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## HB 455 First Substitute: Utah Fits All Scholarship Program Amendments

### Background

The Utah Fits All Scholarship Program (UFA), created in 2022 and currently in its first year of operation, provides up to \$8,000 a year for students in grades K-12 enrolled in the program. Families use the funds for educational expenses, like private school tuition, tutoring services, and curricular materials, among others. ACE Scholarships is currently the program administrator, selected by the Utah State Board of Education (USBE).

#### Key Changes in HB 455 S1

- The state board will contract with organizations to administer program functions, including a program manager and financial administrator, among others.
- Updates responsibilities for the program manager and adds a financial administrator to facilitate payments.
- Prohibits some expenses, like season tickets, ski passes, furniture, or clothing, among others.
- Requires combined household income for income verification and primary residency in the state.
- Establishes new annual application dates: March 1 – May 1 for existing students; April 1 – May 1 for new students.
- Allows families to rollover a portion of unused funds – up to \$2,000 – to the next year.
- Requires the program manager to establish an appeals process for eligibility and denied expenses.
- Requires local education agencies providing services to treat scholarship students equally and to establish a transparent fee structure.

### Overview of Changes to UFA

#### Household Income and Primary Residence Eligibility and Verification

- Requires household income – combined income of all parents in the household – to document eligibility.
- Clarifies and expands income verification processes; directs the State Tax Commission to create an income verification process.
- Requires families to verify that they have primary residence in Utah

#### Expenses

Provides more guidelines around how families may spend scholarship funds.

- **Allowed expenses:** Materials and equipment directly related to subjects with core standards established by the state board, including arts and music education.



- **Prohibited expenses:** Season tickets to entertainment venues, ski passes or lift tickets, recreational equipment, non-educational art supplies, clothing, and furniture, among others. Gives the program manager discretion to prohibit non-educational expenses not listed in statute.
- **Other expenses:** Limits extracurricular expenses to 20% of the scholarship and physical education expenses to 20% of the scholarship.

### Application Dates Eligibility Determination

- Establishes an application window, including acceptance and award notification dates.
  - Existing scholarship students: March 1 – May 1
  - New scholarship students: April 1 – May 1
- Requires the program manager to verify eligibility before issuing a scholarship.

### Scholarship Funds

- **Payments:** Twice per year, unless the program manager determines the student needs the full amount at once.
- **Unused funds:** If students do not use their full scholarship amount, they may rollover scholarship funds to the next year in a 2:1 ratio. The student will receive two of every three unused scholarship dollars in the next year, up to \$2,000. Remaining unused scholarship money will be placed in an investment account, with the proceeds funding future scholarships for additional students.

### Program Administration

- **Department of Operations, USBE:** Facilitate program administration and provide oversight of contracts with contracted entities; will not directly run the program except during a transition.
- **Contracted entities:** This state board contracts with organizations to administer program functions, including (1) a program manager, (2) a financial administrator to distribute scholarship funds, or (3) other organizations administer or operate the program. Entities must demonstrate their experience and qualifications, plus meet other requirements.
- **Transition process:** This bill establishes a process for transitioning between contracted entities, including program managers. The Department of Operations may serve as a temporary program manager during a transition period.

### Program Manager Requirements

- Prohibits the program manager and financial administrator from charging fees.
- Create orientation for providers, including periodic program updates.
- Contract for annual, random audits on scholarship accounts.
- Coordinate program operations with other contracted entities.
- Annual report to the Education Interim Committee.

### Local Education Agency Provider Requirements

Establishes additional requirements for local education agencies (LEAs) providing services to scholarship students.

- Treat scholarship students equally.
- Establish a transparent and fair fee structure for services offered to scholarship students.
- Use a distinct identifier in the LEA's student information system for scholarship students.

### Appeals Process for Eligibility Determinations and Expenses

The program manager must create a process for disputing eligibility determinations, including eligibility suspension, and an appeals process for denied expenses.

### Special Needs Services

- Create procedures for reviewing and approving applications from students with special needs.
- Requires coordination with the Carson Smith Opportunity Scholarship program to prevent duplication.