



## 98TH GENERAL ASSEMBLY

### State of Illinois

2013 and 2014

HB4670

by Rep. Thomas Morrison

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Education Savings Account Act. Requires the State Board of Education to create the Education Savings Account Program. Provides that a parent of an eligible student (defined as any elementary or secondary student who was eligible to attend a public school in this State in the preceding semester or is starting school in this State for the first time and who is a member of a household whose total annual income does not exceed an amount equal to 2.5 times the income standard used to qualify for a free or reduced-price lunch under the national free or reduced-price lunch program) shall qualify for the State Board to make a grant to his or her child's Education Savings Account by signing an agreement. Requires the State Board to deposit into an Education Savings Account some or all of the State aid under the State aid formula provisions of the School Code that would otherwise have been provided to the resident school district for the eligible student had the student enrolled in the resident school district. Provides that parents participating in the Program shall agree to use the funds deposited in their eligible students' accounts for certain qualifying expenses to educate the eligible student. Sets forth provisions concerning the calculation of grant amounts and other basic elements of the Program, administration of the Program, accountability standards for participating schools, and the responsibilities of the State Board and resident school districts.

LRB098 16915 NHT 51990 b

FISCAL NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning education.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Education Savings Account Act.

6 Section 5. Definitions.

7 "Eligible postsecondary institution" means a public  
8 community college, a public university, or an accredited  
9 private postsecondary institution.

10 "Eligible student" means any elementary or secondary  
11 student who was eligible to attend a public school in this  
12 State in the preceding semester or is starting school in this  
13 State for the first time and who is a member of a household  
14 whose total annual income does not exceed an amount equal to  
15 2.5 times the income standard used to qualify for a free or  
16 reduced-price lunch under the national free or reduced-price  
17 lunch program established under 42 U.S.C. 1751 et seq.

18 "Parent" means a resident of this State who is a parent,  
19 guardian, custodian, or other person with the authority to act  
20 on behalf of the child.

21 "Participating school" means any private school that  
22 provides education to elementary or secondary students and has  
23 notified the State Board of its intention to participate in the

1 Program and comply with the Program's requirements.

2 "Private tutoring" means tutoring services provided by  
3 tutors accredited by a regional or national accrediting  
4 organization.

5 "Program" means the Education Savings Account Program  
6 created in this Act.

7 "Resident school district" means the public school  
8 district in which the student resides.

9 "State Board" means the State Board of Education.

10 Section 10. Basic elements of the Program.

11 (a) The State Board shall create the Education Savings  
12 Account Program. The Program shall begin with the fall semester  
13 of the 2015-2016 school year.

14 (b) A parent of an eligible student shall qualify for the  
15 State Board to make a grant to his or her child's Education  
16 Savings Account if the parent signs an agreement promising:

17 (1) to provide an education for the eligible student in  
18 at least the subjects of reading, grammar, mathematics,  
19 social studies, and science; and

20 (2) not to enroll their eligible student in a district  
21 or charter school.

22 (c) The State Board shall deposit into an Education Savings  
23 Account some or all of the State aid under Section 18-8.05 of  
24 the School Code that would otherwise have been provided to the  
25 resident school district for the eligible student had the

1 student enrolled in the resident school district, as calculated  
2 under subsection (e) of this Section.

3 (d) Parents participating in the Program shall agree to use  
4 the funds deposited in their eligible students' Education  
5 Savings Accounts for the following qualifying expenses to  
6 educate the eligible student:

7 (1) Tuition and fees at a participating school.

8 (2) Textbooks required by a participating school.

9 (3) Payment to a licensed or accredited tutor.

10 (4) Payment for the purchase of curriculum.

11 (5) Tuition or fees for a non-public, online learning  
12 program.

13 (6) Fees for national, norm-referenced examinations,  
14 Advanced Placement examinations or similar courses, and  
15 any examinations related to college or university  
16 admission.

17 (7) Contribution to the eligible student's qualified  
18 tuition program established pursuant to 26 U.S.C. 529.

19 (8) Educational services for pupils with disabilities  
20 from a licensed or accredited practitioner or provider.

21 (9) Tuition and fees at an eligible postsecondary  
22 institution.

23 (10) Textbooks required for college or university  
24 courses.

25 (11) Fees for account management by private financial  
26 management firms approved by the State Board.

1 (e) Grant amounts to Education Savings Accounts shall be  
2 calculated according to the following schedule:

3 (1) For students from households qualifying for the  
4 federal free or reduced-price lunch program, the amount  
5 granted to the student's Education Savings Account shall be  
6 equal to the dollar amount the resident school district  
7 would have received to serve and educate the eligible  
8 student from State aid under Section 18-8.05 of the School  
9 Code had the student enrolled there.

10 (2) For students from households with an annual income  
11 greater than the amount required to qualify for the federal  
12 free or reduced-price lunch program but less than 1.5 times  
13 that amount, the amount granted to the student's Education  
14 Savings Account shall be equal to 75% of the dollar amount  
15 the resident school district would have received to serve  
16 and educate the eligible student from State aid under  
17 Section 18-8.05 of the School Code had the student enrolled  
18 there.

19 (3) For students from households with an annual income  
20 of greater than 1.5 times the amount required to qualify  
21 for the federal free or reduced-price lunch program but  
22 less than 2 times that amount, the amount granted to the  
23 student's Education Savings Account shall be equal to 50%  
24 of the dollar amount the resident school district would  
25 have received to serve and educate the eligible student  
26 from State aid under Section 18-8.05 of the School Code had

1 the student enrolled there.

2 (4) For students from households with an annual income  
3 of greater than 2 times the amount required to qualify for  
4 the federal free or reduced-price lunch program but less  
5 than 2.5 times that amount, the amount granted to the  
6 student's Education Savings Account shall be equal to 25%  
7 of the dollar amount the resident school district would  
8 have received to serve and educate the eligible student  
9 from State aid under Section 18-8.05 of the School Code had  
10 the student enrolled there.

11 (f) A participating school, private tutor, eligible  
12 postsecondary institution, or other educational provider may  
13 not refund, rebate, or share a student's grant with the  
14 student's parent or the student in any manner. The funds in an  
15 Education Saving Account may be used only for educational  
16 purposes.

17 (g) Parents shall be allowed to make payments for the costs  
18 of educational programs and services not covered by the funds  
19 in their accounts.

20 (h) A participating student shall be counted in the  
21 enrollment figures for his or her resident school district for  
22 the purposes of calculating State aid to the resident school  
23 district under Section 18-8.05 of the School Code. The funds  
24 needed for a grant to an Education Savings Account shall be  
25 subtracted from the State aid payable to the student's resident  
26 school district under Section 18-8.05 of the School Code.

1 Section 15. Administration of the Program.

2 (a) The State Board shall approve private financial  
3 management firms to manage Education Savings Accounts.

4 (b) The State Board shall have the authority to conduct or  
5 contract for the auditing of accounts and shall, at a minimum,  
6 conduct random audits of accounts on an annual basis. The State  
7 Board shall have the authority to make any parent of an  
8 eligible student ineligible for the Program in the event of  
9 substantial misuse of the funds in the account.

10 (c) The State Board shall have the authority to refer cases  
11 of substantial misuse of funds to law enforcement agencies for  
12 investigation if evidence of fraudulent use of an account is  
13 obtained.

14 (d) The State Board shall provide parents of participating  
15 students with a written explanation of the allowable uses of  
16 Education Savings Accounts, the responsibilities of parents,  
17 and the duties of the State Board.

18 (e) The State Board may deduct an amount from the grants to  
19 Education Savings Accounts to cover the costs of overseeing the  
20 accounts and administering the program, up to a limit of 3%.

21 (f) The State Board shall establish reasonable fees for  
22 private financial management firms participating in the  
23 Program based upon market rates.

24 (g) The State Board shall make payments to eligible  
25 students' Education Savings Accounts on a quarterly basis.

1           Section 20. Accountability standards for participating  
2 schools.

3           (a) To ensure that students are treated fairly and kept  
4 safe, all participating schools shall:

5                 (1) comply with all health and safety laws or codes  
6 that apply to private schools;

7                 (2) hold a valid occupancy permit if required by their  
8 local government;

9                 (3) certify that they comply with the  
10 nondiscrimination policies set forth in 42 U.S.C. 1981; and

11                 (4) conduct criminal history records checks on  
12 employees. The participating school shall then:

13                     (A) exclude from employment any people not  
14 permitted by State law to work in a private school; and

15                     (B) exclude from employment any people that might  
16 reasonably pose a threat to the safety of students.

17           (b) To ensure that funds are spent appropriately, all  
18 participating schools shall:

19                 (1) provide parents with a receipt for all qualifying  
20 expenses at the school; and

21                 (2) demonstrate their financial viability by showing  
22 they can repay any funds that might be provided from  
23 Education Savings Accounts, if they are to receive \$50,000  
24 or more during the school year, by:

25                     (A) filing with the State Board, prior to the start



1 of the school year, a surety bond payable to this State  
2 in an amount equal to the aggregate amount of the funds  
3 from Education Savings Accounts expected to be paid  
4 during the school year from students admitted at the  
5 participating school; or

6 (B) filing with the State Board, prior to the start  
7 of the school year, financial information that  
8 demonstrates the school has the ability to pay an  
9 aggregate amount equal to the amount of the funds from  
10 Education Savings Accounts expected to be paid during  
11 the school year to students admitted to the  
12 participating school.

13 (c) In order to allow parents and taxpayers to measure the  
14 achievements of the Program:

15 (1) parents shall ensure that:

16 (A) each year their eligible student takes either  
17 State achievement tests or national, norm-referenced  
18 tests that measure learning gains in mathematics and  
19 language arts and provide for value-added assessment;

20 (B) the results of these tests are provided to the  
21 State Board or an organization chosen by the State  
22 Board on an annual basis;

23 (C) the student information is reported in a way  
24 that would allow the State Board to aggregate data by  
25 grade level, gender, family income level, and race; and

26 (D) the State Board or an organization chosen by

1 the State Board will be informed of the eligible  
2 student's graduation from high school; and

3 (2) the State Board or an organization chosen by the  
4 State Board shall:

5 (A) ensure compliance with all student privacy  
6 laws;

7 (B) collect all test results;

8 (C) provide the test results, associated learning  
9 gains, and graduation rates to the public, via the  
10 State Board's Internet website, after the third year of  
11 test and graduation-related data collection; the  
12 findings shall be aggregated by the students' grade  
13 level, gender, family income level, number of years of  
14 participation in the Program, and race;

15 (D) provide graduation rates to the public via the  
16 State Board's Internet website after the third year of  
17 test and test-related data collection; and

18 (E) administer an annual parental satisfaction  
19 survey that shall ask parents of students receiving  
20 Education Savings Accounts to express:

21 (i) their satisfaction with the Program; and

22 (ii) their opinions on other topics, items, or  
23 issues that the State Board finds would elicit  
24 information about the effectiveness of the Program  
25 and the number of years their child has  
26 participated in the Program.

1 (d) A participating school is autonomous and not an agent  
2 of this State or the federal government, and, therefore:

3 (1) the State Board or any other State agency may not  
4 in any way regulate the educational program of a  
5 participating school or education provider that accepts  
6 funds from an Education Savings Account;

7 (2) the creation of the Program does not expand the  
8 regulatory authority of this State, its officers, or any  
9 school district to impose any additional regulation of  
10 private schools or education providers beyond those  
11 necessary to enforce the requirements of the Program; and

12 (3) participating schools and education providers  
13 shall be given the maximum freedom to provide for the  
14 educational needs of their students without governmental  
15 control.

16 Section 25. Responsibilities of the State Board.

17 (a) The State Board shall ensure that eligible students and  
18 their parents are informed annually of which schools will be  
19 participating in the Program. Special attention shall be paid  
20 to ensuring that lower-income families are made aware of the  
21 program and their options.

22 (b) The State Board shall create a standard form that  
23 parents of eligible students can submit to establish the  
24 student's eligibility for the Program. The State Board shall  
25 ensure that the application is readily available to interested

1 families through various sources, including the Internet.

2 (c) The State Board may bar a participating school or  
3 education provider from the Program if the State Board  
4 establishes that the participating school or education  
5 provider has:

6 (1) routinely failed to comply with the accountability  
7 standards established in Section 20 of this Act; or

8 (2) failed to provide the eligible student with the  
9 educational services funded by the Education Savings  
10 Account.

11 (d) If the State Board decides to bar a participating  
12 school or education provider from the program, the State Board  
13 shall notify eligible students and their parents of this  
14 decision as quickly as possible.

15 (e) The State Board shall adopt rules and procedures as  
16 necessary for the administration of the Program.

17 Section 30. Responsibilities of resident school districts.

18 (a) The resident school district shall provide a  
19 participating school or education provider that has admitted an  
20 eligible student under the Program with a complete copy of the  
21 student's school records, while complying with the federal  
22 Family Educational Rights and Privacy Act of 1974 (20 U.S.C.  
23 1232g).

24 (b) The resident school district shall provide  
25 transportation for an eligible student to and from the

1 participating school or education provider under the same  
2 conditions as the resident school district is required to  
3 provide transportation for other resident students to and from  
4 private schools under the law. The resident school district  
5 shall qualify for State transportation aid for each student so  
6 transported.