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**HOUSE BILL NO. 2568**

Offered January 9, 2019

Prefiled January 9, 2019

A *BILL to amend the Code of Virginia by adding in Chapter 13 of Title 22.1 an article numbered 2.1, consisting of sections numbered 22.1-222.1 through 22.1-222.5, relating to Child Safety Savings Accounts.*

Patron—LaRock

Referred to Committee on Education

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Chapter 13 of Title 22.1 an article numbered 2.1, consisting of sections numbered 22.1-222.1 through 22.1-222.5, as follows:**

*Article 2.1.**Child Safety Savings Accounts.***§ 22.1-222.1. Definitions.**

*As used in this article, unless the context requires a different meaning:*

*"Child" means any individual who has not reached 22 years of age on or before September 30 of the current year.*

*"Child Safety Savings Account" or "savings account" means a bank account at a qualified financial institution in the name of a qualified student and into which only funds from the Commonwealth may be deposited as provided in subsection E of § 22.1-222.2 for expenditure by the parent of the qualified student for such student's benefit.*

*"Department" means the Virginia Department of Education.*

*"IEP" means Individualized Education Program.*

*"Parent" means a parent, as defined in § 22.1-1, who has established domicile, as defined in § 58.1-302, in the Commonwealth.*

*"Qualified financial institution" means a financial institution or private financial management firm selected pursuant to § 22.1-222.4 that provides a savings account that offers debit card payment features that minimize fraud and abuse and provides the parent and the Department with administration and reporting functionality pursuant to their responsibilities under this article.*

*"Qualified school" means a sectarian or nonsectarian private elementary school or secondary school that is located in the Commonwealth and complies with the provisions of 42 U.S.C. § 1981.*

*"Qualified student" means a child (i) who is deemed to reside in a school division pursuant to subsection A of § 22.1-3, (ii) for whom compulsory attendance is required pursuant to subsection A of § 22.1-254, (iii) who was enrolled at and attended a public elementary or secondary school in the Commonwealth during the two semesters immediately preceding the semester or term for which the student initially applies for a savings account, and (iv) who is the victim of harassment, hazing, bullying, kidnapping, robbery, sexual offenses, assault, battery, threat, or intimidation on school property, as reported by such child to the school principal and substantiated and reported by the school principal in accordance with guidelines established by the Department pursuant to subdivision B 1 of § 22.1-222.2.*

*"Quarter" means one-fourth of the fiscal year. "Quarter" includes July 1 through September 30, October 1 through December 31, January 1 through March 31, and April 1 through June 30.*

*"Quarterly" means once every quarter.*

*"Resident school division" means the school division in which a qualified student resides.*

*"Retained savings" means an amount that is equivalent to 10 percent of all applicable Standards of Quality per pupil state funds appropriated for public school purposes and apportioned to the school division in which a qualified student resides, including the per pupil share of state sales tax funding in basic aid and any state per pupil share of special education funding for which the qualified student is eligible.*

*"Scholarship foundation" has the same meaning provided in § 58.1-439.25.*

**§ 22.1-222.2. Child Safety Savings Accounts established; application; agreement; disbursement.**

**A.** Child Safety Savings Accounts are established to provide the parent of a qualified student with options for the education of his child, consistent with § 1-240.1.

**B.** The Department shall:

**1.** Establish guidelines for (i) the receipt, investigation, and substantiation by school principals of reports of harassment, hazing, bullying, kidnapping, robbery, sexual offenses, assault, battery, threat, or

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59 intimidation on school property by student victims and (ii) the notification of the student's parent by the  
60 school principal when such a report has been substantiated, including notification of the availability of  
61 the standard savings account application form created pursuant to subdivision 2;

62 2. Create a standard application form for the establishment of eligibility for a savings account by a  
63 parent that shall be made readily available to interested parents through resident school divisions and  
64 various sources, including the Internet;

65 3. Establish savings account application and participation timelines that maximize student and  
66 resident school division participation and are consistent with the deadlines established in this article;

67 4. Provide any interested parent with a written explanation of the allowable uses of a savings  
68 account, the parent's responsibility relating to a savings account, and the duties of the Department and  
69 resident school divisions relating to a savings account;

70 5. Ensure that all family or household members, as defined in § 16.1-228, of a qualified student are  
71 made aware of savings accounts and such student's potential eligibility; and

72 6. Adopt policies, processes, and procedures for the administration of savings accounts, as set forth  
73 in subsection A of § 22.1-222.3.

74 C. The parent of a qualified student shall make an initial application or annual renewal application  
75 for a savings account to the resident school division no later than 30 days preceding the beginning of  
76 the school year in the resident school division. The application and renewal process shall include a  
77 requirement for the parent to annually sign a one-year, renewable written agreement to:

78 1. Provide an education for his child in compliance with § 22.1-254;

79 2. Not enroll the qualified student in any local school division in the Commonwealth in the school  
80 year for which the parent receives disbursement of state funds into the savings account pursuant to  
81 subsection E;

82 3. Release the resident school division from all obligations to educate the qualified student. For  
83 qualified students who receive special education pursuant to an IEP, the receipt of a savings account  
84 has the same effect as the enrollment of such qualified student by his parent in private school under 20  
85 U.S.C. § 1412(a)(10) of the Individuals with Disabilities Education Act (IDEA);

86 4. Not accept, concurrently with receipt of a savings account, a scholarship from a scholarship  
87 foundation that received a donation from a person who is eligible to earn a credit for such donation  
88 pursuant to Article 13.3 (§ 58.1-439.25 et seq.) of Chapter 3 of Title 58.1;

89 5. Use the moneys deposited in the savings account only for one or more of the following  
90 education-related expenses of the qualified student: (i) tuition, deposits, fees, or required textbooks at a  
91 qualified school; (ii) educational therapies or services for the qualified student from a practitioner or  
92 provider, including paraprofessionals or educational aides; (iii) tutoring services; (iv) curriculum  
93 expenses; (v) tuition or fees for a private online learning program; (vi) fees for a national  
94 norm-referenced achievement test, an Advanced Placement examination, or any examination taken to  
95 gain admission to an institution of higher education; (vii) services that are offered on a fee-for-service  
96 basis by a public elementary or secondary school to the public, including classes and extracurricular  
97 activities; (viii) such insurance, surety bond payments, or fees as may be required for the savings  
98 account; (ix) transportation, provided that such expense does not exceed 20 percent of the total amount  
99 deposited in the savings account annually; (x) computer hardware and software, not to exceed 10  
100 percent of the annual savings account disbursement; and (xi) any other education-related goods or  
101 services, such as Internet access, that are necessary for the provision of the qualified student's education  
102 pursuant to § 22.1-254;

103 6. Submit a quarterly expense summary, in the form prescribed by the Department and containing  
104 such provisions as prescribed by the Department, for education-related expenses pursuant to subdivision  
105 5 that were incurred prior to or during such quarter, including all applicable invoices and receipts, to  
106 the resident school division prior to receiving a savings account disbursement for the subsequent  
107 quarter. Each resident school division shall determine, on the basis of policies and procedures  
108 established by the Department pursuant to subsection A of § 22.1-222.3, the appropriateness of such  
109 expenses on the basis of such receipts and invoices prior to making a savings account disbursement for  
110 the subsequent quarter or renewing the written agreement;

111 7. Notify the resident school division, in writing, within 30 days of the date on which his child ceases  
112 to reside in the resident school division, in which case the parent shall immediately cease to make  
113 additional expenditures for education-related expenses of his child and shall reimburse to the resident  
114 school division an amount equal to (i) the difference between the year-to-date disbursements to the  
115 savings account and the total annual amount that the qualified parent would have received in the  
116 savings account multiplied by (ii) the number of days during which his child resided in the resident  
117 school division while the savings account contained disbursed funds divided by the total school days in  
118 the resident school division's current school year. The parent may spread such reimbursement payments  
119 over no more than four equal quarterly payments; and

120 8. Submit to audits of the savings account.

D. The resident school division shall give written notice to any parent applying for or requesting renewal of a savings account as to the disposition of the application or renewal request no later than 14 days immediately succeeding such application or renewal request. The resident school division may send the parent a written notice requesting any additional information that is necessary to determine the final disposition of the application or renewal request. Such parent shall submit the requested information to the resident school division no later than 30 calendar days immediately succeeding such request for additional information. If the requested information is not received within such time, the resident school division may deny the application or renewal request. In the event that the resident school division denies any application or renewal request, the parent may appeal such denial no later than 30 calendar days immediately succeeding receipt of the notice of denial to the school board in the resident school division, and such school board shall hear and take action on such appeal no later than 30 calendar days immediately succeeding the receipt of the notice of appeal. In the event that the school board denies any such application or renewal request on appeal, the parent may appeal such denial no later than 30 calendar days immediately succeeding receipt of the notice of denial to an independent hearing officer chosen from the list maintained by the Executive Secretary of the Supreme Court. The costs of an appeal before an independent hearing officer shall be apportioned among the parties by the hearing officer in a manner consistent with his findings. If the parent prevails in an appeal before the independent hearing officer, the application or renewal request shall immediately be approved, effective on the date on which it was first submitted.

E. No later than 14 calendar days immediately succeeding the approval of an application or renewal request or submission of a quarterly expense summary, the resident school division shall make warrant for and disburse on a quarterly basis (i) to the appropriate savings account state funds in an amount that is equivalent to one quarter of 90 percent of all applicable annual Standards of Quality per pupil state funds appropriated for public school purposes and apportioned to the resident school division in which the qualified student resides, including the per pupil share of state sales tax funding in basic aid and any state per pupil share of special education funding to which the qualified student is eligible, and (ii) to the Department retained savings. No resident school division shall transfer federal funds, the local share of Standards of Quality per pupil funds, or any portion of such local share to a savings account.

F. The Department shall disburse retained savings for the following purposes and in the following order: (i) establishing policies, processes, and procedures for managing and administering savings accounts; (ii) managing and administering savings accounts, including Department expenditures and third-party expenditures to qualified financial institutions, auditors as specified in subsection C of § 22.1-222.3, and other organizations; and (iii) other public elementary and secondary school purposes for which the Department is authorized to disburse funds.

G. Each qualified student whose parent has applied for and received a savings account shall be counted in the March 31 average daily membership or fall membership of the resident school division as a full-time equivalent student and shall be identified as such for the purpose of the calculation of the state share to be transferred to the savings account and, as applicable, to the Department as retained savings. No such qualified student shall be counted in the resident school division's required effort to meet actual need for required matching local funds as prescribed by the Standards of Quality. Each such qualified student shall be counted in the resident school division's required effort to meet actual need for required matching local funds for any other initiative supported by the Commonwealth that requires matching local funds.

H. The Department shall determine the Standards of Quality per pupil state funds for a qualified student and retained savings based on the current general appropriation act.

I. No later than November 1 of each year, each division superintendent shall certify and report to the Superintendent of Public Instruction the number of students in the school division whose parents have received a savings account and the amount of funds transferred to each such savings account and retained savings. No later than December 15 of each year, the Superintendent of Public Instruction shall report to the Governor and the Chairmen of the House Committee on Appropriations and Senate Committee on Finance the name of each school division in which the parent of a qualified student has received a savings account, the number of qualified students whose parents have received a savings account, and the total Standards of Quality state funding transferred to savings accounts and retained savings.

J. Any entity that receives moneys from a savings account shall refund, rebate, or otherwise remit any such moneys when such refund, rebate, or remission is required pursuant to policies and procedures established by the Department pursuant to subsection A of § 22.1-222.3, but no such entity shall refund, rebate, or otherwise remit any such moneys to a parent or qualified student.

K. Upon a qualified student's graduation from high school, receipt of a high school equivalency certification, acceptance into an institution of higher education for full-time enrollment, or reaching the

age of 22, whichever occurs first, his savings account shall be closed and any funds remaining in the savings account shall be returned to the Commonwealth.

L. Moneys in a savings account received by a parent pursuant to this article do not constitute state taxable income to the parent.

**§ 22.1-222.3. Policies and procedures; audit; fraud.**

A. The Department shall establish policies, processes, and procedures for application, quarterly expense summary administration, renewal, and appeal pursuant to § 22.1-222.2. To the extent practicable, such policies, processes, and procedures shall take advantage of existing Department and resident school division policies, processes, and procedures and third-party automated solutions to minimize cost and improve effectiveness. Each resident school division shall comply with such policies and procedures and may establish additional local policies and procedures for the implementation of the Department's policies and procedures.

B. The Department shall establish a fraud reporting hotline for the purpose of parental compliance with subdivisions C 4 and 5 of § 22.1-222.2.

C. The Auditor of Public Accounts shall include in the specifications published pursuant to § 15.2-2511 for audits of all localities that contain a local school division a requirement that the independent certified public accountant who conducts the audit of the locality include in such audit tests of compliance with subdivisions C 4 and 5 of § 22.1-222.2. Any such adjustment to such specifications is exempt from the Administrative Process Act (§ 2.2-4000 et seq.).

D. Upon finding that a parent made a knowing misrepresentation relating to any education-related expense from a savings account for a qualified student set forth in subdivision C 5 of § 22.1-222.2 or otherwise materially breached the written savings account agreement, the resident school division may rescind the written agreement, reclaim the remaining moneys in the savings account, and declare such parent ineligible for renewal of the written savings account agreement. The parent may appeal such decision as provided in subsection D of § 22.1-222.2.

E. The resident school division may refer to the appropriate state agency for investigation any incident in which it finds evidence of fraudulent use of moneys in a savings account by a parent.

F. If any education-related expense from a savings account for a qualified student is determined to be invalid, the resident school division shall direct the qualified financial institution to withhold subsequent disbursements until the parent reimburses the expense that was determined to be invalid.

**§ 22.1-222.4. Savings account administration.**

The Department shall contract through scholarship foundations or with one or more qualified financial institutions to establish and require such scholarship foundations or qualified financial institutions to manage savings accounts that comply with the provisions of this article. Department-approved costs associated with the ongoing administration of the savings account and compliance with this article are allowable account fees that may be passed to the savings account holder.

**§ 22.1-222.5. Scope of article.**

A. Nothing in this article shall be construed to permit any agency of the Commonwealth to exercise control or supervision over any private school or program of home instruction.

B. No qualified school that receives moneys from a savings account pursuant to this article shall be considered an agent of the state or federal government.

C. No qualified school shall be required to alter its creed, practices, admissions policies, or curriculum in order to receive moneys from a savings account pursuant to this article.

D. In any legal proceeding challenging the application of this article to a qualified school, the Commonwealth bears the burden of establishing that the law is necessary and does not impose any undue burden on the qualified school.

E. If any education-related expense from a savings account for a qualified student set forth in subdivision C 5 of § 22.1-222.2 is held to be invalid, such holding shall not affect the validity of any other education-related expense of a qualified student set forth in such subdivision.

F. Nothing in this article shall be deemed to prohibit a parent or qualified student from making expenditures for the education-related expenses set forth in subdivision C 5 of § 22.1-222.2 from a source other than a savings account.