

Senator Lincoln Fillmore proposes the following substitute bill:

1 **SPECIAL NEEDS OPPORTUNITY SCHOLARSHIP PROGRAM**

2 **AMENDMENTS**

3 2023 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Nelson T. Abbott**

6 Senate Sponsor: Lincoln Fillmore

8 **LONG TITLE**

9 **General Description:**

10 This bill amends provisions related to the Special Needs Opportunity Scholarship
11 Program.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ modifies defined terms;
- 15 ▶ expands the expenses for which a scholarship recipient may use a scholarship
16 award;
- 17 ▶ amends the formula for calculating a scholarship amount for an eligible student;
- 18 ▶ allows a scholarship granting organization to prorate a scholarship award under
19 certain circumstances;
- 20 ▶ increases the amount of donations a scholarship granting organization may carry
21 forward in a fiscal year; and
- 22 ▶ makes technical changes.

23 **Money Appropriated in this Bill:**

24 None

25 **Other Special Clauses:**



26 This bill provides a coordination clause.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **53E-7-401**, as last amended by Laws of Utah 2022, Chapter 262

30 **53E-7-402**, as last amended by Laws of Utah 2022, Chapter 262

31 **53E-7-405**, as last amended by Laws of Utah 2022, Chapters 262, 456

32 **Utah Code Sections Affected by Coordination Clause:**

33 **53E-7-402**, as last amended by Laws of Utah 2022, Chapter 262



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

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

37 **53E-7-401. Definitions.**

38 As used in this part:

39 (1) "Eligible student" means:

40 (a) a student who:

41 (i) is eligible to participate in public school, in kindergarten or grades 1 through 12;

42 (ii) is a resident of the state;

43 (iii) (A) has an IEP; or

44 (B) is determined by a multidisciplinary evaluation team to be eligible for services

45 under 20 U.S.C. Sec. 1401(3); and

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

47 (A) a student who receives a scholarship under the Carson Smith Scholarship Program

48 created in Section **53F-4-302**; or

49 (B) enrolled as a public school student; or

50 (b) a student who:

51 (i) meets the requirement of Subsections (1)(a)(i) and (ii); and

52 (ii) is a sibling of and resides in the same household as a student described in

53 Subsection (1)(a) if:

54 (A) the student described in Subsection (1)(a) is a scholarship student and has verified

55 enrollment or intent to enroll at a qualifying school; and

56 (B) the sibling is applying for a scholarship to attend the same qualifying school.

57 (2) (a) "Employee" means an individual working in a position in which the individual's
58 salary, wages, pay, or compensation, including as a contractor, is paid from:

59 (i) program donations to a scholarship granting organization; or

60 (ii) scholarship money allocated to a qualifying school by a scholarship granting
61 organization under Section [53E-7-405](#).

62 (b) "Employee" does not include an individual who volunteers at the scholarship
63 granting organization or qualifying school.

64 (3) "Family income" means the annual income of the parent, parents, legal guardian, or
65 legal guardians with whom a scholarship student lives.

66 (4) "Federal poverty level" means the poverty level as defined by the most recently
67 revised poverty income guidelines published by the United States Department of Health and
68 Human Services in the Federal Register.

69 (5) "Multidisciplinary evaluation team" means two or more individuals:

70 (a) who are qualified in two or more separate disciplines or professions; and

71 (b) who evaluate a child.

72 (6) "Officer" means:

73 (a) a member of the board of a scholarship granting organization or qualifying school;

74 or

75 (b) the chief administrative officer of a scholarship granting organization or qualifying
76 school.

77 (7) "Program donation" means a donation to the program under Section [53E-7-405](#).

78 (8) "Qualifying school" means a private school that:

79 (a) provides kindergarten, elementary, or secondary education;

80 (b) is approved by the state board under Section [53E-7-408](#); and

81 (c) meets the requirements described in Section [53E-7-403](#).

82 (9) "Relative" means a father, mother, husband, wife, son, daughter, sister, brother,
83 uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law,
84 sister-in-law, son-in-law, or daughter-in-law.

85 (10) "Scholarship" means a grant awarded to an eligible student:

86 (a) by a scholarship granting organization out of program donations; and

87 (b) for the purpose of paying for a scholarship expense.

88 ~~[(11) "Scholarship expense" means:]~~
89 ~~[(a) tuition, fees, or textbooks for a qualifying school;]~~
90 ~~[(b) educational therapy, if the educational therapy is provided by a licensed physician~~
91 ~~or licensed practitioner, including occupational, behavioral, physical, or speech-language~~
92 ~~therapies;]~~
93 ~~[(c) textbooks, curriculum, or other instructional materials, including supplemental~~
94 ~~materials or associated online instruction required by a curriculum;]~~
95 ~~[(d) tuition and fees for an online learning course or program; or]~~
96 ~~[(e) fees associated with a state-recognized industry certification examination or any~~
97 ~~examination related to college or university admission.]~~

98 (11) "Scholarship expense" means an expense that a parent or eligible student incurs in
99 the education of the eligible student for goods or a service that a qualifying school provides or
100 facilitates, including:

- 101 (a) tuition and fees of a qualifying school;
- 102 (b) fees and instructional materials at a technical college;
- 103 (c) tutoring services;
- 104 (d) fees for after-school or summer education programs;
- 105 (e) textbooks, curricula, or other instructional materials, including any supplemental
106 materials or associated online instruction that a curriculum or a qualifying school recommends;
- 107 (f) educational software and applications;
- 108 (g) supplies or other equipment related to an eligible student's educational needs;
- 109 (h) computer hardware or other technological devices that are intended primarily for an
110 eligible student's educational needs;
- 111 (i) fees for the following examinations, or for a preparation course for the following
112 examinations, that the scholarship granting organization approves:
 - 113 (i) a national norm-referenced or standardized assessment described in Section
114 53F-6-410, an advanced placement examination, or another similar assessment;
 - 115 (ii) a state-recognized industry certification examination; and
 - 116 (iii) an examination related to college or university admission;
 - 117 (j) educational services for students with disabilities from a licensed or accredited
118 practitioner or provider, including occupational, behavioral, physical, audiology, or

119 speech-language therapies;

120 (k) contracted services that the scholarship granting organization approves and that an
 121 LEA provides, including individual classes, after-school tutoring services, transportation, or
 122 fees or costs associated with participation in extracurricular activities;

123 (l) ride fees or fares for a fee-for-service transportation provider to transport the
 124 scholarship student to and from a qualifying school, not to exceed \$750 in a given school year;

125 (m) expenses related to extra curricular activities, field trips, educational supplements,
 126 and other educational experiences; or

127 (n) the scholarship granting organization approves in accordance with Subsection
 128 53E-7-405(3).

129 (12) "Scholarship granting organization" means an organization that is:

130 (a) qualified as tax exempt under Section 501(c)(3), Internal Revenue Code; and

131 (b) recognized through an agreement with the state board as a scholarship granting
 132 organization, as described in Section 53E-7-404.

133 (13) "Scholarship student" means an eligible student who receives a scholarship under
 134 this part.

135 (14) "Special Needs Opportunity Scholarship Program" or "program" means the
 136 program established in Section 53E-7-402.

137 (15) "Value of the weighted pupil unit" means the amount established each year in the
 138 enacted public education budget that is multiplied by the number of weighted pupil units to
 139 yield the funding level for the basic state-supported school program.

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

141 **53E-7-402. Special Needs Opportunity Scholarship Program.**

142 (1) There is established the Special Needs Opportunity Scholarship Program under
 143 which a parent may apply to a scholarship granting organization on behalf of the parent's
 144 student for a scholarship to help cover the cost of a scholarship expense.

145 (2) (a) A scholarship granting organization shall[:]

146 [(i)] award, in accordance with this part, scholarships to eligible students[; and].

147 [(ii) determine the amount of a scholarship in accordance with Subsection (3).]

148 (b) In awarding scholarships, a scholarship granting organization shall give priority to
 149 an eligible student described in Subsection 53E-7-401(1)(a) by:

150 (i) establishing an August 10 deadline for an eligible student described in Subsection
151 53E-7-401(1)(b) to apply for a scholarship; and

152 (ii) awarding a scholarship to an eligible student described in Subsection
153 53E-7-401(1)(b) only if funds exist after awarding scholarships to all eligible students
154 described in Subsection 53E-7-401(1)(a) who have applied and qualify.

155 (c) Subject to available funds, a scholarship awarded to an eligible student described in
156 Subsection 53E-7-401(1)(b) shall be for a similar term as a scholarship awarded to the eligible
157 student's sibling.

158 (3) A scholarship granting organization shall determine a full-year scholarship award to
159 pay for the cost of one or more scholarship expenses in an amount not more than:

160 (a) for an eligible student described in Subsection 53E-7-401(1)(a) who is:

161 (i) in ~~[grades 1]~~ kindergarten through grade 12 ~~[with an IEP]~~ and whose family income
162 is:

163 (A) at or below 185% of the federal poverty level, the value of the weighted pupil unit
164 multiplied by 2.5; or

165 (B) ~~[between]~~ above 185% ~~[and 555%]~~ of the federal poverty level, the value of the
166 weighted pupil unit multiplied by two; or

167 ~~[(C) above 555% of the federal poverty level, the value of the weighted pupil unit
168 multiplied by 1.5;]~~

169 ~~[(ii) in grades 1 through 12 and who does not have an IEP, the value of the weighted
170 pupil unit;]~~

171 ~~[(iii) in kindergarten with an IEP, the value of the weighted pupil unit; or]~~

172 ~~[(iv) in kindergarten and who does not have an IEP, half the value of the weighted
173 pupil unit; or]~~

174 (b) for an eligible student described in Subsection 53E-7-401(1)(b), half the value of
175 the weighted pupil unit.

176 (4) Eligibility for a scholarship as determined by a multidisciplinary evaluation team
177 under this program does not establish eligibility for an IEP under the Individuals with
178 Disabilities Education Act, Subchapter II, 20 U.S.C. Secs. 1400 to 1419, and is not binding on
179 any LEA that is required to provide an IEP under the Individuals with Disabilities Education
180 Act.

181 (5) The scholarship granting organizations shall prepare and disseminate information
182 on the program to a parent applying for a scholarship on behalf of a student.

183 Section 3. Section **53E-7-405** is amended to read:

184 **53E-7-405. Program donations -- Scholarship granting organization**
185 **requirements.**

186 (1) A person that makes a donation to a scholarship granting organization to help fund
187 scholarships through the program may be eligible to receive a nonrefundable tax credit as
188 described in Sections [59-7-625](#) and [59-10-1041](#).

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

191 (3) A scholarship granting organization shall:

192 (a) accept program donations and allow a person that makes a program donation to
193 designate a qualifying school to which the donation shall be directed for scholarships;

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

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

196 (d) allocate scholarship money to a scholarship student's parent or, on the parent's
197 behalf, to a qualifying school in which the scholarship student is enrolled;

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

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

201 (i) at least 92% of the scholarship granting organization's revenue from program
202 donations is spent on scholarships;

203 (ii) up to 5% of the scholarship granting organization's revenue from program
204 donations is spent on administration of the program;

205 (iii) up to 3% of the scholarship granting organization's revenue from program
206 donations is spent on marketing and fundraising costs; and

207 (iv) all revenue from program donations' interest or investments is spent on
208 scholarships;

209 (g) carry forward no more than ~~[40]~~ 60% of the scholarship granting organization's
210 program donations, less funds for a scholarship that has been awarded, and funds expended for
211 administration and marketing, from the state fiscal year in which the scholarship granting

212 organization received the program donations to the following state fiscal year;

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

215 (i) prohibit a scholarship granting organization employee or officer from handling,
216 managing, or processing program donations, if, based on a criminal background check
217 conducted by the state board in accordance with Section 53E-7-404, the state board identifies
218 the employee or officer as posing a risk to the appropriate use of program donations;

219 (j) ensure that a scholarship can be transferred during the school year to a different
220 qualifying school that accepts the scholarship student;

221 (k) report to the state board on or before October 1 of each year the following
222 information, prepared by a certified public accountant:

223 (i) the name and address of the scholarship granting organization;

224 (ii) the total number and total dollar amount of program donations that the scholarship
225 granting organization received during the previous calendar year;

226 (iii) (A) the total number and total dollar amount of scholarships the scholarship
227 granting organization awarded during the previous state fiscal year to eligible students
228 described in Subsection 53E-7-401(1)(a); and

229 (B) the total number and total dollar amount of scholarships the scholarship granting
230 organization awarded during the previous state fiscal year to eligible students described in
231 Subsection 53E-7-401(1)(b); and

232 (iv) the percentage of first-time scholarship recipients who were enrolled in a public
233 school during the previous school year or who entered kindergarten or a higher grade for the
234 first time in Utah;

235 (l) issue tax credit certificates as described in Section 53E-7-407; and

236 (m) require a parent to notify a scholarship granting organization if the parent's
237 scholarship recipient:

238 (i) receives scholarship money for tuition expenses; and

239 (ii) does not have continuing enrollment and attendance at a qualifying school.

240 (4) The state treasurer shall deposit the money described in Subsection (3)(h) into the
241 Income Tax Fund.

242 (5) (a) An application for a scholarship shall contain an acknowledgment by the

243 applicant's parent that the qualifying school selected by the parent for the applicant to attend
244 using a scholarship is capable of providing the level of disability services required for the
245 student.

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

247 "I acknowledge that:

248 (1) A private school may not provide the same level of disability services that are
249 provided in a public school;

250 (2) I will assume full financial responsibility for the education of my scholarship
251 recipient if I accept this scholarship;

252 (3) Acceptance of this scholarship has the same effect as a parental refusal to consent to
253 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities
254 Education Act, 20 U.S.C. Sec. 1400 et seq.; and

255 (4) My child may return to a public school at any time."

256 (c) Upon acceptance of a scholarship, the parent assumes full financial responsibility
257 for the education of the scholarship recipient.

258 (d) Acceptance of a scholarship has the same effect as a parental refusal to consent to
259 services as described in 24 C.F.R. Sec. 300.300, issued under the Individuals with Disabilities
260 Education Act, 20 U.S.C. Sec. 1400 et seq.

261 (e) The creation of the program or granting of a scholarship does not:

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

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

265 (6) A scholarship granting organization shall demonstrate the scholarship granting
266 organization's financial accountability by annually submitting to the state board a financial
267 information report that:

268 (a) complies with the uniform financial accounting standards described in Section
269 [53E-7-404](#); and

270 (b) is prepared by a certified public accountant.

271 (7) (a) If a scholarship granting organization allocates \$500,000 or more in
272 scholarships annually through the program, the scholarship granting organization shall:

273 (i) contract for an annual audit, conducted by a certified public accountant who is

274 independent from:

275 (A) the scholarship granting organization; and

276 (B) the scholarship granting organization's accounts and records pertaining to program
277 donations; and

278 (ii) in accordance with Subsection (7)(b), report the results of the audit to the state
279 board for review.

280 (b) For the report described in Subsection (7)(a)(ii), the scholarship granting
281 organization shall:

282 (i) include the scholarship granting organization's financial statements in a format that
283 meets generally accepted accounting standards; and

284 (ii) submit the report to the state board no later than 180 days after the last day of a
285 scholarship granting organization's fiscal year.

286 (c) The certified public accountant shall conduct an audit described in Subsection
287 (7)(a)(i) in accordance with generally accepted auditing standards and rules made by the state
288 board.

289 (d) (i) The state board shall review a report submitted under this section and may
290 request that the scholarship granting organization revise or supplement the report if the report
291 is not in compliance with the provisions of this Subsection (7) or rules adopted by the state
292 board.

293 (ii) A scholarship granting organization shall provide a revised report or supplement to
294 the report no later than 45 days after the day on which the state board makes a request
295 described in Subsection (7)(d)(i).

296 (8) (a) A scholarship granting organization may not allocate scholarship money to a
297 qualifying school if:

298 (i) the scholarship granting organization determines that the qualifying school
299 intentionally or substantially misrepresented information on overpayment;

300 (ii) the qualifying school fails to refund an overpayment in a timely manner; or

301 (iii) the qualifying school routinely fails to provide scholarship recipients with
302 promised educational goods or services.

303 (b) A scholarship granting organization shall notify a scholarship recipient if the
304 scholarship granting organization stops allocation of the recipient's scholarship money to a

305 qualifying school under Subsection (8)(a).

306 (9) If a scholarship recipient transfers to another qualifying school during the school
307 year, the scholarship granting organization may prorate scholarship money between the
308 qualifying schools according to the time the scholarship recipient spends at each school.

309 (10) A scholarship granting organization may not:

310 (a) award a scholarship to a relative of the scholarship granting organization's officer or
311 employee; or

312 (b) allocate scholarship money to a qualifying school at which the scholarship recipient
313 has a relative who is an officer or an employee of the qualifying school.

314 Section 4. **Coordinating H.B. 398 with H.B. 2 -- Superseding technical and**
315 **substantive amendments.**

316 If this H.B. 398 and H.B. 2, Public Education Budget Amendments, both pass and
317 become law, it is the intent of the Legislature that the amendments to Section [53E-7-402](#) in this
318 bill supersede the amendments to Section [53E-7-402](#) in H.B. 2 when the Office of Legislative
319 Research and General Counsel prepares the Utah Code database for publication.

320 Section 5. **Coordinating H.B. 398 with H.B. 477 -- Superseding technical and**
321 **substantive amendments.**

322 If this H.B. 398 and H.B. 477, Full-day Kindergarten Amendments, both pass and
323 become law, it is the intent of the Legislature that the amendments to Section [53E-7-402](#) in this
324 bill supersede the amendments to Section [53E-7-402](#) in H.B. 477 when the Office of
325 Legislative Research and General Counsel prepares the Utah Code database for publication.