

Education Scholarship Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

LONG TITLE**General Description:**

This bill amends the Carson Smith Opportunity Scholarship Program.

Highlighted Provisions:

This bill:

▸ requires scholarship granting organizations to verify Utah residency through multiple forms of documentation;

▸ prohibits scholarship granting organizations from charging any fees to families;

▸ mandates independent audits of all scholarship granting organizations regardless of scholarship amount;

▸ requires public disclosure of all third-party contracts and associated fees;

▸ establishes a formal appeals process for denied expense reimbursements;

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

▸ requires specific deadlines be created for scholarship notification and acceptance;

▸ removes the requirement for home school affidavit documentation; and

▸ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53E-7-401 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 466

53E-7-402 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 466

53E-7-405 (Effective 07/01/25), as last amended by Laws of Utah 2024, Chapter 466

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

Section 1. Section **53E-7-401** is amended to read:

53E-7-401 (Effective 07/01/25). Definitions.

32 As used in this part:

33 (1) "The Carson Smith Opportunity Scholarship Program" or "program" means the program
34 established in Section 53E-7-402.

35 (2) "Eligible student" means:

36 (a) a student who:

37 (i) is:

38 (A) eligible to participate in public school, ~~in~~ preschool, kindergarten, or grades
39 1 through 12;

40 (B) enrolled in a qualifying school as defined in Subsection ~~[(11)]~~ (12);

41 (C) a home-based scholarship student as defined in Subsection (6); or

42 (D) at least three years old before September 2 of the year the scholarship is
43 awarded;

44 (ii) is a primary resident of the state;

45 (iii) has a qualified disability identified under 20 U.S.C. Sec. 140(3) as determined by:

46 (A) having an IEP within the previous three years; or

47 (B) a multidisciplinary team evaluation described in Subsection (7); ~~and~~

48 (iv) during the school year for which the student is applying for the scholarship, is
49 not:

50 (A) a student who receives a scholarship under the Carson Smith Scholarship
51 Program created in Section 53F-4-302;

52 (B) a student who receives a scholarship under the Utah Fits All Scholarship
53 Program created in Section 53F-6-402; or

54 ~~[(B)]~~ (C) enrolled as a public school student; ~~or~~

55 (v) provides verification of primary residence in Utah, including a parent's utility bill,
56 lease agreement, or property tax records; and

57 (vi) for out-of-state military families, attests that the student is not enrolled in a
58 public school elsewhere while receiving the scholarship; or

59 (b) a student who:

60 (i) meets the requirement of Subsections (2)(a)(i) and (ii); and

61 (ii) is a sibling of and resides in the same household as a student described in
62 Subsection (2)(a) if:

63 (A) the student described in Subsection (2)(a) is a scholarship student and has
64 verified enrollment or intent to enroll at a qualifying school~~[-or participate in~~
65 ~~services provided by a qualifying provider]; and~~

- 66 (B) the sibling is applying for a scholarship to attend the same qualifying school[
67 or participate in the same services provided by a qualifying provider].
- 68 (3)(a) "Employee" means an individual working in a position in which the individual's
69 salary, wages, pay, or compensation, including as a contractor, is paid from:
70 (i) program donations to a scholarship granting organization; or
71 (ii) scholarship money allocated to a qualifying school or qualifying provider by a
72 scholarship granting organization under Section 53E-7-405.
- 73 (b) "Employee" does not include an individual who volunteers at the scholarship
74 granting organization, qualifying school, or qualifying provider.
- 75 (4) "Family income" means the annual income of the parent, parents, legal guardian, or
76 legal guardians with whom a scholarship student lives.
- 77 (5) "Federal poverty level" means the poverty level as defined by the most recently revised
78 poverty income guidelines published by the United States Department of Health and
79 Human Services in the Federal Register.
- 80 (6) "Home-based scholarship student" means a student who:
81 (a) is eligible to participate in public school, in kindergarten or grades 1 through 12;
82 (b) ~~[is] attests to being~~ excused from enrollment in an LEA~~[in accordance with Section~~
83 ~~53G-6-204]~~ to attend a home school; and
84 (c) receives a benefit from a scholarship under the program.
- 85 (7) "Multidisciplinary evaluation team" means two or more individuals:
86 (a) who are qualified in two or more separate disciplines or professions; and
87 (b) who evaluate a child.
- 88 (8) "Officer" means:
89 (a) a member of the board of a scholarship granting organization, qualifying school, or
90 qualifying provider; or
91 (b) the chief administrative officer of a scholarship granting organization , qualifying
92 school, or qualifying provider.
- 93 (9) "Primary residence" means the one location where an individual resides for the majority
94 of the year.
- 95 ~~[(9)]~~ (10) "Program donation" means a donation to the program under Section 53E-7-405.
- 96 ~~[(10)]~~ (11) "Qualifying provider" means:
97 (a) an entity that:
98 (i) is not a public school and is autonomous and not an agent of the state, in
99 accordance with Section 53E-7-406; and

- 100 (ii) meets the requirement described in Section 53E-7-403; and
- 101 (b) is an eligible service provider approved by the scholarship granting organization in
102 accordance with Section 53E-7-408.5.
- 103 ~~[(11)]~~ (12) "Qualifying school" means a private school that:
- 104 (a) provides preschool, kindergarten, elementary, or secondary education;
- 105 (b) is approved by the state board under Section 53E-7-408; and
- 106 (c) meets the requirements described in Section 53E-7-403.
- 107 ~~[(12)]~~ (13) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother,
108 uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
109 sister-in-law, son-in-law, or daughter-in-law.
- 110 ~~[(13)]~~ (14) "Scholarship" means a grant awarded to an eligible student:
- 111 (a) by a scholarship granting organization out of program donations or program
112 appropriations; and
- 113 (b) for the purpose of paying for a scholarship expense.
- 114 ~~[(14)]~~ (15)(a) "Scholarship expense" means an expense that a parent or eligible student
115 incurs in the education of the eligible student for goods or a service that a qualifying
116 school or qualifying provider provides or facilitates, including:
- 117 ~~[(a)]~~ (i) published tuition and fees of a qualifying school or qualifying provider;
- 118 ~~[(b)]~~ (ii) fees and instructional materials at a technical college;
- 119 ~~[(c)]~~ (iii) tutoring services;
- 120 ~~[(d)]~~ (iv) fees for after-school or summer education programs;
- 121 ~~[(e)]~~ (v) textbooks, curricula, or other instructional materials, including any
122 supplemental materials or associated online instruction that a curriculum,
123 qualifying provider, or a qualifying school recommends;
- 124 ~~[(f)]~~ (vi) educational software and applications;
- 125 ~~[(g)]~~ (vii) supplies or other equipment related to an eligible student's educational
126 needs;
- 127 ~~[(h)]~~ (viii) computer hardware or other technological devices that are intended
128 primarily for an eligible student's educational needs;
- 129 ~~[(i)]~~ (ix) fees for the following examinations, or for a preparation course for the
130 following examinations, that the scholarship granting organization approves:
- 131 ~~[(i)]~~ (A) a national norm-referenced or standardized assessment described in
132 Section 53F-6-410, an advanced placement examination, or another similar
133 assessment;

- 134 ~~[(ii)]~~ (B) a state-recognized industry certification examination; and
 135 ~~[(iii)]~~ (C) an examination related to college or university admission;
 136 ~~[(j)]~~ (x) educational services for students with disabilities from a licensed or
 137 accredited practitioner or provider, including occupational, behavioral, physical,
 138 audiology, or speech-language therapies, or other licensed or accredited
 139 practitioners approved by the scholarship granting organization;
 140 ~~[(k)]~~ (xi) contracted services that the scholarship granting organization approves and
 141 that an LEA provides, including individual classes, after-school tutoring services,
 142 transportation, or fees or costs associated with participation in extracurricular
 143 activities;
 144 ~~[(h)]~~ (xii) ride fees or fares for a fee-for-service transportation provider to transport the
 145 eligible student to and from a qualifying school or qualifying provider, not to
 146 exceed \$750 in a given school year;
 147 ~~[(m)]~~ (xiii) expenses related to extracurricular activities, field trips, educational
 148 supplements, physical education experiences, and other educational experiences
 149 not to exceed 20% of the total scholarship amount; or
 150 ~~[(n)]~~ (xiv) the scholarship granting organization approves in accordance with
 151 Subsection 53E-7-405(3).

152 (b) "Scholarship expense" does not include:

- 153 (i) chaperone expenses;
 154 (ii) season tickets, annual passes, or subscriptions to entertainment venues; and
 155 (iii) the purchase of furniture.

156 ~~[(15)]~~ (16) "Scholarship granting organization" means an organization that is:

- 157 (a) qualified as tax exempt under Section 501(c)(3), Internal Revenue Code; and
 158 (b) recognized through an agreement with the state board as a scholarship granting
 159 organization, as described in Section 53E-7-404.

160 ~~[(16)]~~ (17) "Scholarship student" means an eligible student, including a home-based
 161 scholarship student, who receives a scholarship under this part.

162 ~~[(17)]~~ (18) "Value of the weighted pupil unit" means the amount established each year in the
 163 enacted public education budget that is multiplied by the number of weighted pupil units
 164 to yield the funding level for the basic state-supported school program.

165 Section 2. Section **53E-7-402** is amended to read:

166 **53E-7-402 (Effective 07/01/25). Carson Smith Opportunity Scholarship**

167 **Program.**

- 168 (1) There is established the Carson Smith Opportunity Scholarship Program under which a
169 parent may apply to a scholarship granting organization on behalf of the parent's student
170 for a scholarship to help cover the cost of a scholarship expense.
- 171 (2)(a) A scholarship granting organization shall award, in accordance with this part,
172 scholarships to eligible students.
- 173 (b) In awarding scholarships, a scholarship granting organization shall give priority to an
174 eligible student described in Subsection 53E-7-401(1)(a) by:
- 175 (i) establishing an August 10 deadline for an eligible student described in Subsection
176 53E-7-401(1)(b) to apply for a scholarship; and
- 177 (ii) awarding a scholarship to an eligible student described in Subsection
178 53E-7-401(2)(b) only if funds exist after awarding scholarships to all eligible
179 students described in Subsection 53E-7-401(2)(a) who have applied and qualify.
- 180 (c) Subject to available funds, a scholarship awarded to an eligible student described in
181 Subsection 53E-7-401(2)(b) shall be for a similar term as a scholarship awarded to
182 the eligible student's sibling.
- 183 (3) A scholarship granting organization shall determine a full-year scholarship award to pay
184 for the cost of one or more scholarship expenses in an amount not more than:
- 185 (a) for an eligible student described in Subsection 53E-7-401(2)(a) who is:
- 186 (i) in kindergarten through grade 12 and whose family income is:
- 187 (A) at or below 185% of the federal poverty level, the value of the weighted pupil
188 unit multiplied by 2.5;
- 189 (B) except as provided in Subsection (3)(a)(i)(C), above 185% of the federal
190 poverty level, the value of the weighted pupil unit multiplied by two; or
- 191 (C) above 185% of the federal poverty level and the eligible student would have
192 received an average of 180 minutes per day or more of special education
193 services in a public school before transferring to a private school, the value of
194 the weighted pupil unit multiplied by 2.5; or
- 195 (ii) in preschool[;] :
- 196 (A) for full-time enrollment, the value of the weighted pupil unit; or
- 197 (B) for part-time enrollment, the value of the weighted pupil unit multiplied by
198 0.55; or
- 199 (b) for an eligible student described in Subsection 53E-7-401(2)(b), half the value of the
200 weighted pupil unit.
- 201 (4)(a) A scholarship granting organization shall:

- 202 (i) establish and communicate to an eligible student a deadline by which the eligible
 203 student must accept or deny the scholarship offer; and
- 204 (ii) communicate to an eligible student that failure to respond by the deadline
 205 described in Subsection (4)(a)(i) may result in forfeiture of the scholarship offer.
- 206 (b) The State Tax Commission may, upon request, provide state individual income tax
 207 information to a scholarship granting organization for income verification purposes
 208 regarding a given individual if:
- 209 (i) the individual voluntarily provides the individual's social security number to the
 210 scholarship granting organization; and
- 211 (ii) consents in writing to the sharing of state individual income tax information
 212 solely for income verification purposes.
- 213 (c) In addition to the tax information described in Subsection (4)(b), the scholarship
 214 granting organization shall accept the following for income verification:
- 215 (i) a federal form W-2;
- 216 (ii) a wage statement from an employer; and
- 217 (iii) other methods or documents that the scholarship granting organization identifies.
- 218 (d) For income verification purposes:
- 219 (i) the scholarship granting organization shall require documentation of combined
 220 household income, not individual income; and
- 221 (ii) the income verification shall be based on the most recent filed tax return for each
 222 filer in the household.
- 223 (e) The State Tax Commission shall create and implement an income verification
 224 process and tool to facilitate this verification.
- 225 ~~[(4)]~~ (5) Eligibility for a scholarship as determined by a multidisciplinary evaluation team
 226 under this program does not establish eligibility for an IEP under the Individuals with
 227 Disabilities Education Act, Subchapter II, 20 U.S.C. Secs. 1400 to 1419, and is not
 228 binding on any LEA that is required to provide an IEP under the Individuals with
 229 Disabilities Education Act.
- 230 ~~[(5)]~~ (6) The scholarship granting organizations shall prepare and disseminate information
 231 on the program to a parent applying for a scholarship on behalf of a student.
- 232 Section 3. Section **53E-7-405** is amended to read:
- 233 **53E-7-405 (Effective 07/01/25). Program donations -- Scholarship granting**
 234 **organization requirements -- Legislative appropriations.**
- 235 (1) A person that makes a donation to a scholarship granting organization to help fund

236 scholarships through the program may be eligible to receive a nonrefundable tax credit
237 as described in Sections 59-7-625 and 59-10-1041.

238 (2) In accordance with Section 53E-7-404, an organization may enter into an agreement
239 with the state board to be a scholarship granting organization.

240 (3) A scholarship granting organization shall:

241 (a) accept program donations and allow a person that makes a program donation to
242 designate a qualifying school~~[-or qualifying provider]~~ to which the donation shall be
243 directed for scholarships;

244 (b) adopt an application process in accordance with Subsection (5);

245 (c) review scholarship applications and determine scholarship awards;

246 (d) allocate scholarship money to a scholarship student's parent or, on the parent's
247 behalf, to a qualifying school or qualifying provider in which the scholarship student
248 is enrolled or participates;

249 (e) adopt a process, with state board approval, that allows a parent to use a scholarship to
250 pay for a nontuition scholarship expense for the scholarship student;

251 (f) ensure that during the state fiscal year:

252 (i) at least 92% of the scholarship granting organization's revenue from program
253 donations and other funding sources are spent on scholarships;

254 (ii) up to 5% of the scholarship granting organization's revenue from program
255 donations and other funding sources are spent on administration of the program;

256 (iii) up to 3% of the scholarship granting organization's revenue from program
257 donations and other funding sources are spent on marketing and fundraising costs;
258 and

259 (iv) all revenue from interest or investments is spent on scholarships;

260 (g) carry forward no more than 60% of the scholarship granting organization's funds,
261 less funds for a scholarship that has been awarded, and funds expended for
262 administration and marketing, from the state fiscal year in which the scholarship
263 granting organization received the funds to the following state fiscal year;

264 (h) at the end of a state fiscal year, remit to the state treasurer donation amounts greater
265 than the amount described in Subsection (3)(g);

266 (i) prohibit a scholarship granting organization employee or officer from handling,
267 managing, or processing program donations or other funds, if, based on a criminal
268 background check conducted by the state board in accordance with Section 53E-7-404,
269 the state board identifies the employee or officer as posing a risk to the appropriate

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

- 304 Subsection (12);
305 (q) be prohibited from charging any processing fees to an eligible student or pass on
306 third-party fees related to the use or management of scholarship funds; and
307 (r) conduct an annual independent audit and publicly disclose all third-party contracts
308 and fees.
- 309 (4) The state treasurer shall deposit the money described in Subsection (3)(h) into the
310 Income Tax Fund.
- 311 (5)(a) An application for a scholarship shall contain an acknowledgment by the
312 applicant's parent that the qualifying school or qualifying provider selected by the
313 parent for the applicant to attend or participate in using a scholarship is capable of
314 providing the level of disability services required for the student.
- 315 (b) A scholarship application form shall contain the following statement:
316 "I acknowledge that:
- 317 (1) A private school may not provide the same level of disability services that are provided
318 in a public school;
- 319 (2) I will assume full financial responsibility for the education of my scholarship recipient
320 if I accept this scholarship;
- 321 (3) Acceptance of this scholarship has the same effect as a parental refusal to consent to
322 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities
323 Education Act, 20 U.S.C. Sec. 1400 et seq.; and
- 324 (4) My child may return to a public school at any time."
- 325 (c) Upon acceptance of a scholarship, the parent assumes full financial responsibility for
326 the education of the scholarship recipient.
- 327 (d) Acceptance of a scholarship has the same effect as a parental refusal to consent to
328 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with
329 Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.
- 330 (e) The creation of the program or granting of a scholarship does not:
- 331 (i) imply that a public school did not provide a free and appropriate public education
332 for a student; or
- 333 (ii) constitute a waiver or admission by the state.
- 334 (6) A scholarship granting organization shall demonstrate the scholarship granting
335 organization's financial accountability by annually submitting to the state board a
336 financial information report that:
- 337 (a) complies with the uniform financial accounting standards described in Section

- 338 53E-7-404; and
- 339 (b) is prepared by a certified public accountant.
- 340 (7)(a) [~~If a scholarship granting organization allocates \$500,000 or more in scholarships~~
341 ~~annually through the program, the~~] The scholarship granting organization shall:
- 342 (i) contract for an annual audit, conducted by a certified public accountant who is
343 independent from:
- 344 (A) the scholarship granting organization; and
- 345 (B) the scholarship granting organization's accounts and records pertaining to
346 program donations and other funding sources; and
- 347 (ii) in accordance with Subsection (7)(b), report the results of the audit to the state
348 board for review.
- 349 (b) For the report described in Subsection (7)(a)(ii), the scholarship granting
350 organization shall:
- 351 (i) include the scholarship granting organization's financial statements in a format
352 that meets generally accepted accounting standards; and
- 353 (ii) submit the report to the state board no later than November 1.
- 354 (c) The certified public accountant shall conduct an audit described in Subsection
355 (7)(a)(i) in accordance with generally accepted auditing standards and rules made by
356 the state board.
- 357 (d)(i) The state board shall review a report submitted under this section and may
358 request that the scholarship granting organization revise or supplement the report
359 if the report is not in compliance with the provisions of this Subsection (7) or rules
360 adopted by the state board.
- 361 (ii) A scholarship granting organization shall provide a revised report or supplement
362 to the report no later than 45 days after the day on which the state board makes a
363 request described in Subsection (7)(d)(i).
- 364 (8)(a) A scholarship granting organization may not allocate scholarship money to a
365 qualifying school or qualifying provider if:
- 366 (i) the scholarship granting organization determines that the qualifying school or
367 qualifying provider intentionally or substantially misrepresented information on
368 overpayment;
- 369 (ii) the qualifying school or qualifying provider fails to refund an overpayment in a
370 timely manner; or
- 371 (iii) the qualifying school or qualifying provider routinely fails to provide scholarship

- 372 recipients with promised educational goods or services.
- 373 (b) A scholarship granting organization shall notify a scholarship recipient if the
374 scholarship granting organization stops allocation of the recipient's scholarship
375 money to a qualifying school or qualifying provider under Subsection (8)(a).
- 376 (9) If a scholarship recipient transfers to another qualifying school or qualifying provider
377 during the school year, the scholarship granting organization may prorate scholarship
378 money between the qualifying schools or qualifying providers according to the time the
379 scholarship recipient spends at each school or each provider.
- 380 (10) A scholarship granting organization may not:
- 381 (a) award a scholarship to a relative of the scholarship granting organization's officer; or
382 (b) allocate scholarship money to a qualifying school or qualifying provider at which the
383 scholarship recipient has a relative who is an officer or an administrator of the
384 qualifying school or qualifying provider.
- 385 (11) The Legislature may appropriate funds to the board to be distributed in an equal
386 amount to each scholarship granting organization for the same purposes program
387 donations are used.
- 388 (12) A scholarship granting organization shall establish an appeals process for when an
389 eligible student is denied reimbursement for an educational expense that:
390 (a) is not explicitly listed in Subsection 53E-7-401(15)(a); and
391 (b) meets the criteria described in Subsection 53E-7-401(15)(a)(xiv).
- 392 (13) The scholarship granting organization shall implement the appeals decision within 15
393 business days of the decision.
- 394 Section 4. **Effective Date.**
- 395 This bill takes effect on July 1, 2025.