has the same effect as a parental refusal
280 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the Individuals
281 with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.; and

282 4: My child may return to a public school at any time, and I will notify the program
283 manager within five business days if my child returns to a public school that is not a qualifying
284 provider or if we have elected to take courses from the public portion of a qualifying provider
285 ."

286 (c) Upon agreeing to establish a scholarship account, the parent assumes full financial
287 responsibility for the education of the scholarship student, including the balance of
288 any expense incurred at a qualifying provider or for goods that are not paid for by the
289 scholarship student's scholarship account.

290 (d) Agreeing to establish a scholarship account has the same effect as a parental refusal
291 to consent to services as described in 34 C.F.R. Sec. 300.300, issued under the
292 Individuals with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.

293 (e) The creation of the program or establishment of a scholarship account on behalf of a
294 student does not:

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

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

298 (5) A program manager may not charge a scholarship account application fee.

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

301 (i) to an eligible student who used a scholarship account in the previous school year;

302 (ii) to an eligible student:

- 303 (A) who did not use a scholarship account in the previous school year; and
 304 (B) with a family income at or below 200% of the federal poverty level;
- 305 (iii) to an eligible student who is a sibling of an eligible student who:
 306 (A) uses a scholarship account at the time the sibling applies for a scholarship
 307 account; or
 308 (B) used a scholarship account in the school year immediately preceding the
 309 school year for which the sibling is applying for a scholarship account; and
 310 (iv) to an eligible student:
 311 (A) who did not use a scholarship account in the previous school year; and
 312 (B) with a family income between 200% and 555% of the federal poverty level.
- 313 (b)(i) The State Tax Commission may, upon request, provide state individual income
 314 tax information to the program manager for income verification purposes
 315 regarding a given individual if:
 316 [(†)] (A) the individual voluntarily provides the individual's social security number
 317 to the program manager; and
 318 [(†)] (B) consents in writing to the sharing of state individual income tax
 319 information solely for income verification purposes.
- 320 (ii) If the tax return for the year immediately preceding the current year has not been
 321 filed, the program manager may grant conditional approval based on
 322 documentation in Subsection (6)(d)(iii), subject to verification upon filing.
- 323 (iii) The State Tax Commission shall create and implement an income verification
 324 process in accordance with this Subsection (6)(b).
- 325 (c) [~~In addition to the tax information described in Subsection (6)(b),~~] For individuals
 326 who do not participate in the verification process under Subsection (6)(b), the
 327 program manager shall accept the following for income verification:
 328 (i) a federal form W-2;
 329 (ii) a wage statement from an employer; and
 330 (iii) other methods or documents that the program manager identifies.
- 331 (d) For income verification purposes:
 332 (i) the program manager shall require documentation of household income, not
 333 individual income;
 334 (ii) if the individual income tax is a business income filing, require:
 335 (A) the most recently filed business tax returns;
 336 (B) year-to-date profit and loss statements; and

337 (C) documentation of the owner's draw or distributions; and
338 (iii) for households awaiting completion of tax filings for the year immediately
339 preceding the current year, the following documentation the program manager
340 shall accept for conditional approval are:

341 (A) the most recent W-2s;

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

343 (C) an employer verification letters.

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

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

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

351 or

352 (ii) a travel expense other than a transportation expense described in Section
353 53F-6-401.

354 (c) The program manager may not:

355 (i) approve a scholarship expense for a service that a qualifying provider provides
356 unless the program manager determines that the scholarship student or the
357 scholarship student's parent incurred the expense in the education of the
358 scholarship student; or

359 (ii) reimburse an expense for a service or good that a provider that is not a qualifying
360 provider provides unless:

361 (A) the parent or scholarship student submits a receipt that shows the cost and
362 type of service or good and the name of provider;

363 (B) the expense would have qualified as a scholarship expense if a qualifying
364 provider provided the good or service;

365 (C) the provider of the good or service is not the parent of the student who is a
366 home-based scholarship student solely in relation to the parent's child; and

367 (D) the program manager determines that the parent or scholarship student
368 incurred the expense in the education of the scholarship student.

369 (d) The parent of a scholarship student may not receive scholarship funds as payment for
370 the parent's time spent educating the parent's child.

- 371 (e) Except for cases in which a scholarship student or the scholarship student's parent is
372 convicted of fraud in relation to scholarship funds, if a qualifying provider,
373 scholarship student, or scholarship student's parent repays an expenditure from a
374 scholarship account for an expense that is not approved under this Subsection (7), the
375 program manager shall credit the repaid amount back to the scholarship account
376 balance within 30 days after the day on which the program manager receives the
377 repayment.
- 378 (8) Notwithstanding any other provision of law, funds that the program manager disburses
379 from the Utah Fits All Scholarship Program Restricted Account created in Section
380 53F-6-411 under this part to a scholarship account on behalf of a scholarship student do
381 not constitute state taxable income to the parent of the scholarship student.
- 382 (9) The program manager shall prepare and disseminate information on the program to a
383 parent applying for a scholarship account on behalf of a student, including the
384 information that the program manager provides in accordance with Section 53F-6-405.
- 385 (10) [~~On or before September 1, 2023, and as-~~] As frequently as necessary to maintain the
386 information, the state board shall provide information on the state board's website,
387 including:
- 388 (a) scholarship account information;
- 389 (b) information on the program manager, including the program manager's contact
390 information; and
- 391 (c) an overview of the program.
- 392 (11) The program manager shall:
- 393 (a) in alignment with deadlines specified in Subsection 53F-6-405(1)(c), establish and
394 communicate to an eligible student a deadline by which the eligible student must
395 accept or deny the scholarship offer; and
- 396 (b) communicate to an eligible student that failure to respond by the deadline described
397 in Subsection (11)(a) shall result in forfeiture of the scholarship offer.
- 398 (12) In accordance with Subsection 53F-6-403(7), the program manager shall:
- 399 (a) verify student eligibility status before removing any student from scholarship
400 eligibility;
- 401 (b) establish protocols for reviewing disputed eligibility determinations;
- 402 (c) implement a process for immediate reinstatement of eligibility when errors are
403 identified;
- 404 (d) maintain detailed records of all eligibility removals and reinstatements; and

405 (e) provide regular reports to the state board regarding eligibility status changes of a
406 scholarship student.

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

408 **53F-6-403 . Qualifying providers.**

409 (1) Before the beginning of the school year immediately following a school year in which a
410 qualifying provider receives scholarship funds equal to or more than \$500,000, the
411 qualifying provider shall file with the program manager a surety bond payable to the
412 program manager in an amount equal to the aggregate amount of scholarship funds
413 expected to be received during the school year.

414 (2) If a program manager determines that a qualifying provider has violated a provision of
415 this part, the program manager may interrupt disbursement of or withhold scholarship
416 funds from the qualifying provider.

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

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

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

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

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

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

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

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

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

438 (b) the program manager shall direct the financial administrator to credit the remitted

- 439 partial payment to the scholarship student's scholarship account.
- 440 (6) A qualifying provider that is an LEA shall:
- 441 (a) comply with the additional requirements set forth in Section 53F-6-408, including
- 442 ensuring enrollment systems provide a distinct separation of a scholarship student
- 443 from a public education student;
- 444 (b) utilize the reporting process established under Subsection (7);
- 445 (c) submit enrollment verifications in accordance with rules established by the state
- 446 board; and
- 447 (d) maintain records of enrollment reporting and verification activities.
- 448 (7) The Department Superintendent of Operations shall:
- 449 (a) establish a process for an LEA provider to report:
- 450 (i) instances of double counted enrollment; and
- 451 (ii) students who are erroneously removed from scholarship eligibility;
- 452 (b) develop a standardized reporting mechanism that:
- 453 (i) allows LEA providers to submit verification of accurate student enrollment status;
- 454 (ii) maintains documentation of enrollment discrepancies; and
- 455 (iii) tracks resolution of reported enrollment issues;
- 456 (c) implement data validation measures to:
- 457 (i) identify potential double counted enrollment across LEA providers; and
- 458 (ii) ensure students maintain proper scholarship eligibility status; and
- 459 (d) provide training to LEA providers on:
- 460 (i) proper enrollment reporting procedures;
- 461 (ii) use of the reporting mechanism described in Subsection (7)(b); and
- 462 (iii) resolution of enrollment discrepancies.

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

464 **53F-6-404 . State board procurement -- Failure to comply.**

- 465 (1)(a) In accordance with Title 63G, Chapter 6a, Utah Procurement Code, the state board
- 466 shall:
- 467 (i) issue a request for proposals for a financial administrator, on or before [~~June 15,~~
- 468 ~~2023,~~] July 1, 2025; and
- 469 (ii) enter an agreement with [~~no more than one~~] an organization[~~that qualifies as tax~~
- 470 ~~exempt under Section 501(c)(3), Internal Revenue Code,~~] for the state board to
- 471 recognize as the [~~program manager, on or before September 1, 2023~~] financial
- 472 administrator.

- 473 (b) An organization that responds to a request for proposals described in Subsection
 474 (1)(a) shall submit the following information in the organization's response:
 475 (i) a copy of the organization's incorporation documents;
 476 [(ii) a copy of the organization's Internal Revenue Service determination letter
 477 qualifying the organization as being tax exempt under Section 501(c)(3), Internal
 478 Revenue Code;]
 479 [(iii) a description of the methodology the organization will use to verify a student's
 480 eligibility under this part;]
 481 [(iv)] (ii) a description of the organization's proposed [scholarship account application
 482 process; and] methodology for processing and tracking scholarship payments;
 483 (iii) a description of the organization's proposed financial controls and reporting
 484 processes;
 485 [(v)] (iv) an affidavit or other evidence that the organization:
 486 (A) is not affiliated with any international organization;
 487 (B) does not harvest data for the purpose of reproducing or distributing the data to
 488 another entity; and
 489 (C) has no involvement in guiding or directing any curriculum standards[-] ; and
 490 (v) evidence demonstrating the organization's ability to scale operations, including:
 491 (A) technological infrastructure capacity;
 492 (B) staffing capabilities;
 493 (C) financial stability; and
 494 (D) successful management of similar programs or operations of comparable scale
 495 or capacity to scale up operations effectively.
- 496 (c) The state board shall ensure that the agreement described in Subsection (1)(a):
 497 (i) ensures the [efficiency and success of the program] efficient and secure processing
 498 of scholarship payments; and
 499 (ii) does not impose any requirements on the [program manager] financial
 500 administrator that:
 501 (A) are not essential to the basic administration of [the program] scholarship
 502 payments; or
 503 (B) create restrictions, directions, or mandates regarding instructional content or
 504 curriculum.
- 505 (2) The state board may regulate and take enforcement action as necessary against a [
 506 program manager] financial administrator in accordance with the provisions of the state

- 507 board's agreement with the ~~[program manager]~~ financial administrator.
- 508 (3)(a) If the state board determines that a ~~[program manager]~~ financial administrator has
509 violated a provision of this part or a provision of the state board's agreement with the [
510 ~~program manager]~~ financial administrator, the state board shall send written notice to
511 the ~~[program manager]~~ financial administrator explaining the violation and the
512 remedial action required to correct the violation.
- 513 (b) A ~~[program manager]~~ financial administrator that receives a notice described in
514 Subsection (3)(a) shall, no later than 60 days after the day on which the [~~program~~
515 ~~manager]~~ financial administrator receives the notice, correct the violation and report
516 the correction to the state board.
- 517 (c)(i) If a ~~[program manager]~~ financial administrator that receives a notice described
518 in Subsection (3)(a) fails to correct a violation in the time period described in
519 Subsection (3)(b), the state board may bar the ~~[program manager]~~ financial
520 administrator from further participation in the program.
- 521 (ii) A ~~[program manager]~~ financial administrator may appeal a decision of the state
522 board under Subsection (3)(c)(i) in accordance with Title 63G, Chapter 4,
523 Administrative Procedures Act.
- 524 (d) A ~~[program manager]~~ financial administrator may not accept state funds while the [
525 ~~program manager]~~ financial administrator:
- 526 (i) is barred from participating in the program under Subsection (3)(c)(i); or
527 (ii) has an appeal pending under Subsection (3)(c)(ii).
- 528 (e) A ~~[program manager]~~ financial administrator that has an appeal pending under
529 Subsection (3)(c)(ii) may continue ~~[to administer]~~ to process payments for existing
530 scholarship accounts during the pending appeal.
- 531 (4) ~~[The state board shall establish a process for a program manager to report the~~
532 ~~information the program manager is required to report to the state board under Section~~
533 ~~53F-6-405]~~ The state board shall establish a process for the financial administrator to
534 report required financial information and transaction data.
- 535 (5) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah
536 Administrative Rulemaking Act, and include provisions in the state board's agreement
537 with the ~~[scholarship organization]~~ financial administrator for:
- 538 (a) subject to Subsection (6), the administration of scholarship accounts and
539 disbursement of scholarship funds if a ~~[program manager]~~ financial administrator is
540 barred from participating in the program under Subsection (3)(c)(i); and

- 541 (b) audit and report requirements~~[-as described in Section 53F-6-405.]~~ .
- 542 (6)(a) The state board shall include in the rules and provisions described in Subsection
- 543 (5)(a) measures to ensure that the establishment and maintenance of scholarship
- 544 accounts and ~~[enrollment in the program]~~ disbursement of funds are not disrupted if
- 545 the ~~[program manager]~~ financial administrator is barred from participating in the
- 546 program.
- 547 (b) The state board may, if the ~~[program manager]~~ financial administrator is barred from
- 548 participating in the program, issue a new request for proposals and enter into a new
- 549 agreement with an alternative ~~[program manager]~~ financial administrator in
- 550 accordance with this section.
- 551 ~~[(7)(a) On or before January 1, 2024, the program manager shall:]~~
- 552 ~~[(i) establish a process for a scholarship student or a scholarship student's parent to~~
- 553 ~~appeal any administrative decision of the program manager, including scholarship~~
- 554 ~~expense denials and determinations regarding enrollment eligibility or suspension~~
- 555 ~~or disqualification under Section 53F-6-405;]~~
- 556 ~~[(ii) ensure that the body that determines the outcome of internal appeals:]~~
- 557 ~~[(A) includes parents of scholarship students; and]~~
- 558 ~~[(B) makes a determination within 30 days after the day of the appeal;]~~
- 559 ~~[(iii) make information available regarding the internal appeals process on the~~
- 560 ~~program manager's website and on the scholarship application.]~~
- 561 ~~[(b) If the program manager stays or reverses an administrative decision of the program~~
- 562 ~~manager on internal appeal, the program manager may not withhold scholarship~~
- 563 ~~funds or application approval for the scholarship student on account of the appealed~~
- 564 ~~administrative decision unless as the resolution of the internal appeal expressly~~
- 565 ~~allows.]~~
- 566 ~~[(8)]~~ (7) The state board may not include a provision in any rule that creates or implies a
- 567 restriction, direction, or mandate regarding instructional content or curriculum.
- 568 ~~[(9)]~~ (8) No later than 10 business days after July 1 of each year, the state board shall
- 569 disperse to the ~~[program manager]~~ financial administrator an amount equal to the funds
- 570 appropriated for the Utah Fits All Scholarship Program for the given fiscal year.
- 571 Section 5. Section **53F-6-405** is amended to read:
- 572 **53F-6-405 . Program manager duties -- Audit -- Prohibitions.**
- 573 (1) The program manager shall:
- 574 (a) administer the program, including:

- 575 ~~[(a)]~~ (i) maintaining an application website that includes information on enrollment,
576 relevant application dates, and dates for notification of acceptance;
- 577 ~~[(b)]~~ (ii) reviewing applications from and determining if a person is:
578 ~~[(i)]~~ (A) an eligible school under Section 53F-6-408; or
579 ~~[(ii)]~~ (B) an eligible service provider under Section 53F-6-409;
- 580 ~~[(e)]~~ (iii) establishing an application process~~[, including application dates opening~~
581 ~~before March 1, 2024, in accordance with Section 53F-6-402;]~~ that:
582 (A) opens March 1 of each year for existing scholarship students;
583 (B) opens April 1 of each year for new scholarship students;
584 (C) closes May 31 of each year;
585 (D) aligns with the acceptance deadline established under Subsection
586 53F-6-402(11) that shall be prior to July 1 of each year; and
587 (E) provides an eligible student with a decision regarding the eligible student's
588 application within 30 days of the application deadline specified in this
589 Subsection (1)(c);
- 590 ~~[(d)]~~ (iv) reviewing and granting or denying applications for a scholarship account;
591 (v) determining the eligibility of scholarship expenses, including establishing
592 necessary policies and procedures;
593 (vi) approving qualifying providers;
594 (vii) maintaining a list of approved qualifying providers;
- 595 (b) direct the financial administrator to:
- 596 ~~[(e)]~~ (i) ~~[providing]~~ provide an online portal for the parent of a scholarship student to
597 access the scholarship student's account;
- 598 (ii) ~~[to]~~ facilitate payments to a qualifying provider from the online portal;
- 599 ~~[(f)]~~ (iii) ~~[ensuring]~~ ensure that scholarship funds in a scholarship account are readily
600 available to a scholarship student within five business days after receipt of funds
601 from the state board;
- 602 (iv) process scholarship payments in accordance with the payment schedule
603 established in Section 53F-6-411, unless otherwise authorized; and
- 604 (v) implement accounting procedures to track partial payments and remaining
605 balances;
- 606 ~~[(g)]~~ (c) ~~[requiring]~~ require a parent to notify the program manager if the parent's
607 scholarship student is no longer enrolled in or engaging a service:
608 (i) for which the scholarship student receives scholarship funds; and

- 609 (ii) that is provided to the scholarship student for an entire school year;
- 610 (d) upon receiving notification under Subsection (1)(c), direct the financial administrator
- 611 to:
- 612 [~~(h)~~] (i) [~~obtaining~~] obtain reimbursement of scholarship funds from a qualifying
- 613 provider that provides the services in which a scholarship student is no longer
- 614 enrolled or with which the scholarship student is no longer engaged; and
- 615 [~~(i)~~] (ii) [~~expending~~] expend all revenue from interest on scholarship funds or
- 616 investments on scholarship expenses;
- 617 [~~(j)~~] (e) each time the program manager makes an administrative decision that is adverse
- 618 to a scholarship student or the scholarship student's parent, [~~informing~~] inform the
- 619 scholarship student and the scholarship student's parent of the opportunity and
- 620 process to appeal an administrative decision of the program manager in accordance
- 621 with the process described in Section [~~53F-6-404~~] 53F-6-417;
- 622 [~~(k)~~] (f) [~~maintaining~~] maintain a protected internal waitlist of all eligible students who
- 623 have applied to the program and are not yet scholarship students, including any
- 624 student who removed the student's application from the waitlist; [~~and~~]
- 625 [~~(l)~~] (g) [~~providing~~] provide aggregate data regarding the number of scholarship students
- 626 and the number of eligible students on the waitlist described in Subsection (1)(f)[
- 627 (~~l~~)(~~k~~);];
- 628 (h) contract for annual and random audits on scholarship accounts conducted:
- 629 (i) by a certified public accountant who is independent from:
- 630 (A) the program manager; and
- 631 (B) the financial administrator's accounts and records pertaining to scholarship
- 632 funds;
- 633 (ii) in accordance with generally accepted auditing standards; and
- 634 (i) require the financial administrator to demonstrate financial accountability through
- 635 annual reporting requirements described in Section 53F-6-405.5;
- 636 (j) develop and implement comprehensive training or orientation programs for
- 637 qualifying providers that include:
- 638 (i) annual mandatory training or orientation on:
- 639 (A) program requirements and restrictions;
- 640 (B) proper documentation and reporting;
- 641 (C) expense categorization and limitations;
- 642 (D) fee structure requirements; and

- 643 (E) student privacy and data security requirements;
644 (ii) quarterly updates on program changes and compliance requirements;
645 (iii) online resources and reference materials that are regularly updated; and
646 (iv) a verification process to ensure providers complete required training or
647 orientation;
648 (k) administer the appeals process described in Section 53F-6-417;
649 (l) in accordance with Subsection 53F-6-411(4), manage scholarship rollovers;
650 (m) track and ensure compliance with the 20% limitation on physical education
651 expenses; and
652 (n) comply with enhanced accountability measures, including independent audits and
653 public disclosure of third-party contracts and fees related to the administration of the
654 program.
- 655 (2) The program manager shall:
- 656 (a) direct the financial administrator to contract with one or more private entities to
657 develop and implement a commercially viable, cost-effective, and parent-friendly
658 system that:
- 659 (i) processes scholarship payments;
660 (ii) maximizes payment flexibility;
661 (iii) allows scholarship students and scholarship student's parents to publicly rate,
662 review, and share information about qualifying providers; and
663 (iv) provides the program manager with continuous, real-time, view-only access to:
- 664 (A) all scholarship account transactions and balances;
665 (B) payment processing status;
666 (C) provider payment history;
667 (D) reimbursement tracking; and
668 (E) account reconciliation data;
- 669 (b) require the financial administrator to submit monthly financial reports including:
- 670 (i) a statement of financial position;
671 (ii) a statement of activities;
672 (iii) account reconciliation statements;
673 (iv) detailed transaction reports; and
674 (v) ~~to~~ exception reports highlighting any unusual activity; and
675 ~~[(i) establish scholarship accounts;]~~
676 ~~[(ii) maximize payment flexibility by allowing;]~~

- 677 ~~[(A) for payment of services to qualifying providers using scholarship funds by~~
678 ~~electronic or online funds transfer from the online portal; and]~~
- 679 ~~[(B) pre-approval of a reimbursement to a parent for a good that is a scholarship~~
680 ~~expense; and]~~
- 681 ~~[(iii) allow scholarship students and scholarship student's parents to publicly rate,~~
682 ~~review, and share information about qualifying providers;]~~
- 683 (c) oversee the financial administrator's compliance with requirements regarding:
- 684 ~~[(b)]~~ (i) except for a reimbursement authorized under this part, ~~[ensuring]~~the use of
685 scholarship funds from the online portal directly to a qualifying provider to pay
686 for scholarship expenses without the availability of withdrawal or other direct
687 access to scholarship funds by an individual; and
- 688 ~~[(e)]~~ (ii) ~~[ensure that the]~~system ~~[complies]~~ compliance with industry standards for
689 data privacy and cybersecurity, including ensuring compliance with the Family
690 Educational Rights and Privacy Act, 34 C.F.R. Part 99.
- 691 (3) In advance of the program manager accepting applications in accordance with Section
692 53F-6-402 and as regularly as information develops, the program manager shall provide
693 information regarding the program by publishing a program handbook online for
694 scholarship applicants, scholarship students, parents, service providers seeking to
695 become qualifying providers, and qualifying providers, that includes information
696 regarding:
- 697 (a) the policies and processes of the program;
- 698 (b) approved scholarship expenses and qualifying providers;
- 699 (c) the responsibilities of parents regarding the program and scholarship funds;
- 700 (d) the duties of the program manager;
- 701 (e) the opportunity and process to appeal an administrative decision of the program
702 manager in accordance with the process described in Section ~~[53F-6-404]~~ 53F-6-417;
- 703 and
- 704 (f) the role of any private financial management firms or other private organizations
705 with which the program manager may contract to administer any aspect of the
706 program.
- 707 (4) To ensure the fiscal security and compliance of the program, the program manager shall:
- 708 (a) prohibit ~~[a program manager employee or program manager officer]~~ any person from
709 handling, managing, or processing scholarship funds, if, ~~[based on a criminal~~
710 ~~background check that the state board conducts in accordance with Section 53F-6-407,~~

711 ~~the state board identifies the program manager employee or program manager officer~~
712 ~~as posing a risk to the appropriate use of scholarship funds]~~ the person poses a risk to
713 the appropriate use of scholarship funds, as determined by background checks the
714 program manager conducted in accordance with Section 53F-6-407;

715 (b) establish procedures to ensure a fair process to:

716 (i) suspend scholarship student's eligibility for the program in the event of the
717 scholarship student's or scholarship student's parent's:

718 (A) intentional or substantial misuse of scholarship funds; or

719 (B) violation of this part or the terms of the program; and

720 (ii) direct the financial administrator if the program manager or financial
721 administrator obtains evidence of fraudulent use of scholarship funds, refer the
722 case to the attorney general for collection or criminal investigation; and

723 (iii) ensure that a scholarship student whose eligibility is suspended or disqualified
724 under this Subsection (4)(b) or Subsection (4)(c) based on the actions of the
725 student's parent regains eligibility if the student is placed with a different parent or
726 otherwise no longer resides with the parent related to the suspension or
727 disqualification; and

728 (c) notify the [~~state board~~] financial administrator, scholarship student, and scholarship
729 student's parent in writing:

730 (i) of the suspension described in Subsection (4)(b)(i);

731 (ii) that no further transactions, disbursements, or reimbursements are allowed;

732 (iii) that the scholarship student or scholarship student's parent may take corrective
733 action within 10 business days of the day on which the program manager provides
734 the notification; and

735 (iv) that without taking the corrective action within the time period described in
736 Subsection (4)(c)(iii), the program manager may disqualify the student's eligibility.

737 (5)(a) A program manager may not direct the financial administrator to:

738 (i) disburse scholarship funds to a qualifying provider or allow a qualifying provider
739 to use scholarship funds if:

740 (A) the program manager determines that the qualifying provider intentionally or
741 substantially misrepresented information on overpayment;

742 (B) the qualifying provider fails to refund an overpayment in a timely manner; or

743 (C) the qualifying provider routinely fails to provide scholarship students with
744 promised educational services; or

- 745 (ii) reimburse with scholarship funds an individual for the purchase of a good or
746 service if the program manager determines that:
- 747 (A) the scholarship student or the scholarship student's parent requesting
748 reimbursement intentionally or substantially misrepresented the cost or
749 educational purpose of the good or service; or
- 750 (B) the relevant scholarship student was not the exclusive user of the good or
751 service.
- 752 (b) A program manager shall notify a scholarship student if the program manager:
- 753 (i) stops disbursement of the scholarship student's scholarship funds to a qualifying
754 provider under Subsection (5)(a)(i); or
- 755 (ii) refuses reimbursement under Subsection (5)(a)(ii).
- 756 (6)(a) At any time, a scholarship student may change the qualifying provider to which
757 the scholarship student's scholarship account makes distributions.
- 758 (b) If, during the school year, a scholarship student changes the student's enrollment in
759 or engagement with a qualifying provider to another qualifying provider, the program
760 manager may direct the financial administrator to prorate scholarship funds between
761 the qualifying providers based on the time the scholarship student received the goods
762 or services or was enrolled.
- 763 (7) A program manager may not subvert the enrollment preferences required under Section
764 53F-6-402 or other provisions of this part to establish a scholarship account on behalf of
765 a relative of a program manager officer or employee, or financial administrator officer or
766 employee.
- 767 (8) In regards to customer service needs related to the program, the program manager shall:
- 768 (a) provide customer service regarding:
- 769 (i) program eligibility determinations;
- 770 (ii) application status;
- 771 (iii) qualifying provider approvals;
- 772 (iv) scholarship expense eligibility;
- 773 (v) program policies and requirements;
- 774 (vi) appeals and grievances; and
- 775 (vii) general program information;
- 776 (b) ensure the financial administrator provides customer service regarding:
- 777 (i) scholarship account access;
- 778 (ii) payment processing status;

- 779 (iii) technical support for the payment portal;
 780 (iv) account balance inquiries;
 781 (v) transaction history; and
 782 (vi) reimbursement status;
 783 (c) establish customer service standards that the program manager and the financial
 784 administrator must meet;
 785 (d) require the financial administrator to:
 786 (i) maintain adequate customer service staffing;
 787 (ii) meet specified response time requirements; and
 788 (iii) track and report on customer service metrics; and
 789 (e) coordinate with the financial administrator to ensure seamless referral of inquiries
 790 between entities.
- 791 [~~(8) The program manager shall:~~]
 792 [~~(a) contract for annual and random audits on scholarship accounts conducted:~~]
 793 [~~(i) by a certified public accountant who is independent from:~~]
 794 [~~(A) the program manager;~~]
 795 [~~(B) the state board; and~~]
 796 [~~(C) the program manager's accounts and records pertaining to scholarship funds;~~
 797 ~~and]~~
 798 [~~(ii) in accordance with generally accepted auditing standards;~~]
 799 [~~(b) demonstrate the program manager's financial accountability by annually submitting~~
 800 ~~to the state board the following:~~]
 801 [~~(i) a financial information report that a certified public accountant prepares and that~~
 802 ~~includes the total number and total dollar amount of scholarship funds disbursed~~
 803 ~~during the previous calendar year; and]~~
 804 [~~(ii) no later than 180 days after the last day of the program manager's fiscal year, the~~
 805 ~~results of the audits described in Subsection (8)(a), including the program~~
 806 ~~manager's financial statements in a format that meets generally accepted~~
 807 ~~accounting principles.]~~
- 808 [~~(9)(a) The state board:~~]
 809 [~~(i) shall review a report described in this section; and]~~
 810 [~~(ii) may request that the program manager revise or supplement the report if the~~
 811 ~~report does not fully comply with this section.]~~
- 812 [~~(b) The program manager shall provide to the state board a revised report or a~~

813 supplement to the report no later than 45 days after the day on which the state board
814 makes a request described in Subsection (9)(a).]

815 (9) Beginning on August 1, 2025, the program manager or financial administrator may not
816 charge processing fees to an eligible student or pass on third-party fees related to the use
817 or management of scholarship funds.

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

819 **53F-6-405.5 . Financial administrator duties and requirements.**

820 (1) The financial administrator shall:

821 (a) implement and maintain a payment processing system that:

822 (i) provides an online portal for scholarship account access;

823 (ii) facilitates electronic payments to qualifying providers;

824 (iii) enables pre-approval of parent reimbursements for eligible expenses;

825 (iv) includes provider rating and review capabilities;

826 (v) processes payments efficiently;

827 (vi) prevents unauthorized access;

828 (vii) provides real-time reporting to the program manager; and

829 (viii) maintains backup systems and disaster recovery capabilities;

830 (b) process payments only:

831 (i) to qualifying providers approved by the program manager;

832 (ii) for expenses determined eligible by the program manager; and

833 (iii) when directed by the program manager;

834 (c) maintain security measures that:

835 (i) prevent unauthorized access to scholarship funds;

836 (ii) comply with industry standards for data privacy;

837 (iii) ensure compliance with federal education privacy laws; and

838 (d) process scholarship payments according to the distribution schedule described in

839 Section 53F-6-411, including:

840 (i) tracking initial and second-half payments;

841 (ii) managing early disbursement authorizations; and

842 (iii) reconciling payment records with the Utah Fits All Scholarship Restricted

843 Account balance.

844 (2) For financial accountability, the financial administrator shall:

845 (a) maintain detailed records of:

846 (i) all scholarship account transactions;

- 847 (ii) payment processing activities; and
848 (iii) reimbursements and refunds;
849 (b) provide monthly reports to the program manager including:
850 (i) scholarship account balances and activity;
851 (ii) payment processing status and issues;
852 (iii) provider payment summaries; and
853 (iv) reimbursement tracking; and
854 (c) submit annual financial reports including:
855 (i) total scholarship funds disbursed;
856 (ii) account reconciliation statements; and
857 (iii) audit results and responses.
858 (3) The financial administrator shall:
859 (a) implement payment suspensions or cancellations as directed by the program manager;
860 (b) process reimbursements from providers as required;
861 (c) credit returned funds to appropriate scholarship accounts; and
862 (d) maintain records of all suspended or canceled payments.
863 (4) The financial administrator:
864 (a) may not:
865 (i) approve or deny scholarship expenses;
866 (ii) determine provider eligibility;
867 (iii) establish program policies; and
868 (iv) charge processing fees to an eligible student or pass on third-party fees related to
869 the use or management of scholarship funds; and
870 (b) shall:
871 (i) follow all program manager directives regarding fund disbursement;
872 (ii) maintain separation between policy decisions and payment processing; and
873 (iii) implement internal controls to prevent unauthorized payments.
874 (5) The financial administrator shall:
875 (a) cooperate with all program audits;
876 (b) provide requested financial records;
877 (c) respond to audit findings as directed; and
878 (d) implement corrective actions as required by the program manager.
879 Section 7. Section **53F-6-406** is amended to read:
880 **53F-6-406 . Qualifying provider regulatory autonomy -- Home school autonomy**

881 -- **Student records -- Scholarship student status.**

882 (1) Nothing in this part:

883 (a) except as expressly described in this part, grants additional authority to any state
884 agency or LEA to regulate or control:

885 (i) a private school, qualifying provider, or home school;

886 (ii) students receiving education from a private school, qualifying provider, or home
887 school;888 (b) applies to or otherwise affects the freedom of choice of a home school student,
889 including the curriculum, resources, developmental planning, or any other aspect of
890 the home school student's education; or891 (c) except as expressly provided in Section 53F-6-408 regarding LEA providers,
892 expands the regulatory authority of the state, a state office holder, or an LEA to
893 impose any additional regulation of a qualifying provider beyond any regulation
894 necessary to administer this part.

895 (2) A qualifying provider:

896 (a) has a right to maximum freedom from unlawful governmental control in providing
897 for the educational needs of a scholarship student who attends or engages with the
898 qualifying provider; and899 (b) is not an agent of the state by virtue of the provider's acceptance of payment from a
900 scholarship account in accordance with this part.901 (3) Except as provided in Section 53F-6-403 regarding qualifying providers, Section
902 53F-6-408 regarding eligible schools, or Section 53F-6-409 regarding eligible service
903 providers, a program manager may not require a qualifying provider to alter the
904 qualifying provider's creed, practices, admissions policies, hiring practices, or curricula
905 in order to accept scholarship funds.906 (4) An LEA or a school in an LEA in which a scholarship student was previously enrolled
907 shall provide to the scholarship student's parent a copy of all school records relating to
908 the student that the LEA possesses within 30 days after the day on which the LEA or
909 school receives the parent's request for the student's records, subject to:

910 (a) Title 53E, Chapter 9, Student Privacy and Data Protection; and

911 (b) Family Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g.

912 (5) By virtue of a scholarship student's involvement in the program and unless otherwise
913 expressly provided in statute, a scholarship student is not:

914 (a) enrolled in the public education system; or

915 (b) otherwise subject to statute, administrative rules, or other state regulations as if the
916 student was enrolled in the public education system.

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

918 **53F-6-407 . Background checks for program manager -- Bureau responsibilities**
919 **-- Fees.**

920 (1) As used in this section:

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

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

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

926 (d) "Personal identifying information" means:

927 (i) current name;

928 (ii) former names;

929 (iii) nicknames;

930 (iv) aliases;

931 (v) date of birth;

932 (vi) address;

933 (vii) telephone number;

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

935 (ix) social security number; and

936 (x) fingerprints.

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

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

942 (2) The program manager and financial administrator shall:

943 (a) require an employee or officer of the program manager and financial administrator to
944 submit to a criminal background check and ongoing monitoring;

945 (b) collect the following from an employee or officer of the program manager and
946 financial administrator:

947 (i) personal identifying information;

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

- 949 (iii) consent, on a form specified by the program manager, for:
- 950 (A) an initial fingerprint-based background check by the bureau;
- 951 (B) retention of personal identifying information for ongoing monitoring through
- 952 registration with the systems described in Subsection (3); and
- 953 (C) disclosure of any criminal history information to the program manager and
- 954 financial administrator;
- 955 (c) submit the personal identifying information of an employee or officer of the program
- 956 manager and financial administrator to the bureau for:
- 957 (i) an initial fingerprint-based background check by the bureau; and
- 958 (ii) ongoing monitoring through registration with the systems described in Subsection
- 959 (3) if the results of the initial background check do not contain disqualifying
- 960 criminal history information as determined by the program manager;
- 961 (d) identify the appropriate privacy risk mitigation strategy that will be used to ensure
- 962 that the program manager and financial administrator only [receives] receive
- 963 notifications for individuals with whom the program manager and financial
- 964 administrator [~~maintains~~] maintain an authorizing relationship; and
- 965 (e) submit the information to the bureau for ongoing monitoring through registration
- 966 with the systems described in Subsection (3).
- 967 (3) The bureau shall:
- 968 (a) upon request from the program manager, register the fingerprints submitted by the
- 969 program manager or financial administrator as part of a background check with the
- 970 WIN Database rap back system, or any successor system;
- 971 (b) notify the program manager when a new entry is made against an individual whose
- 972 fingerprints are registered with the WIN Database rap back system regarding:
- 973 (i) an alleged offense; or
- 974 (ii) a conviction, including a plea in abeyance;
- 975 (c) assist the program manager or financial administrator to identify the appropriate
- 976 privacy risk mitigation strategy that is to be used to ensure that the program manager
- 977 and financial administrator only [receives] receive notifications for individuals with
- 978 whom the authorized [entity] entities [~~maintains~~] maintain an authorizing relationship;
- 979 and
- 980 (d) collaborate with the program manager or financial administrator to provide training
- 981 to appropriate program manager and financial administrator employees on the
- 982 notification procedures and privacy risk mitigation strategies described in this section.

983 (4)(a) The division shall impose fees that the division sets in accordance with Section
984 63J-1-504 for the fingerprint card of an employee or officer of the program manager,
985 for a name check, and to register fingerprints under this section.

986 (b) Funds generated under this Subsection (4) shall be deposited into the General Fund
987 as a dedicated credit by the department to cover the costs incurred in providing the
988 information.

989 Section 9. Section **53F-6-408** is amended to read:

990 **53F-6-408 . Eligible schools.**

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

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

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

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

1000 (C) audits financial statements from within the 12 months immediately preceding
1001 the audit; and

1002 (ii) submit the audit report or report of the agreed upon procedure to the program
1003 manager when the private school applies to receive scholarship funds;

1004 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d;

1005 (c) provide a written disclosure to the parent of each prospective scholarship student,
1006 before the student is enrolled, of:

1007 (i) the education services that the school will provide to the scholarship student,
1008 including the cost of the provided services;

1009 (ii) tuition costs;

1010 (iii) additional fees the school will require a parent to pay during the school year; and

1011 (iv) the skill or grade level of the curriculum in which the prospective scholarship
1012 student will participate; and

1013 (d) require the following individuals to submit to a nationwide, fingerprint-based
1014 criminal background check and ongoing monitoring, in accordance with Section
1015 53G-11-402, as a condition for employment or appointment, as authorized by the
1016 Adam Walsh Child Protection and Safety Act of 2006, Pub. L. No. 109-248:

- 1017 (i) an employee who does not hold:
- 1018 (A) a current Utah educator license issued by the state board under Title 53E,
- 1019 Chapter 6, Education Professional Licensure; or
- 1020 (B) if the private school is not physically located in Utah, a current educator
- 1021 license in the state where the private school is physically located; and
- 1022 (ii) a contract employee.
- 1023 (2) A private school described in Subsection (1) is not eligible to receive scholarship funds
- 1024 if:
- 1025 (a) the private school requires a scholarship student to sign a contract waiving the
- 1026 scholarship student's right to transfer to another qualifying provider during the school
- 1027 year;
- 1028 (b) the audit report described in Subsection (1)(a) contains a going concern explanatory
- 1029 paragraph; or
- 1030 (c) the report of the agreed upon procedures described in Subsection (1)(a) shows that
- 1031 the private school does not have adequate working capital to maintain operations for
- 1032 the first full year.
- 1033 (3) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1034 eligible school, a private school with fewer than 150 enrolled students shall:
- 1035 (a) provide to the program manager and financial administrator:
- 1036 (i) a federal employer identification number;
- 1037 (ii) the provider's address and contact information;
- 1038 (iii) a description of each program or service the provider proposes to offer a
- 1039 scholarship student; and
- 1040 (iv) any other information as required by the program manager or financial
- 1041 administrator; and
- 1042 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d.
- 1043 (4) A private school described in Subsection (3) is not eligible to receive scholarship funds
- 1044 if the private school requires a scholarship student to sign a contract waiving the
- 1045 student's rights to transfer to another qualifying provider during the school year.
- 1046 (5) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1047 eligible school, an LEA shall:
- 1048 (a) provide to the program manager and financial administrator:
- 1049 (i) a federal employer identification number;
- 1050 (ii) the LEA's address and contact information; and

- 1051 (iii) the amount to be charged under the program for, in correlation with the LEA's
 1052 course and activity fee schedules, and a description of a class, program, or service
 1053 the LEA provides to a home-based or a private school scholarship student;
- 1054 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1055 (c) ensure the provision of services to a scholarship student through which:
- 1056 (i) the scholarship student does not enroll in the LEA; and
- 1057 (ii) in accordance with Subsection 53F-2-302(2), the LEA does not receive WPU
 1058 funding related to the student's participation with the LEA.
- 1059 (d) treat a scholarship student the same as the LEA would treat an enrolled student,
 1060 including in:
- 1061 (i) participation allowances;
- 1062 (ii) audition rules;
- 1063 (iii) athletic team participation;
- 1064 (iv) extracurricular activities; and
- 1065 (v) co-curricular activities;
- 1066 (e) not deny a scholarship student participation in any activity, team, or program simply
 1067 because:
- 1068 (i) the student is a scholarship student; or
- 1069 (ii) of liability concerns specific to the student's scholarship status;
- 1070 (f) establish a transparent and fair fee structure for scholarship expenses offered by the
 1071 LEA, including a fee schedule that:
- 1072 (i) is based on actual costs of providing services;
- 1073 (ii) is consistent with fees charged to enrolled students;
- 1074 (iii) itemizes all charges and fees;
- 1075 (iv) explains the basis for each fee; and
- 1076 (v) is updated annually;
- 1077 (g) provide the same liability coverage to scholarship students as provided to enrolled
 1078 students; and
- 1079 (h) in accordance with Subsection 53F-6-402(7), create and maintain a distinct identifier
 1080 in the LEA's student information system that:
- 1081 (i) clearly identifies a scholarship student; and
- 1082 (ii) distinguishes the scholarship student from a student enrolled in the LEA.
- 1083 (6) An LEA described in Subsection (5) is not eligible to receive scholarship funds if:
- 1084 (a) the LEA requires a public education system scholarship student to sign a contract

- 1085 waiving the student's rights to engage with another qualifying provider for a
1086 scholarship expense during the school year; or
- 1087 (b) the LEA refuses to offer services that do not require LEA enrollment to scholarship
1088 students under the program.
- 1089 (7) Residential treatment facilities licensed by the state are not eligible to receive
1090 scholarship funds.
- 1091 (8) A private school or LEA intending to receive scholarship funds shall:
- 1092 (a)(i) for a private school, submit an application to the program manager; or
1093 (ii) for an LEA, submit a notice to the program manager containing the information
1094 described in Subsection (5)(a); and
- 1095 (b) agree to not refund, rebate, or share scholarship funds with scholarship students or
1096 scholarship student's parents in any manner except remittances or refunds processed
1097 through the financial administrator to a scholarship account in accordance with this
1098 part and procedures that the program manager establishes, and the payment schedule
1099 described in Section 53F-6-411.
- 1100 (9) The program manager shall:
- 1101 (a) if the private school or LEA meets the eligibility requirements of this section,
1102 recognize the private school or LEA as an eligible school and, for a private school,
1103 approve the application; and
- 1104 (b) make available to the public a list of eligible schools approved under this section.
- 1105 (10) A private school approved under this section that changes ownership shall:
- 1106 (a) cease operation as an eligible school until:
- 1107 (i) the school submits a new application to the program manager; and
1108 (ii) the program manager approves the new application; and
- 1109 (b) demonstrate that the private school continues to meet the eligibility requirements of
1110 this section.
- 1111 (11) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1112 state board shall establish rules for an LEA to create and publish fee structures for
1113 scholarship students.
- 1114 Section 10. Section **53F-6-409** is amended to read:
- 1115 **53F-6-409 . Eligible service providers.**
- 1116 (1) To be an eligible service provider, a private program or service:
- 1117 (a) shall provide to the program manager:
- 1118 (i) a federal employer identification number;

- 1119 (ii) the provider's address and contact information;
- 1120 (iii) a description of each program or service the provider proposes to offer directly to
- 1121 a scholarship student; and
- 1122 (iv) subject to Subsection (2), any other information as required by the program
- 1123 manager;
- 1124 (b) shall comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1125 (c) may not act as a consultant, clearing house, or intermediary that connects a
- 1126 scholarship student with or otherwise facilitates the student's engagement with a
- 1127 program or service that another entity provides.
- 1128 (2) The program manager shall adopt policies that maximize the number of eligible service
- 1129 providers, including accepting new providers throughout the school year, while ensuring
- 1130 education programs or services provided through the program meet student needs and
- 1131 otherwise comply with this part.
- 1132 (3) A private program or service intending to receive scholarship funds shall:
- 1133 (a) submit an application to the program manager;
- 1134 (b) complete all required training or orientation programs established by the program
- 1135 manager before receiving any scholarship funds and maintain a current training or
- 1136 orientation status throughout participation in the program; and
- 1137 [~~(b)~~] (c) agree to not refund, rebate, or share scholarship funds with scholarship students
- 1138 or scholarship students' parents in any manner except remittances or refunds
- 1139 processed through the financial administrator to a scholarship account in accordance
- 1140 with this part and procedures that the program manager establishes.
- 1141 (4) The program manager shall:
- 1142 (a) if the private program or service meets the eligibility requirements of this section,
- 1143 recognize the private program or service as an eligible service provider and approve a
- 1144 private program or service's application to receive scholarship funds on behalf of a
- 1145 scholarship student; and
- 1146 (b) make available to the public a list of eligible service providers approved under this
- 1147 section.
- 1148 (5) A private program or service approved under this section that changes ownership shall:
- 1149 (a) cease operation as an eligible service provider until:
- 1150 (i) the program or service submits a new application to the program manager; and
- 1151 (ii) the program manager approves the new application; and
- 1152 (b) demonstrate that the private program or service continues to meet the eligibility

1153 requirements of this section.

1154 (6) The following are not eligible service providers:

1155 (a) a parent of a home-based scholarship student or a home school student solely in
1156 relation to the parent's child; or

1157 (b) any other individual that does not meet the requirements described in this section.

1158 (7) Nothing prohibits an entity that provides education services under the Statewide Online
1159 Education Program described in Title 53F, Chapter 4, Part 5, Statewide Online
1160 Education Program, from operating as an eligible service provider under this part to
1161 provide education services to scholarship students.

1162 Section 11. Section **53F-6-410** is amended to read:

1163 **53F-6-410 . Parental rights -- Optional assessment.**

1164 (1) In accordance with Section 53G-6-803 regarding a parent's right to academic
1165 accommodations, nothing in this chapter restricts or affects a parent's interests and role
1166 in the care, custody, and control of the parent's child, including the duty and right to
1167 nurture and direct the child's upbringing and education.

1168 (2)(a) A parent may request that the program manager facilitate one of the following
1169 assessments of the parent's scholarship student:

1170 (i) a standards assessment described in Section 53E-4-303;

1171 (ii) a high school assessment described in Section 53E-4-304;

1172 (iii) a college readiness assessment described in Section 53E-4-305;

1173 (iv) an assessment of students in grade 3 to measure reading grade level described in
1174 Section 53E-4-307; or

1175 (v) a nationally norm-referenced assessment.

1176 (b)(i) Notwithstanding any other provision of law, the entity administering an
1177 assessment described in Subsection (2)(a) to a scholarship student in accordance
1178 with this section may not report the result of or any other data pertaining to the
1179 assessment or scholarship student to a person other than the program manager, the
1180 scholarship student, or the scholarship student's parent.

1181 (ii) The program manager may not report or communicate the result or data described
1182 in Subsection (2)(b)(i) to a person other than the relevant scholarship student and
1183 the scholarship student's parent unless the result or data is included in a
1184 de-identified compilation of data related to all scholarship students.

1185 (c) In any communication from the program manager regarding an assessment described
1186 in this Subsection (2), the program manager shall include a disclaimer that no

1187 assessment is required.

1188 (d) The completion of an optional assessment under this section satisfies the portfolio
1189 eligibility qualification described in Subsection 53F-6-402(3)(d).

1190 (3) The rights described in this section shall be exercised in conjunction with the
1191 procedures for students with special needs as described in Section 53F-6-416.

1192 Section 12. Section **53F-6-411** is amended to read:

1193 **53F-6-411 . Program funding.**

1194 (1) [~~H~~] Except as provided in Subsection (7), if a scholarship student enters or reenters the
1195 public education system during a given school year:

1196 (a) no later than five business days after the day on which the student enters or reenters
1197 the public education system, the program manager shall direct the financial
1198 administrator to immediately remove the balance in the scholarship student's
1199 scholarship account for other use within the program;

1200 (b) the state board may not distribute any remaining state funds to the program manager
1201 or financial administrator for the student; and

1202 (c) the program manager may direct the financial administrator to use the balance
1203 described in Subsection (1)(a) for another scholarship student.

1204 (2) At the end of a school year, a program manager shall:

1205 (a) direct the financial administrator to:

1206 (i) withdraw any remaining scholarship funds in a scholarship account; and

1207 (ii) [~~retain the scholarship funds for disbursement in the following year.~~] allocate
1208 these funds as rollovers in accordance with Subsection (4); and

1209 (b) return any funds not allocated as rollovers to the program manager or the state board
1210 to be deposited in the restricted account described in Subsection (4).

1211 (3)(a) To administer the program, the program manager may use up to [~~the lesser of~~]5% [
1212 ~~or \$2,500,000~~]of the funds the Legislature appropriates for the program.

1213 (b) [~~Subject to Subsection (3)(a), the~~] The funds for program administration described in
1214 Subsection (3)(a) are nonlapsing.

1215 (c) The program manager may not retain administrative cost balances in excess of 25%
1216 of total administrative costs in any fiscal year.

1217 (4)(a) There is created a restricted account within the Income Tax Fund known as the
1218 "Utah Fits All Scholarship Program Restricted Account."

1219 (b) The restricted account shall consist of:

1220 (i) money appropriated to the restricted account by the Legislature;

- 1221 (ii) interest earned on the restricted account; and
1222 (iii) in accordance with Subsection (6), unused scholarship funds returned to the
1223 restricted account under this section.
- 1224 (5)(a) Subject to legislative appropriations, the state board shall distribute scholarship
1225 funds to the program manager or financial administrator from the restricted account
1226 in two equal payments:
- 1227 (i) the first payment at the beginning of the scholarship year; and
1228 (ii) the second payment during the second half of the scholarship year.
- 1229 (b) Notwithstanding Subsection (5)(a), the program manager may authorize
1230 disbursement of a scholarship student's full annual award amount at the beginning of
1231 the scholarship year if:
- 1232 (i) the funds are for private school tuition; or
1233 (ii) the program manager determines immediate disbursement is necessary for the
1234 student's education.
- 1235 (6) The program manager shall:
- 1236 (a) allow unused scholarship funds to rollover in a 2:1 ratio, where:
- 1237 (i) for every three dollars of unused scholarship funds, two dollars rollover to the
1238 scholarship student to be added to the student's scholarship award for the next
1239 scholarship year, up to a maximum rollover amount of \$2,000; and
1240 (ii) the remaining unused funds return to the restricted account;
- 1241 (b) verify the scholarship student maintains program eligibility before executing any
1242 rollover; and
- 1243 (c) direct the financial administrator to return any unused funds not allocated as
1244 rollovers to the restricted account described in this section.
- 1245 (7)(a) Before determining a student has reentered public education, the program
1246 manager shall:
- 1247 (i) notify the parent in writing of:
- 1248 (A) the identified public school enrollment; and
1249 (B) the parent's right to verify or dispute the enrollment finding; and
- 1250 (ii) allow the parent five business days to:
- 1251 (A) confirm the accuracy of the enrollment; or
1252 (B) provide evidence disputing the enrollment finding.
- 1253 (b) A parent may appeal an incorrect reentry determination by submitting documentation
1254 to the program manager within the time specified in Subsection (7)(a).

1255 Section 13. Section **53F-6-412** is amended to read:

1256 **53F-6-412 . Reports.**

1257 [~~Beginning in 2025 and in~~] In accordance with Section 68-3-14 and the Family
 1258 Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g, the program manager shall submit
 1259 a report on the program to the Education Interim Committee no later than September 1 of each
 1260 year that includes:

1261 (1) the number and outcomes of appeals processed through the appeals process established
 1262 in Section 53F-6-417;

1263 (2) the total amount and usage of rollover funds as described in Section 53F-6-411;

1264 (3) a summary of the income verification process and outcomes, including the number of
 1265 households verified through each method described in Section 53F-6-402;

1266 (4) for scholarship rollovers:

1267 (a) the total amount of funds rolled over;

1268 (b) the number of students with rollovers; and

1269 (c) the impact on subsequent year scholarship amounts;

1270 (5) for restricted expenses:

1271 (a) total amount spent on extracurricular and physical education expenses;

1272 (b) percentage of scholarship funds used for restricted expenses by student; and

1273 (c) number of students reaching the 20% restriction limit for physical education and
 1274 extracurricular related expenses; and

1275 (6) in consultation with the financial administrator, all financial data necessary for the
 1276 preparation of the reports required under this section no later than 30 days before each
 1277 reporting deadline.

1278 [~~(1)~~] (7) the total amount of tuition and fees qualifying providers charged for the current
 1279 year and previous two years;

1280 [~~(2)~~] (8) the total amount of goods paid for with scholarship funds in the previous year and a
 1281 general characterization of the types of goods;

1282 [~~(3)~~] (9) administrative costs of the program;

1283 [~~(4)~~] (10) the number of scholarship students from each county and the aggregate number of
 1284 eligible students on the waitlist described in Section 53F-6-405;

1285 [~~(5)~~] (11) the percentage of first-time scholarship students who were enrolled in a public
 1286 school during the previous school year or who entered kindergarten or a higher grade for
 1287 the first time in Utah;

1288 [~~(6)~~] (12) the program manager's strategy and outreach efforts to reach eligible students

1289 whose family income is at or below 200% of the federal poverty level and related
1290 obstacles to enrollments;
1291 ~~[(7)]~~ (13) in the report that the program manager submits in 2025, information on steps the
1292 program manager has taken and processes the program manager has adopted to
1293 implement the program; and
1294 ~~[(8)]~~ (14) any other information regarding the program and the program's implementation
1295 that the committee requests.

1296 Section 14. Section **53F-6-415.5** is enacted to read:

1297 **53F-6-415.5 . Transition provisions.**

- 1298 (1) As used in this section, "previous program manager" means the organization that was
1299 selected and contracted by the state board to administer the program before May 7, 2025.
- 1300 (2) On or before July 1, 2025, the Department of Operations in consultation with the state
1301 board shall:
- 1302 (a) establish a transition schedule to implement changes in program administration from
1303 the previous program manager under this part;
- 1304 (b) ensure continuous operation of the program during the transition; and
- 1305 (c) notify all contracted third parties of the transition timeline and process.
- 1306 (3) During the transition period, the Department of Operations in consultation with the state
1307 board shall:
- 1308 (a) assume immediate oversight of the program; and
- 1309 (b) establish the financial administrator position through the procurement process
1310 described in Section 53F-6-404;
- 1311 (c) ensure:
- 1312 (i) all existing scholarship accounts and funds are properly transferred to the new
1313 financial administrator;
- 1314 (ii) all existing scholarship accounts shall remain valid and operational;
- 1315 (iii) all qualifying provider approvals shall remain in effect;
- 1316 (iv) no interruption in:
- 1317 (A) scholarship payments;
- 1318 (B) account access for parents; and
- 1319 (C) program operations; and
- 1320 (v) proper notice to and coordination with:
- 1321 (A) qualifying providers;
- 1322 (B) parents;

1323 (C) financial institutions; and

1324 (D) other affected parties.

1325 (4) All contracts, agreements, and obligations previously entered into by the previous
1326 program manager shall:

1327 (a) remain in effect during transition unless specifically terminated;

1328 (b) be reviewed by the Department of Operations in consultation with the state board for
1329 continuation or modification; and

1330 (c) if necessary, be transferred to the appropriate entity as the Department of Operations
1331 determines.

1332 (5) The previous program manager shall cease any marketing or other communications to
1333 potential or current scholarship students and parents of a scholarship student unless the
1334 Department of Operations expressly approves the marketing or communication.

1335 Section 15. Section **53F-6-416** is enacted to read:

1336 **53F-6-416 . Students with special needs.**

1337 The program manager shall coordinate with the program manager of the Carson Smith
1338 Opportunity Scholarship Program created in Section 53E-7-402 and the Carson Smith
1339 Scholarship Program created in Section 53F-4-302 to ensure that a student is not receiving
1340 duplicate benefits.

1341 Section 16. Section **53F-6-417** is enacted to read:

1342 **53F-6-417 . Appeals process for denied reimbursements.**

1343 (1) The program manager shall follow an appeals process for when a student's eligibility is
1344 suspended or disqualified under Section 53F-6-405.

1345 (2) The program manager shall establish the process and procedures for the appeals process
1346 described in this section.

1347 Section 17. Section **53G-6-703** is amended to read:

1348 **53G-6-703 . Private school and home school students' participation in**
1349 **extracurricular activities in a public school.**

1350 (1) As used in this section:

1351 (a) "Academic eligibility requirements" means the academic eligibility requirements that
1352 a home school student is required to meet to participate in an extracurricular activity
1353 in a public school.

1354 (b) "Association" means the same as that term is defined in Section 53G-7-1101.

1355 (c) "Extracurricular activity" means the same as that term is defined in Section
1356 53G-7-501.

- 1357 (d) "Initial establishment of eligibility requirements" means an association's eligibility
1358 requirements, policies, procedures, and transfer rules that a school student in grade 9
1359 or 10 must meet, and to which the student is bound, to participate on a high school
1360 sports team when the student:
- 1361 (i) attends the high school in which the student is selected for membership on a high
1362 school sports team; or
 - 1363 (ii) does not attend the high school in which the student tries out for and is selected
1364 for membership on a high school sports team.
- 1365 (e) "Minor" means the same as that term is defined in Section 53G-6-201.
- 1366 (f) "Parent" means the same as that term is defined in Section 53G-6-201.
- 1367 (g) "Principal" means the principal of the school in which a home school student
1368 participates or intends to participate in an extracurricular activity.
- 1369 (2)(a) A minor who is enrolled in a private school or a home school is eligible to
1370 participate in an extracurricular activity at a public school as provided in this section.
- 1371 (b) A private school student may only participate in an extracurricular activity at a
1372 public school that is not offered by the student's private school.
- 1373 (c)(i) Except as provided in Subsection (2)(d), a private school student or a home
1374 school student may only participate in an extracurricular activity at:
- 1375 (A) the school with attendance boundaries within which the student's custodial
1376 parent resides; or
 - 1377 (B) the school from which the student withdrew for the purpose of attending a
1378 private or home school.
- 1379 (ii) A private school student or a home school student retains the ability to participate
1380 in an extracurricular activity at a school described in Subsection (2)(c)(i) if the
1381 student did not initially establish the student's eligibility at another school in grade
1382 9 or 10.
- 1383 (d) A school other than a school described in Subsection (2)(c)(i) may allow a private
1384 school student or a home school student to participate in an extracurricular activity
1385 that the public school sponsors and supports if:
- 1386 (i) for an interscholastic competition of athletic teams, the private school student or
1387 the home school student meets the initial establishment of eligibility requirements;
 - 1388 (ii) for an interscholastic contest or competition for music, drama, or forensic groups
1389 or teams, the private school student, subject to Subsection (2)(b), or the home
1390 school student meets the entry requirements for participation;

- 1391 (iii) the private school student or the home school student meets the eligibility
1392 requirements under this section; and
- 1393 (iv) the private school student or the home school student meets the enrollment
1394 requirements for public school in accordance with Part 4, School District
1395 Enrollment.
- 1396 (3)(a) Except as provided in Subsections (4) through (13), a private school student or a
1397 home school student is eligible to participate in an extracurricular activity at a public
1398 school consistent with eligibility standards:
- 1399 (i) applied to a fully enrolled public school student;
- 1400 (ii) of the public school where the private school student or the home school student
1401 participates in an extracurricular activity; and
- 1402 (iii) for the extracurricular activity in which the private school or the home school
1403 student participates.
- 1404 (b) A school district or public school may not impose additional requirements on a
1405 private school student or a home school student to participate in an extracurricular
1406 activity that are not imposed on a fully enrolled public school student.
- 1407 (c)(i) A private school student or a home school student who participates in an
1408 extracurricular activity at a public school shall pay the same fees as required of a
1409 fully enrolled public school student to participate in an extracurricular activity.
- 1410 (ii) If a local school board or a charter school governing board imposes a mandatory
1411 student activity fee for a student enrolled in a public school, the fee may be
1412 imposed on a private school student or a home school student who participates in
1413 an extracurricular activity at the public school if the same benefits of paying the
1414 mandatory student activity fee that are available to a fully enrolled public school
1415 student are available to a private school student or a home school student who
1416 participates in an extracurricular activity at the public school.
- 1417 (4) Eligibility requirements based on school attendance are not applicable to a home school
1418 student.
- 1419 (5) A home school student meets academic eligibility requirements to participate in an
1420 extracurricular activity if:
- 1421 (a) the student is mastering the material in each course or subject being taught; and
1422 (b) the student is maintaining satisfactory progress towards achievement or promotion.
- 1423 (6)(a) To establish a home school student's academic eligibility, a parent, teacher, or
1424 organization providing instruction to the student shall submit an affidavit to the

- 1425 principal indicating the student meets academic eligibility requirements.
- 1426 (b) Upon submission of an affidavit pursuant to Subsection (6)(a), a home school student
1427 shall:
- 1428 (i) be considered to meet academic eligibility requirements; and
1429 (ii) retain academic eligibility for all extracurricular activities during the activity
1430 season for which the affidavit is submitted, until:
- 1431 (A) a panel established under Subsection (10) determines the home school student
1432 does not meet academic eligibility requirements; or
1433 (B) the person who submitted the affidavit under Subsection (6)(a) provides
1434 written notice to the school principal that the student no longer meets academic
1435 eligibility requirements.
- 1436 (7)(a) A home school student who loses academic eligibility pursuant to Subsection
1437 (6)(b)(ii)(B) may not participate in an extracurricular activity until the person who
1438 submitted the affidavit under Subsection (6)(a) provides written notice to the school
1439 principal that the home school student has reestablished academic eligibility.
- 1440 (b) If a home school student reestablishes academic eligibility pursuant to Subsection
1441 (7)(a), the home school student may participate in extracurricular activities for the
1442 remainder of the activity season for which an affidavit was submitted under
1443 Subsection (6)(a).
- 1444 (8) A person who has probable cause to believe a home school student does not meet
1445 academic eligibility requirements may submit an affidavit to the principal:
- 1446 (a) asserting the home school student does not meet academic eligibility requirements;
1447 and
1448 (b) providing information indicating that the home school student does not meet the
1449 academic eligibility requirements.
- 1450 (9) A principal shall review the affidavit submitted under Subsection (8), and if the
1451 principal determines it contains information which constitutes probable cause to believe
1452 a home school student may not meet academic eligibility requirements, the principal
1453 shall request a panel established pursuant to Subsection (10) to verify the student's
1454 compliance with academic eligibility requirements.
- 1455 (10)(a) A school district superintendent shall:
- 1456 (i) appoint a panel of three individuals to verify a home school student's compliance
1457 with academic eligibility requirements when requested by a principal pursuant to
1458 Subsection (9); and

- 1459 (ii) select the panel members from nominees submitted by national, state, or regional
1460 organizations whose members are home school students and parents.
- 1461 (b) Of the members appointed to a panel under Subsection (10)(a):
- 1462 (i) one member shall have experience teaching in a public school as a licensed
1463 teacher and in home schooling high school-age students;
- 1464 (ii) one member shall have experience teaching in a higher education institution and
1465 in home schooling; and
- 1466 (iii) one member shall have experience in home schooling high school-age students.
- 1467 (11) A panel appointed under Subsection (10):
- 1468 (a) shall review the affidavit submitted under Subsection (8);
- 1469 (b) may confer with the person who submitted the affidavit under Subsection (8);
- 1470 (c) shall request the home school student to submit test scores or a portfolio of work
1471 documenting the student's academic achievement to the panel;
- 1472 (d) shall review the test scores or portfolio of work; and
- 1473 (e) shall determine whether the home school student meets academic eligibility
1474 requirements.
- 1475 (12) A home school student who meets academic eligibility requirements pursuant to
1476 Subsection (11), retains academic eligibility for all extracurricular activities during the
1477 activity season for which an affidavit is submitted pursuant to Subsection (6).
- 1478 (13)(a) A panel's determination that a home school student does not comply with
1479 academic eligibility requirements is effective for an activity season and all
1480 extracurricular activities that have academic eligibility requirements.
- 1481 (b) A home school student who is not in compliance with academic eligibility
1482 requirements as determined by a panel appointed under Subsection (11) may seek to
1483 establish academic eligibility under this section for the next activity season.
- 1484 (14)(a) A public school student who has been declared to be academically ineligible to
1485 participate in an extracurricular activity and who subsequently enrolls in a home
1486 school shall lose eligibility for participation in the extracurricular activity until the
1487 student:
- 1488 (i) demonstrates academic eligibility by providing test results or a portfolio of the
1489 student's work to the school principal, provided that a student may not reestablish
1490 academic eligibility under this Subsection (14)(a) during the same activity season
1491 in which the student was declared to be academically ineligible;
- 1492 (ii) returns to public school and reestablishes academic eligibility; or

- 1493 (iii) enrolls in a private school and establishes academic eligibility.
- 1494 (b) A public school student who has been declared to be behaviorally ineligible to
1495 participate in an extracurricular activity and who subsequently enrolls in a home
1496 school shall lose eligibility for participation in the extracurricular activity until the
1497 student meets eligibility standards as provided in Subsection (3).
- 1498 (15) When selection to participate in an extracurricular activity at a public school is made
1499 on a competitive basis, a private school student or a home school student is eligible to
1500 try out for and participate in the activity as provided in this section.
- 1501 (16)(a) If a student exits a public school to enroll in a private school or a home school
1502 mid-semester or during an activity season, and the student desires to participate in an
1503 extracurricular activity at the public school, the public school shall issue an interim
1504 academic assessment based on the student's work in each class.
- 1505 (b) A student's academic eligibility to participate in an extracurricular activity under the
1506 circumstances described in Subsection (16)(a) is dependent on the student meeting
1507 public school academic eligibility standards at the time of exiting public school.
- 1508 (c) A student may appeal an academic eligibility determination made under Subsection
1509 (16)(b) in accordance with procedures for appealing a public school student's
1510 academic eligibility.
- 1511 (17) Any liability coverage provided to a student under this section also applies to a
1512 scholarship student participating under Title 53F, Chapter 6, Part 4, Utah Fits All
1513 Scholarship Program.
- 1514 Section 18. Section **53G-6-704** is amended to read:
- 1515 **53G-6-704 . Charter school students' participation in extracurricular activities at**
1516 **other public schools.**
- 1517 (1) As used in this section:
- 1518 (a) "Association" means the same as that term is defined in Section 53G-7-1101.
- 1519 (b) "Extracurricular activity" means the same as that term is defined in Section
1520 53G-7-501.
- 1521 (c) "Initial establishment of eligibility requirements" means the same as that term is
1522 defined in Section 53G-6-703.
- 1523 (2) A charter school student is eligible to participate in an extracurricular activity not
1524 offered by the student's charter school at:
- 1525 (a) the school with attendance boundaries within which the student's custodial parent
1526 resides, if, for an interscholastic competition of athletic teams, the student did not

- 1527 initially establish the student's eligibility at another public school in grade 9 or 10;
- 1528 (b) the public school from which the student withdrew for the purpose of attending a
1529 charter school; or
- 1530 (c) a public school that is not a charter school if the student's charter school is located on
1531 the campus of the public school or has local school board approval to locate on the
1532 campus of the public school.
- 1533 (3) In addition to the public schools listed in Subsection (2), the state board may establish
1534 rules to allow a charter school student to participate in an extracurricular activity at a
1535 public school other than a public school listed in Subsection (2).
- 1536 (4) A school other than a school described in Subsection (2) may allow a charter school
1537 student to participate in an extracurricular activity a public school sponsors and supports
1538 if:
- 1539 (a) for interschool competitions of athletic teams, the charter school student meets the
1540 initial establishment of eligibility requirements;
- 1541 (b) for interschool contests or competitions for music, drama, or forensic groups or
1542 teams, the charter school student meets the entry requirements for participation;
- 1543 (c) the charter school student meets the eligibility requirements under this section; and
- 1544 (d) the charter school student meets the enrollment requirements for public school in
1545 accordance with Part 4, School District Enrollment.
- 1546 (5) A charter school student is eligible for an extracurricular activity at a public school
1547 consistent with eligibility standards as applied to full-time students of the public school.
- 1548 (6) A school district or a public school may not impose additional requirements on a charter
1549 school student to participate in an extracurricular activity that are not imposed on
1550 full-time students of the public school.
- 1551 (7)(a) The state board shall make rules establishing fees for charter school students'
1552 participation in an extracurricular activity at school district schools.
- 1553 (b) The rules shall provide that:
- 1554 (i) charter school students pay the same fees as other students to participate in an
1555 extracurricular activity;
- 1556 (ii) charter school students are eligible for fee waivers pursuant to Section 53G-7-504;
- 1557 (iii) for each charter school student who participates in an extracurricular activity at a
1558 school district school, the charter school shall pay a share of the school district's
1559 costs for the extracurricular activity; and
- 1560 (iv) a charter school's share of the costs of an extracurricular activity shall reflect

1561 state and local tax revenues expended, except capital facilities expenditures, for an
1562 extracurricular activity in a school district or a school divided by total student
1563 enrollment of the school district or the school.

1564 (c) In determining a charter school's share of the costs of an extracurricular activity
1565 under Subsections (7)(b)(iii) and (iv), the state board may establish uniform fees
1566 statewide based on average costs statewide or average costs within a sample of
1567 school districts.

1568 (8) When selection to participate in an extracurricular activity at a public school is made on
1569 a competitive basis, a charter school student is eligible to try out for and participate in
1570 the activity as provided in this section.

1571 (9) Any liability coverage provided to a student under this section also applies to a
1572 scholarship student participating under Title 53F, Chapter 6, Part 4, Utah Fits All
1573 Scholarship Program.

1574 Section 19. Section **63A-4-204** is amended to read:

1575 **63A-4-204 . School district participation in Risk Management Fund.**

1576 (1)(a) For the purpose of this section, action by a public school district shall be taken
1577 upon resolution by a majority of the members of the school district's board of
1578 education.

1579 (b)(i) Upon approval by the state risk manager and the board of education of the
1580 school district, a public school district may participate in the Risk Management
1581 Fund or any captive insurance company created by the risk manager, and may
1582 permit a foundation established under Section 53E-3-403 to participate in the Risk
1583 Management Fund or any captive insurance company created by the risk manager.

1584 (ii) Upon approval by the state risk manager and the State Board of Education, a state
1585 public education foundation may participate in the Risk Management Fund or any
1586 captive insurance company created by the risk manager.

1587 (c) Subject to any cancellation or other applicable coverage provisions, either the state
1588 risk manager or the public school district may terminate participation in the Risk
1589 Management Fund.

1590 (2) The state risk manager shall contract for all insurance, reinsurance, legal, loss
1591 adjustment, consulting, loss control, safety, and other related services necessary to
1592 support the insurance programs provided to a participating public school district, except
1593 that all supporting legal services are subject to the prior approval of the state attorney
1594 general.

- 1595 (3) Each public school district participating in the Risk Management Fund shall comply
1596 with Section 63A-4-103.
- 1597 (4)(a) Each year, the risk manager shall prepare, in writing, the information required by
1598 Subsection (4)(b) regarding the coverage against legal liability provided a school
1599 district employee of this state:
- 1600 (i) by the Risk Management Fund or any captive insurance company created by the
1601 risk manager;
 - 1602 (ii) under Title 63G, Chapter 7, Governmental Immunity Act of Utah; and
 - 1603 (iii) under Title 52, Chapter 6, Reimbursement of Legal Fees and Costs to Officers
1604 and Employees Act.
- 1605 (b)(i) The information described in Subsection (4)(a) shall include:
- 1606 (A) the eligibility requirements, if any, to receive the coverage;
 - 1607 (B) the basic nature of the coverage for a school district employee, including what
1608 is not covered; and
 - 1609 (C) whether the coverage is primary or in excess of any other coverage the risk
1610 manager knows is commonly available to a school district employee in this
1611 state.
- 1612 (ii) The information described in Subsection (4)(a) may include:
- 1613 (A) comparisons the risk manager considers beneficial to a school district
1614 employee between:
 - 1615 (I) the coverage described in Subsection (4)(a); and
 - 1616 (II) other coverage the risk manager knows is commonly available to a school
1617 district employee in this state; and
 - 1618 (B) any other information the risk manager considers appropriate.
- 1619 (c) By no later than July 1 of each year, the risk manager shall provide the information
1620 prepared under this Subsection (4) to each school district that participates in the Risk
1621 Management Fund or any captive insurance company created by the risk manager.
- 1622 (d) A school district that participates in the Risk Management Fund shall provide a copy
1623 of the information described in Subsection (4)(c) to each school district employee
1624 within the school district no later than the first day of each school year.
- 1625 (e) If a school district hires an employee after the first day of the school year, no later
1626 than 10 days after the day on which the employee is hired, the school district shall
1627 provide the information described in Subsection (4)(c) to the employee.
- 1628 (5) For purposes of this section, coverage provided to a school district shall include

1629 scholarship students participating in school district activities under Title 53F, Chapter 6,
1630 Part 4, Utah Fits All Scholarship Program.

1631 Section 20. Section **63A-4-204.5** is amended to read:

1632 **63A-4-204.5 . Charter school participation in Risk Management Fund.**

1633 (1) A charter school established under the authority of Title 53G, Chapter 5, Charter Schools,
1634 may participate in the Risk Management Fund or any captive insurance company created
1635 by the risk manager upon the approval of the state risk manager and the governing body
1636 of the charter school.

1637 (2) Each charter school participating in the Risk Management Fund shall comply with
1638 Section 63A-4-103.

1639 (3)(a) Each year, the risk manager shall prepare, in writing, the information required by
1640 Subsection (3)(b) regarding the coverage against legal liability provided a charter
1641 school employee of this state:

1642 (i) by the Risk Management Fund or any captive insurance company created by the
1643 risk manager;

1644 (ii) under Title 63G, Chapter 7, Governmental Immunity Act of Utah; and

1645 (iii) under Title 52, Chapter 6, Reimbursement of Legal Fees and Costs to Officers
1646 and Employees Act.

1647 (b)(i) The information described in Subsection (3)(a) shall include:

1648 (A) the eligibility requirements, if any, to receive the coverage;

1649 (B) the basic nature of the coverage for a charter school employee, including what
1650 is not covered; and

1651 (C) whether the coverage is primary or in excess of any other coverage the risk
1652 manager knows is commonly available to a charter school employee in this
1653 state.

1654 (ii) The information described in Subsection (3)(a) may include:

1655 (A) comparisons the risk manager considers beneficial to a charter school
1656 employee between:

1657 (I) the coverage described in Subsection (3)(a); and

1658 (II) other coverage the risk manager knows is commonly available to a charter
1659 school employee in this state; and

1660 (B) any other information the risk manager considers appropriate.

1661 (c) By no later than July 1 of each year, the risk manager shall provide the information
1662 prepared under this Subsection (3) to each charter school that participates in the Risk

1663 Management Fund or any captive insurance company created by the risk manager.

1664 (d) A charter school that participates in the Risk Management Fund or any captive
1665 insurance company created by the risk manager shall provide a copy of the
1666 information described in Subsection (3)(c) to each charter school employee within
1667 the charter school no later than the first day of each school year.

1668 (e) If a charter school hires an employee after the first day of the school year, no later
1669 than 10 days after the day on which the employee is hired, the charter school shall
1670 provide the information described in Subsection (3)(c) to the employee.

1671 (4) For purposes of this section, coverage provided to a charter school shall include
1672 scholarship students participating in charter school activities under Title 53F, Chapter 6,
1673 Part 4, Utah Fits All Scholarship Program.

1674 Section 21. **Effective Date.**

1675 This bill takes effect:

1676 (1) except as provided in Subsection (2), May 7, 2025; or

1677 (2) if approved by two-thirds of all members elected to each house:

1678 (a) upon approval by the governor;

1679 (b) without the governor's signature, the day following the constitutional time limit of
1680 Utah Constitution, Article VII, Section 8; or

1681 (c) in the case of a veto, the date of veto override.