

**Candice B. Pierucci** proposes the following substitute bill:

**Utah Fits All Scholarship Program Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Candice B. Pierucci**

Senate Sponsor:

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

29 **Utah Code Sections Affected:**

30 AMENDS:

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

43 ENACTS:

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

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

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

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

52 As used in this part:

53 (1) "Contracted entity" means:

54 (a) an organization that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

279 (b) The program manager shall:

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

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

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

287 [(i)] for the 2024-2025 school year, \$8,000.[:] [and]

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

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

295 (i) the first payment at the beginning of the scholarship year; and

296 (ii) the second payment during the second half of the scholarship year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

623 (1) The program manager shall:

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

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

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

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

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

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

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

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

634 (C) closes May 1 of each year;

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

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

639 Subsection (1)(c);

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

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

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

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

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

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



- 811 or services or was enrolled.
- 812 (7) A program manager may not subvert the enrollment preferences required under Section  
 813 53F-6-402 or other provisions of this part to establish a scholarship account on behalf of  
 814 a relative of a contracted entity employee or contracted employee officer~~[of a program  
 815 manager officer]~~.
- 816 (8) In regards to customer service needs related to the program, the program manager shall:
- 817 (a) provide customer service regarding:
- 818 (i) program eligibility determinations;
- 819 (ii) application status;
- 820 (iii) qualifying provider approvals;
- 821 (iv) scholarship expense eligibility;
- 822 (v) program policies and requirements;
- 823 (vi) appeals and grievances; and
- 824 (vii) general program information;
- 825 (b) ensure the financial administrator provides customer service regarding:
- 826 (i) scholarship account access;
- 827 (ii) payment processing status;
- 828 (iii) technical support for the payment portal;
- 829 (iv) account balance inquiries;
- 830 (v) transaction history; and
- 831 (vi) reimbursement status;
- 832 (c) establish customer service standards that the program manager and the financial  
 833 administrator must meet;
- 834 (d) require the financial administrator to:
- 835 (i) maintain adequate customer service staffing;
- 836 (ii) meet specified response time requirements; and
- 837 (iii) track and report on customer service metrics; and
- 838 (e) coordinate with the financial administrator to ensure seamless referral of inquiries  
 839 between entities.
- 840 ~~[(8) The program manager shall:]~~
- 841 ~~[(a) contract for annual and random audits on scholarship accounts conducted:]~~
- 842 ~~[(i) by a certified public accountant who is independent from:]~~
- 843 ~~[(A) the program manager;]~~
- 844 ~~[(B) the state board; and]~~

845           ~~[(C) the program manager's accounts and records pertaining to scholarship funds;~~  
846           ~~and]~~

847           ~~[(ii) in accordance with generally accepted auditing standards;]~~

848       ~~[(b) demonstrate the program manager's financial accountability by annually submitting~~  
849       ~~to the state board the following:]~~

850           ~~[(i) a financial information report that a certified public accountant prepares and that~~  
851           ~~includes the total number and total dollar amount of scholarship funds disbursed~~  
852           ~~during the previous calendar year; and]~~

853           ~~[(ii) no later than 180 days after the last day of the program manager's fiscal year, the~~  
854           ~~results of the audits described in Subsection (8)(a), including the program~~  
855           ~~manager's financial statements in a format that meets generally accepted~~  
856           ~~accounting principles.]~~

857       ~~[(9)(a) The state board:]~~

858           ~~[(i) shall review a report described in this section; and]~~

859           ~~[(ii) may request that the program manager revise or supplement the report if the~~  
860           ~~report does not fully comply with this section.]~~

861       ~~[(b) The program manager shall provide to the state board a revised report or a~~  
862       ~~supplement to the report no later than 45 days after the day on which the state board~~  
863       ~~makes a request described in Subsection (9)(a).]~~

864       (9) In coordinating program operations, the program manager shall:

865           (a) facilitate program implementation through:

866           (i) contracting with qualified entities to perform specific program functions;

867           (ii) establishing clear standards and procedures for program operations;

868           (iii) maintaining appropriate oversight of contracted entities; and

869           (iv) ensuring program integrity;

870           (b) limit direct involvement to:

871           (i) coordination between contracted entities;

872           (ii) verification of program standards;

873           (iii) appropriate oversight measures; and

874           (iv) necessary administrative functions;

875           (c) preserve the independence of:

876           (i) educational decisions made between parents and providers;

877           (ii) financial operations performed by the financial administrator; and

878           (iii) other contracted program functions; and

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

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

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

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

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

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

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

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

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

981 for the educational needs of a scholarship student who attends or engages with the  
982 qualifying provider; and

983 (b) is not an agent of the state by virtue of the provider's acceptance of payment from a  
984 scholarship account in accordance with this part.

985 (3) Except as provided in Section 53F-6-403 regarding qualifying providers, Section  
986 53F-6-408 regarding eligible schools, or Section 53F-6-409 regarding eligible service  
987 providers, a program manager may not require a qualifying provider to alter the  
988 qualifying provider's creed, practices, admissions policies, hiring practices, or curricula  
989 in order to accept scholarship funds.

990 (4) An LEA or a school in an LEA in which a scholarship student was previously enrolled  
991 shall provide to the scholarship student's parent a copy of all school records relating to  
992 the student that the LEA possesses within 30 days after the day on which the LEA or  
993 school receives the parent's request for the student's records, subject to:

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

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

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

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

999 (b) otherwise subject to statute, administrative rules, or other state regulations as if the  
1000 student was enrolled in the public education system.

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

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

1003 **-- Fees.**

1004 (1) As used in this section:

1005 (a) "Bureau" means the Bureau of Criminal Identification created in Section 53-10-201  
1006 within the Department of Public Safety.

1007 (b) "Department" means the Department of Public Safety.

1008 (c) "Division" means the Criminal Investigations and Technical Services Division  
1009 created in Section 53-10-103.

1010 (d) "Personal identifying information" means:

1011 (i) current name;

1012 (ii) former names;

1013 (iii) nicknames;

1014 (iv) aliases;

- 1015 (v) date of birth;
- 1016 (vi) address;
- 1017 (vii) telephone number;
- 1018 (viii) driver license number or other government-issued identification number;
- 1019 (ix) social security number; and
- 1020 (x) fingerprints.
- 1021 (e) "Rap back system" means a system that enables authorized entities to receive
- 1022 ongoing status notifications of any criminal history reported on individuals whose
- 1023 fingerprints are registered in the system.
- 1024 (f) "WIN Database" means the Western Identification Network Database that consists of
- 1025 eight western states sharing one electronic fingerprint database.
- 1026 (2) [~~The program manager~~] Each contracted entity shall:
- 1027 (a) require an employee or officer of the [~~program manager~~] contracted entity[-] to
- 1028 submit to a criminal background check and ongoing monitoring;
- 1029 (b) collect the following from an employee or officer of the [~~program manager~~]
- 1030 contracted entity:
- 1031 (i) personal identifying information;
- 1032 (ii) a fee described in Subsection (4); and
- 1033 (iii) consent, on a form specified by the program manager, for:
- 1034 (A) an initial fingerprint-based background check by the bureau;
- 1035 (B) retention of personal identifying information for ongoing monitoring through
- 1036 registration with the systems described in Subsection (3); and
- 1037 (C) disclosure of any criminal history information to the [~~program manager~~]
- 1038 contracted entity;
- 1039 (c) submit the personal identifying information of an employee or officer of the [~~program manager~~]
- 1040 contracted entity to the bureau for:
- 1041 (i) an initial fingerprint-based background check by the bureau; and
- 1042 (ii) ongoing monitoring through registration with the systems described in Subsection
- 1043 (3) if the results of the initial background check do not contain disqualifying
- 1044 criminal history information as determined by the program manager;
- 1045 (d) identify the appropriate privacy risk mitigation strategy that will be used to ensure
- 1046 that the [~~program manager~~] contracted entity only receives notifications for
- 1047 individuals with whom the [~~program manager~~] contracted entity maintains an
- 1048 authorizing relationship; and

- 1049 (e) submit the information to the bureau for ongoing monitoring through registration  
 1050 with the systems described in Subsection (3).
- 1051 (3) The bureau shall:
- 1052 (a) upon request from the program manager, register the fingerprints submitted by the [  
 1053 ~~program manager~~] contracted entity as part of a background check with the WIN  
 1054 Database rap back system, or any successor system;
- 1055 (b) notify the program manager when a new entry is made against an individual whose  
 1056 fingerprints are registered with the WIN Database rap back system regarding:
- 1057 (i) an alleged offense; or  
 1058 (ii) a conviction, including a plea in abeyance;
- 1059 (c) assist the [~~program manager~~] contracted entity to identify the appropriate privacy risk  
 1060 mitigation strategy that is to be used to ensure that the [~~program manager~~] contracted  
 1061 entity only receives notifications for individuals with whom the authorized [~~entity~~]  
 1062 entities [~~maintains~~] maintain an authorizing relationship; and
- 1063 (d) collaborate with the [~~program manager~~] contracted entity to provide training to  
 1064 appropriate [~~program manager~~] contracted entity employees on the notification  
 1065 procedures and privacy risk mitigation strategies described in this section.
- 1066 (4)(a) The division shall impose fees that the division sets in accordance with Section  
 1067 63J-1-504 for the fingerprint card of an employee or officer of the program manager,  
 1068 for a name check, and to register fingerprints under this section.
- 1069 (b) Funds generated under this Subsection (4) shall be deposited into the General Fund  
 1070 as a dedicated credit by the department to cover the costs incurred in providing the  
 1071 information.
- 1072 Section 9. Section **53F-6-408** is amended to read:
- 1073 **53F-6-408 . Eligible schools.**
- 1074 (1) To be eligible to receive scholarship funds on behalf of a scholarship student as an  
 1075 eligible school, a private school with 150 or more enrolled students shall:
- 1076 (a)(i) contract with an independent licensed certified public accountant to conduct an  
 1077 agreed upon procedures engagement as the state board adopts, or obtain an audit  
 1078 and report that:
- 1079 (A) a licensed independent certified public accountant conducts in accordance  
 1080 with generally accepted auditing standards;
- 1081 (B) presents the financial statements in accordance with generally accepted  
 1082 accounting principles; and



- 1083 (C) audits financial statements from within the 12 months immediately preceding  
1084 the audit; and
- 1085 (ii) submit the audit report or report of the agreed upon procedure to the program  
1086 manager when the private school applies to receive scholarship funds;
- 1087 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d;
- 1088 (c) provide a written disclosure to the parent of each prospective scholarship student,  
1089 before the student is enrolled, of:
- 1090 (i) the education services that the school will provide to the scholarship student,  
1091 including the cost of the provided services;
- 1092 (ii) tuition costs;
- 1093 (iii) additional fees the school will require a parent to pay during the school year; and
- 1094 (iv) the skill or grade level of the curriculum in which the prospective scholarship  
1095 student will participate; and
- 1096 (d) require the following individuals to submit to a nationwide, fingerprint-based  
1097 criminal background check and ongoing monitoring, in accordance with Section  
1098 53G-11-402, as a condition for employment or appointment, as authorized by the  
1099 Adam Walsh Child Protection and Safety Act of 2006, Pub. L. No. 109-248:
- 1100 (i) an employee who does not hold:
- 1101 (A) a current Utah educator license issued by the state board under Title 53E,  
1102 Chapter 6, Education Professional Licensure; or
- 1103 (B) if the private school is not physically located in Utah, a current educator  
1104 license in the state where the private school is physically located; and
- 1105 (ii) a contract employee.
- 1106 (2) A private school described in Subsection (1) is not eligible to receive scholarship funds  
1107 if:
- 1108 (a) the private school requires a scholarship student to sign a contract waiving the  
1109 scholarship student's right to transfer to another qualifying provider during the school  
1110 year;
- 1111 (b) the audit report described in Subsection (1)(a) contains a going concern explanatory  
1112 paragraph; or
- 1113 (c) the report of the agreed upon procedures described in Subsection (1)(a) shows that  
1114 the private school does not have adequate working capital to maintain operations for  
1115 the first full year.
- 1116 (3) To be eligible to receive scholarship funds on behalf of a scholarship student as an

- 1117 eligible school, a private school with fewer than 150 enrolled students shall:
- 1118 (a) provide to the program manager and financial administrator:
- 1119 (i) a federal employer identification number;
- 1120 (ii) the provider's address and contact information;
- 1121 (iii) a description of each program or service the provider proposes to offer a
- 1122 scholarship student; and
- 1123 (iv) any other information as required by the program manager or financial
- 1124 administrator; and
- 1125 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d.
- 1126 (4) A private school described in Subsection (3) is not eligible to receive scholarship funds
- 1127 if the private school requires a scholarship student to sign a contract waiving the
- 1128 student's rights to transfer to another qualifying provider during the school year.
- 1129 (5) To be eligible to receive scholarship funds on behalf of a scholarship student as an
- 1130 eligible school, an LEA shall:
- 1131 (a) provide to the program manager and financial administrator:
- 1132 (i) a federal employer identification number;
- 1133 (ii) the LEA's address and contact information; and
- 1134 (iii) the amount to be charged under the program for, in correlation with the LEA's
- 1135 course and activity fee schedules, and a description of a class, program, or service
- 1136 the LEA provides to a home-based or a private school scholarship student;
- 1137 (b) comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1138 (c) ensure the provision of services to a scholarship student through which:
- 1139 (i) the scholarship student does not enroll in the LEA; and
- 1140 (ii) in accordance with Subsection 53F-2-302(2), the LEA does not receive WPU
- 1141 funding related to the student's participation with the LEA.
- 1142 (d) treat a scholarship student the same as the LEA would treat an enrolled student,
- 1143 including in:
- 1144 (i) participation allowances;
- 1145 (ii) audition rules;
- 1146 (iii) athletic team participation;
- 1147 (iv) extracurricular activities; and
- 1148 (v) co-curricular activities;
- 1149 (e) not deny a scholarship student participation in any activity, team, or program simply
- 1150 because:

- 1151            (i) the student is a scholarship student; or  
 1152            (ii) of liability concerns specific to the student's scholarship status;  
 1153        (f) establish a transparent and fair fee structure for scholarship expenses offered by the  
 1154            LEA, including a fee schedule that:  
 1155            (i) is based on actual costs of providing services;  
 1156            (ii) is consistent with fees charged to enrolled students;  
 1157            (iii) itemizes all charges and fees;  
 1158            (iv) explains the basis for each fee; and  
 1159            (v) is updated annually;  
 1160        (g) provide the same liability coverage to scholarship students as provided to enrolled  
 1161            students; and  
 1162        (h) in accordance with Subsection 53F-6-402(7), create and maintain a distinct identifier  
 1163            in the LEA's student information system that:  
 1164            (i) clearly identifies a scholarship student; and  
 1165            (ii) distinguishes the scholarship student from a student enrolled in the LEA.  
 1166        (6) An LEA described in Subsection (5) is not eligible to receive scholarship funds if:  
 1167            (a) the LEA requires a public education system scholarship student to sign a contract  
 1168            waiving the student's rights to engage with another qualifying provider for a  
 1169            scholarship expense during the school year; or  
 1170            (b) the LEA refuses to offer services that do not require LEA enrollment to scholarship  
 1171            students under the program.  
 1172        (7) Residential treatment facilities licensed by the state are not eligible to receive  
 1173            scholarship funds.  
 1174        (8) A private school or LEA intending to receive scholarship funds shall:  
 1175            (a)(i) for a private school, submit an application to the program manager; or  
 1176            (ii) for an LEA, submit a notice to the program manager containing the information  
 1177            described in Subsection (5)(a); and  
 1178            (b) agree to not refund, rebate, or share scholarship funds with scholarship students or  
 1179            scholarship student's parents in any manner except remittances or refunds processed  
 1180            through the financial administrator to a scholarship account in accordance with this  
 1181            part and procedures that the program manager establishes, and the payment schedule  
 1182            described in Section 53F-6-411.  
 1183        (9) The program manager shall:  
 1184            (a) if the private school or LEA meets the eligibility requirements of this section,

- 1185 recognize the private school or LEA as an eligible school and, for a private school,  
1186 approve the application; and
- 1187 (b) make available to the public a list of eligible schools approved under this section.
- 1188 (10) A private school approved under this section that changes ownership shall:
- 1189 (a) cease operation as an eligible school until:
- 1190 (i) the school submits a new application to the program manager; and
- 1191 (ii) the program manager approves the new application; and
- 1192 (b) demonstrate that the private school continues to meet the eligibility requirements of  
1193 this section.
- 1194 (11) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
1195 state board shall establish rules for an LEA to create and publish fee structures for  
1196 scholarship students.
- 1197 Section 10. Section **53F-6-409** is amended to read:
- 1198 **53F-6-409 . Eligible service providers.**
- 1199 (1) To be an eligible service provider, a private program or service:
- 1200 (a) shall provide to the program manager:
- 1201 (i) a federal employer identification number;
- 1202 (ii) the provider's address and contact information;
- 1203 (iii) a description of each program or service the provider proposes to offer directly to  
1204 a scholarship student; and
- 1205 (iv) subject to Subsection (2), any other information as required by the program  
1206 manager;
- 1207 (b) shall comply with the antidiscrimination provisions of 42 U.S.C. Sec. 2000d; and
- 1208 (c) may not act as a consultant, clearing house, or intermediary that connects a  
1209 scholarship student with or otherwise facilitates the student's engagement with a  
1210 program or service that another entity provides.
- 1211 (2) The program manager shall adopt policies that maximize the number of eligible service  
1212 providers, including accepting new providers throughout the school year, while ensuring  
1213 education programs or services provided through the program meet student needs and  
1214 otherwise comply with this part.
- 1215 (3) A private program or service intending to receive scholarship funds shall:
- 1216 (a) submit an application to the program manager;
- 1217 (b) complete all required training or orientation programs established by the program  
1218 manager before receiving any scholarship funds and maintain a current training or

1219 orientation status throughout participation in the program; and  
 1220 ~~[(b)]~~ (c) agree to not refund, rebate, or share scholarship funds with scholarship students  
 1221 or scholarship students' parents in any manner except remittances or refunds  
 1222 processed through the financial administrator to a scholarship account in accordance  
 1223 with this part and procedures that the program manager establishes.

1224 (4) The program manager shall:

1225 (a) if the private program or service meets the eligibility requirements of this section,  
 1226 recognize the private program or service as an eligible service provider and approve a  
 1227 private program or service's application to receive scholarship funds on behalf of a  
 1228 scholarship student; and

1229 (b) make available to the public a list of eligible service providers approved under this  
 1230 section.

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

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

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

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

1235 (b) demonstrate that the private program or service continues to meet the eligibility  
 1236 requirements of this section.

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

1238 (a) a parent of a home-based scholarship student or a home school student solely in  
 1239 relation to the parent's child; or

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

1241 (7) Nothing prohibits an entity that provides education services under the Statewide Online  
 1242 Education Program described in Title 53F, Chapter 4, Part 5, Statewide Online  
 1243 Education Program, from operating as an eligible service provider under this part to  
 1244 provide education services to scholarship students.

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

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

1247 (1) In accordance with Section 53G-6-803 regarding a parent's right to academic  
 1248 accommodations, nothing in this chapter restricts or affects a parent's interests and role  
 1249 in the care, custody, and control of the parent's child, including the duty and right to  
 1250 nurture and direct the child's upbringing and education.

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

- 1253 (i) a standards assessment described in Section 53E-4-303;
- 1254 (ii) a high school assessment described in Section 53E-4-304;
- 1255 (iii) a college readiness assessment described in Section 53E-4-305;
- 1256 (iv) an assessment of students in grade 3 to measure reading grade level described in
- 1257 Section 53E-4-307; or
- 1258 (v) a nationally norm-referenced assessment.
- 1259 (b)(i) Notwithstanding any other provision of law, the entity administering an
- 1260 assessment described in Subsection (2)(a) to a scholarship student in accordance
- 1261 with this section may not report the result of or any other data pertaining to the
- 1262 assessment or scholarship student to a person other than the program manager, the
- 1263 scholarship student, or the scholarship student's parent.
- 1264 (ii) The program manager may not report or communicate the result or data described
- 1265 in Subsection (2)(b)(i) to a person other than the relevant scholarship student and
- 1266 the scholarship student's parent unless the result or data is included in a
- 1267 de-identified compilation of data related to all scholarship students.
- 1268 (c) In any communication from the program manager regarding an assessment described
- 1269 in this Subsection (2), the program manager shall include a disclaimer that no
- 1270 assessment is required.
- 1271 (d) The completion of an optional assessment under this section satisfies the portfolio
- 1272 eligibility qualification described in Subsection 53F-6-402(3)(d).
- 1273 (3) The rights described in this section shall be exercised in conjunction with the
- 1274 procedures for students with special needs as described in Section 53F-6-416.
- 1275 Section 12. Section **53F-6-411** is amended to read:
- 1276 **53F-6-411 . Program funding.**
- 1277 (1) [H] Except as provided in Subsection (7), if a scholarship student enters or reenters the
- 1278 public education system during a given school year:
- 1279 (a) no later than five business days after the day on which the student enters or reenters
- 1280 the public education system, the program manager shall direct the financial
- 1281 administrator to immediately remove the balance in the scholarship student's
- 1282 scholarship account for other use within the program;
- 1283 (b) the state board may not distribute any remaining state funds to the program manager
- 1284 or financial administrator for the student; and
- 1285 (c) the program manager may direct the financial administrator to use the balance
- 1286 described in Subsection (1)(a) for another scholarship student.

- 1287 (2) At the end of a school year, a program manager shall:
- 1288 (a) direct the financial administrator to:
- 1289 (i) withdraw any remaining scholarship funds in a scholarship account; and
- 1290 (ii) [retain the scholarship funds for disbursement in the following year.] allocate
- 1291 these funds as rollovers in accordance with Subsection (4); and
- 1292 (b) return any funds not allocated as rollovers to the program manager or the state board
- 1293 to be deposited in the restricted account described in Subsection (4).
- 1294 (3)(a) To administer the program, the program manager may use up to ~~[the lesser of]~~5% [ ~~or \$2,500,000 ]~~of the funds the Legislature appropriates for the program.
- 1295
- 1296 (b) ~~[Subject to Subsection (3)(a), the]~~ The funds for program administration described in
- 1297 Subsection (3)(a) are nonlapsing.
- 1298 (c) The program manager may not retain administrative cost balances in excess of 25%
- 1299 of total administrative costs in any fiscal year.
- 1300 (4)(a) There is created a restricted account within the Income Tax Fund known as the
- 1301 "Utah Fits All Scholarship Program Restricted Account."
- 1302 (b) The restricted account shall consist of:
- 1303 (i) money appropriated to the restricted account by the Legislature;
- 1304 (ii) interest earned on the restricted account; and
- 1305 (iii) in accordance with Subsection (6), unused scholarship funds returned to the
- 1306 restricted account under this section.
- 1307 (5)(a) Subject to legislative appropriations, the state board shall distribute scholarship
- 1308 funds to the program manager or financial administrator from the restricted account
- 1309 in two equal payments:
- 1310 (i) the first payment at the beginning of the scholarship year; and
- 1311 (ii) the second payment during the second half of the scholarship year.
- 1312 (b) Notwithstanding Subsection (5)(a), the program manager may authorize
- 1313 disbursement of a scholarship student's full annual award amount at the beginning of
- 1314 the scholarship year if:
- 1315 (i) the funds are for private school tuition; or
- 1316 (ii) the program manager determines immediate disbursement is necessary for the
- 1317 student's education.
- 1318 (6) The program manager shall:
- 1319 (a) allow unused scholarship funds to rollover in a 2:1 ratio, where:
- 1320 (i) for every three dollars of unused scholarship funds, two dollars rollover to the

1321 scholarship student to be added to the student's scholarship award for the next  
 1322 scholarship year, up to a maximum rollover amount of \$2,000 that may cumulate;  
 1323 and

1324 (ii) the remaining unused funds return to the restricted account;

1325 (b) verify the scholarship student maintains program eligibility before executing any  
 1326 rollover; and

1327 (c) direct the financial administrator to return any unused funds not allocated as  
 1328 rollovers to the restricted account described in this section.

1329 (7)(a) Before determining a student has reentered public education, the program  
 1330 manager shall:

1331 (i) notify the parent in writing of:

1332 (A) the identified public school enrollment; and

1333 (B) the parent's right to verify or dispute the enrollment finding; and

1334 (ii) allow the parent five business days to:

1335 (A) confirm the accuracy of the enrollment; or

1336 (B) provide evidence disputing the enrollment finding.

1337 (b) A parent may appeal an incorrect reentry determination by submitting documentation  
 1338 to the program manager within the time specified in Subsection (7)(a).

1339 Section 13. Section **53F-6-412** is amended to read:

1340 **53F-6-412 . Reports.**

1341 [Beginning in 2025 and in] In accordance with Section 68-3-14 and the Family  
 1342 Educational Rights and Privacy Act, 20 U.S.C. Sec. 1232g, the program manager shall submit  
 1343 a report on the program to the Education Interim Committee no later than September 1 of each  
 1344 year that includes:

1345 (1) the number and outcomes of appeals processed through the appeals process established  
 1346 in Section 53F-6-417;

1347 (2) the total amount and usage of rollover funds as described in Section 53F-6-411;

1348 (3) a summary of the income verification process and outcomes, including the number of  
 1349 households verified through each method described in Section 53F-6-402;

1350 (4) for scholarship rollovers:

1351 (a) the total amount of funds rolled over;

1352 (b) the number of students with rollovers; and

1353 (c) the impact on subsequent year scholarship amounts;

1354 (5) for restricted expenses:



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

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

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

1383 (1) As used in this section:

- 1384 (a) "Previous contracted entity" means an organization that was contracted to perform  
 1385 program functions immediately prior to a transition event.
- 1386 (b) "Transition event" means:  
 1387 (i) the expiration or termination of a contracted entity contract;  
 1388 (ii) the inability of a contracted entity to perform required duties; or

- 1389            (iii) any other circumstance requiring transition to a new contracted entity; and  
1390            (iv) "Transition period" means the time between:  
1391                (A) the occurrence of a transition event; and  
1392                (B) the effective date of a contract with a new contracted entity selected through  
1393                    the state's procurement process.
- 1394 (2) Upon the occurrence of a transition event, the Department of Operations shall:  
1395            (a) serve as a temporary bridge administrator solely during the time required to:  
1396                (i) maintain essential program operations; and  
1397                (ii) complete the procurement process for selecting new contracted entities;  
1398            (b) immediately initiate and complete the procurement process described in Section  
1399                53F-6-404 in an expedited manner;  
1400            (c) establish clear timelines and procedures for the transition process;  
1401            (d) if the transition event affects the financial administrator:  
1402                (i) immediately secure temporary financial services through an emergency  
1403                    procurement process to ensure continuity of payment processing;  
1404                (ii) ensure the temporary financial services provider meets all qualifications of a  
1405                    financial administrator under Section 53F-6-401; and  
1406                (iii) maintain separation between program administration and financial operations  
1407                    during the transition period; and  
1408            (e) provide proper notice to and coordinate with:  
1409                (i) qualifying providers;  
1410                (ii) parents;  
1411                (iii) all contracted entities;  
1412                (iv) the state board; and  
1413                (v) other affected parties.
- 1414 (3) During the transition period, the Department of Operations:  
1415            (a) shall ensure:  
1416                (i) all existing scholarship accounts remain valid and operational;  
1417                (ii) all qualifying provider approvals remain in effect;  
1418                (iii) no interruption in:  
1419                    (A) scholarship payments;  
1420                    (B) account access for parents;  
1421                    (C) contracted entity operations; and  
1422                    (D) other essential program functions;

- 1423 (iv) if a temporary financial services provider is necessary:  
1424 (A) oversee the provider's compliance with program requirements;  
1425 (B) ensure proper processing of scholarship payments; and  
1426 (C) maintain appropriate separation of duties;  
1427 (v) preservation of all program data and records for transfer to new contracted  
1428 entities; and  
1429 (vi) continuation of necessary reporting and compliance activities;  
1430 (b) may not:  
1431 (i) implement new policies or procedures;  
1432 (ii) modify existing program operations; or  
1433 (iii) directly handle or process any scholarship funds; and  
1434 (c) shall maintain the program's operational independence from governmental control.  
1435 (4) The Department of Operations' temporary bridge administrator role:  
1436 (a) is limited to maintaining essential program functions;  
1437 (b) may not extend beyond the minimum time necessary to complete the procurement  
1438 process;  
1439 (c) does not constitute ongoing program management or operations;  
1440 (d) shall be exercised solely to maintain program continuity during the transition to a  
1441 new program manager; and  
1442 (e) shall terminate immediately upon the new program manager assuming duties  
1443 (5) All contracts, agreements, and obligations from the previous contracted entity shall:  
1444 (a) remain in effect during the transition period unless specifically terminated through  
1445 appropriate procedures;  
1446 (b) be reviewed for continuation, modification, or termination; and  
1447 (c) if necessary, be transferred to appropriate entities as determined through the  
1448 procurement process.  
1449 (6) Upon selection of a new contracted entity, the Department of Operations shall:  
1450 (a) facilitate an orderly transfer of all relevant program operations, records, and data;  
1451 (b) ensure the new contracted entity is prepared to assume all relevant program  
1452 responsibilities; and  
1453 (c) terminate all temporary administrative duties.  
1454 (7) During the transition period  
1455 (a) If a temporary financial services provider is necessary:  
1456 (i) the provider shall process all program payments and maintain all scholarship

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

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

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

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

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

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

1485       duplicate benefits.

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

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

- 1488       (1) In accordance with required program administration the program manager shall:
- 1489           (a) follow an appeals process for when a student's eligibility is suspended or disqualified
- 1490           under Section 53F-6-405; and

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

1492 Section 17. **Effective Date.**

1493 This bill takes effect:

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

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

1496 (a) upon approval by the governor;

1497 (b) without the governor's signature, the day following the constitutional time limit of

1498 Utah Constitution, Article VII, Section 8; or

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