

The Senate Committee on Education and Youth offered the following substitute to SB 233:

A BILL TO BE ENTITLED
AN ACT

1 To amend Title 20 of the Official Code of Georgia Annotated, relating to education, so as to
2 provide for the establishment of promise scholarship accounts to be funded by the state in
3 the amount of \$6,000.00 per school year for each participating student; to provide for
4 definitions; to provide for qualified education expenses; to provide for qualifications for
5 students to participate in the promise scholarship account program; to provide for
6 requirements for participating schools and service providers; to provide for accounts and
7 account funds; to establish a parent review committee to review expenditures upon request;
8 to authorize the Georgia Student Finance Commission to participate in the promise
9 scholarship account program; to authorize the Georgia Student Finance Commission to
10 promulgate rules and regulations; to provide for an annual report on the program by the
11 Georgia Student Finance Commission; to provide for annual testing of participating students;
12 to provide for audits by the Department of Audits and Accounts; to provide for a short title;
13 to provide for contingent effectiveness; to provide for related matters; to repeal conflicting
14 laws; and for other purposes.

15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

16 SECTION 1.

17 Title 20 of the Official Code of Georgia Annotated, relating to education, is amended by
18 adding a new chapter to read as follows:

19 CHAPTER 2B

20 20-2B-1.

21 This chapter shall be known and may be cited as the 'Georgia Promise Scholarship Act.'

22 20-2B-2.

23 As used in this chapter, the term:

24 (1) 'Account' or 'promise scholarship account' means a consumer directed account
25 established pursuant to this chapter and composed of state funds deposited on behalf of
26 a participating student and which may be used for qualified education expenses.

27 (2) 'Account funds' means the funds awarded on behalf of a participating student.

28 (3) 'Commission' means the Georgia Student Finance Commission.

29 (4) 'Curriculum' or 'curricula' means a complete course of study for a particular content
30 area or grade level, including any supplemental materials required by the course of study.

31 (5) 'Parent' means a biological parent, legal guardian, custodian, or other person with
32 legal authority to act on behalf of a student.

33 (6) 'Participating school' means a private school that has notified the commission of its
34 intention to participate in the program and that complies with the commission's
35 requirements.

36 (7) 'Participating student' means a student for whom an account has been established
37 pursuant to this chapter.

- 38 (8) 'Private school' means a nonpublic school, sectarian or nonsectarian, which is
39 accredited or in the process of becoming accredited by one or more of the entities listed
40 in subparagraph (A) of paragraph (6) of Code Section 20-3-519.
- 41 (9) 'Program' means the account program provided pursuant to this chapter.
- 42 (10) 'Qualified education expenses' means any one or more of the following:
- 43 (A) Tuition, fees, and required textbooks at a participating school, accredited
44 community college or postsecondary education institution, or nonpublic online learning
45 program or course;
- 46 (B) Tutoring services provided by an educator certified by the Professional Standards
47 Commission;
- 48 (C) Payment for the purchase of a curriculum, including any supplemental materials
49 required by the curriculum;
- 50 (D) Services from a physician or therapist licensed pursuant to Chapter 10A, 28, 33,
51 34, or 44 of Title 43, including, but not limited to, for occupational, behavioral,
52 physical, or speech-language therapies;
- 53 (E) No more than \$500.00 per year to a fee-for-service transportation provider for
54 transportation to or from a participating school or service provider;
- 55 (F) Fees for the management of account funds in accordance with subsection (e) of
56 Code Section 20-2B-7;
- 57 (G) Other expenses authorized by the State Board of Education or the commission; or
58 (H) Individual education expenses authorized by a majority of the parent review
59 committee provided for in Code Section 20-2B-6.
- 60 (11) 'Resident school system' means the public school system in which the student would
61 be enrolled based on his or her residence.
- 62 (12) 'Service provider' means a person or entity that provides services that are covered
63 as qualified education expenses other than a participating school.

64 20-2B-3.

65 (a) A student shall qualify for a promise scholarship account under this chapter if:

66 (1) The student's parent or parents currently reside within Georgia;

67 (2) The student is an eligible student as defined in Code Section 20-2A-1 and does not
68 meet any of the ineligibility criteria provided for in subsection (b) of Code Section
69 20-3-519.1;

70 (3) The student's parent signs an agreement promising:

71 (A) To provide an education for the participating student in at least the subjects of
72 reading, grammar, mathematics, social studies, and science;

73 (B) Not to enroll the student in a local school system school, local charter school, or
74 state charter school while participating in the program; and

75 (C) To use account funds only for qualified education expenses of the participating
76 student; and

77 (4) The student's parent submits an application for an account to the commission no later
78 than the deadline established by the commission; provided, however, that the commission
79 shall provide quarterly application periods that correspond with quarterly funding dates
80 pursuant to subsection (b) of Code Section 20-2B-5.

81 (b) Upon acceptance of the account, the parent assumes full financial responsibility for the
82 education of the participating student, including transportation to and from the participating
83 school or service provider.

84 (c) Students enrolled in a school operated by the Department of Juvenile Justice are not
85 eligible for the program.

86 (d) A participating student shall continue to be eligible to receive account funds until the
87 student returns to a public school, graduates from high school, or reaches the age of 20
88 years, or for special education students, reaches the age of 21 years; provided, however,
89 that a student who participated in the program for any length of time before returning to a

90 public school must submit a new application for an account in order to participate in the
91 program for a second or subsequent time.

92 (e) The creation of the program or the granting of an account pursuant to this chapter shall
93 not be construed to imply that a public school did not provide a free and appropriate public
94 education for a student or constitute a waiver or admission by the state. A participating
95 student's resident school system shall not be obligated to provide services to such student
96 that would be required if such student were enrolled in such resident school system unless
97 such student re-enrolls in such school system.

98 (f) Any account funds directed to a participating school or service provider are so directed
99 on behalf of the participating student's parent, the recognized recipient of such participating
100 student's account funds, and wholly as a result of the genuine and independent private
101 choice of the parent.

102 (g) The parent of each student participating in the program shall comply fully with the
103 participating school or service provider's rules and policies.

104 (h) Any parent who fails to comply with the provisions of this chapter and commission
105 regulations relating to the program shall forfeit the account and all account funds therein.

106 20-2B-4.

107 (a) To be eligible to enroll a participating student, a participating school shall:

108 (1) Demonstrate fiscal soundness by having been in operation for one school year or by
109 submitting a financial information report for the school that complies with uniform
110 financial accounting standards established by the commission and conducted by a
111 certified public accountant. The report must confirm that the school desiring to
112 participate is insured and the owner or owners have sufficient capital or credit to operate
113 the school for the upcoming school year serving the number of students anticipated with
114 expected revenues from tuition and other sources that may be reasonably expected. The

115 report shall be limited in scope to those records that are necessary for the commission to
116 make a determination on fiscal soundness of the school;

117 (2) Comply with the antidiscrimination provisions of 42 U.S.C. Section 2000d;

118 (3) Comply with all health and safety laws or codes that apply to private schools; and

119 (4) Comply with all provisions of Code Section 20-2-690 and any other state law
120 applicable to private schools.

121 (b) A participating school or service provider may apply to the commission to participate
122 in the program and accept account funds for providing services covered as qualified
123 education expenses.

124 (c) The commission shall, not later than 60 days after receiving a participating school's or
125 service provider's application for approval, notify such school or service provider as to
126 whether its application has been approved or denied. If the commission denies an
127 application, the commission shall provide a reason and notify the school or service provider
128 that it may appeal the decision to the parent review committee created pursuant to Code
129 Section 20-2B-6.

130 (d) A participating school and service provider shall not refund, rebate, or share account
131 funds with a parent or student in any manner.

132 (e) The creation of the program shall not be construed to expand the regulatory authority
133 of the state, its officers, or any local school system to impose any additional regulation of
134 nonpublic schools beyond those reasonably necessary to enforce the requirements of this
135 chapter.

136 (f) The commission shall not require a participating school or service provider to alter such
137 school's or provider's creed, practices, admissions policies, employment policies, or
138 curricula in order to receive funds under the program.

139 20-2B-5.

140 (a) The account funds granted to a participating student pursuant to this chapter shall be
141 \$6,000.00 per school year.

142 (b)(1) When a student enters the program, the commission shall receive all
143 documentation required for the student's participation during a quarterly enrollment
144 period provided for in paragraph (4) of subsection (a) of Code Section 20-2B-3 before the
145 first quarterly account payment is made for the student.

146 (2) Upon proper documentation received by the commission, the commission shall make
147 quarterly payments to the account of a participating student, beginning with the first
148 quarterly payment that corresponds with the enrollment period in which the student's
149 application was received. As nearly as practical, such quarterly payments shall be equal.
150 The state auditor shall cite as an audit exception any failure by the commission to meet
151 any payment deadlines and shall include such audit exceptions on the website established
152 pursuant to Code Section 50-6-32.

153 (3) The commission shall develop a system for parents to direct account funds to
154 participating schools and service providers by electronic funds transfer, automated
155 clearing-house transfer, or another system that the commission finds to be commercially
156 viable, cost-effective, and easy for parents of participating students to use. The
157 commission shall not adopt a system that relies solely on reimbursing parents for
158 out-of-pocket expenses, but may determine certain qualified education expenses that must
159 require reimbursement or preapproval for purchase. The commission is authorized to
160 qualify private financial management firms to manage the payment system. The
161 commission, at its discretion, shall be authorized to create a system of individually
162 funded accounts or notional accounts funded through a single state omnibus account.

163 (4) If the participating school requires partial payment of tuition prior to the start of the
164 academic year to reserve space for students admitted to the school, such partial payment
165 may be paid by the commission prior to the first quarterly payment of the year in which

166 the account is awarded, up to a maximum of \$1,000.00, and deducted from subsequent
167 account payments. If a student decides not to attend the participating school, the partial
168 reservation payment must be returned to the commission by such school. Only one
169 reservation payment per student may be made per year.

170 (c) Funds received pursuant to this Code section shall not constitute taxable income of the
171 parent of the participating student.

172 (d) Funds deposited into an account shall be used only for qualified education expenses
173 for the participating student. Unused funds in an account, up to an amount not greater
174 than 50 percent of the total funds deposited into the account for the current school year,
175 shall roll over to the following school year; provided, however, that, if an account has been
176 inactive for two consecutive years or the participating student graduates from high school,
177 the funds in such account shall be returned to the state general fund and the account shall
178 be closed.

179 (e) Nothing in this chapter shall be deemed to prohibit a parent or student from making a
180 payment for any tuition, fee, service, or product described in this chapter from a source
181 other than the account funds of the student.

182 20-2B-6.

183 (a) To assist in the determination of whether certain expenses meet the requirements to be
184 considered a qualified education expense under this chapter, a parent review committee
185 shall be established.

186 (b)(1) The committee shall be composed of eight parents of eligible students. Four of
187 the parents shall reside in local school systems with student enrollment greater
188 than 10,000, and four of the parents shall reside in local school systems with student
189 enrollment less than 10,000.

190 (2) Members of the committee shall be appointed by and serve at the pleasure of the
191 executive director of the commission.

192 (3) Members of the committee shall serve for one-year terms and may be reappointed;
193 provided, however, that no individual shall be permitted to serve more than three terms.

194 (4) The executive director of the commission or his or her designee shall serve as the
195 chair of the committee and shall only vote in the event of a tie.

196 (c) The commission may request the committee to determine whether an expenditure of
197 account funds from an account qualifies as a qualified education expense under this
198 chapter.

199 (d) The commission may request the committee review appeals of participating schools
200 or service provider application denials pursuant to subsection (c) of Code Section 20-2B-4.

201 20-2B-7.

202 (a) The commission shall adopt rules and regulations as necessary for the administration
203 of the program and shall include rules and regulations prioritizing the selection of
204 educationally disadvantaged students if either the number of participating students or the
205 number of applications for accounts exceeds the funds available for the program; provided,
206 however, that continued participation in the program by participating students shall be
207 prioritized over new applications for accounts. The commission shall adopt rules and
208 regulations regarding eligibility and participation of participating schools and service
209 providers, including, but not limited to, timelines that will maximize student and private
210 school participation, the calculation and distribution of accounts to participating students,
211 and the application and approval procedures for participating students, participating
212 schools, and service providers. The commission shall develop and utilize a compliance
213 form for completion by participating schools and service providers. The commission shall
214 be authorized to require any pertinent information as it deems necessary from participating
215 schools and service providers for the purpose of implementing the program. Participating
216 schools and service providers shall be required to complete such forms and certify their
217 accuracy.

218 (b) No liability shall arise on the part of the commission or the state or of any local board
219 of education based on the award or use of an account awarded pursuant to this chapter.

220 (c) The commission shall have the authority to conduct or contract for the auditing of
221 accounts and shall, at a minimum, conduct random audits on an annual basis. The
222 commission shall have the authority to make any parent or participating student ineligible
223 for the program in the event of misuse of account funds.

224 (d) The commission shall have the authority to refer cases of substantial misuse of account
225 funds to the Attorney General for investigation if evidence of fraudulent use is obtained.

226 (e) The commission may deduct an amount from accounts to cover the costs of overseeing
227 and administering the program, up to a maximum of 5 percent annually.

228 (f) The commission may contract with a qualified organization to administer the program
229 or specific functions of the program.

230 (g) The commission shall provide parents of participating students with an explanation of
231 the allowable uses of account funds, the responsibilities of parents, and the duties of the
232 commission.

233 20-2B-8.

234 (a)(1) In order to allow parents and taxpayers to measure the achievements of the
235 program, the commission shall annually approve no fewer than three nationally
236 norm-referenced tests that measure student academic progress in math and language arts.

237 (2) Private schools enrolling participating students shall ensure that all participating
238 students are annually administered a nationally norm-referenced test identified by the
239 commission or a state-wide assessment administered pursuant to Code Section 20-2-281,
240 which shall be made available by the resident school system.

241 (3) The commission shall develop a process for the annual administration of a nationally
242 norm-referenced test or a state-wide assessment and the collection of results for
243 participating students not enrolled full time in a private school.

244 (b) The results of such norm-referenced tests or state-wide assessments shall be provided
245 to and collected by the commission or an organization chosen by the commission on an
246 annual basis.

247 (c) Student information shall be reported and collected in a manner that allows the state
248 to aggregate data by grade level, gender, and race.

249 (d) The commission or an organization chosen by the commission shall collect information
250 regarding the high school graduation rate of all participating students.

251 20-2B-9.

252 (a) The commission shall provide the General Assembly not later than December 1 of each
253 year with a report regarding the program for the previous fiscal year. Such report shall also
254 be posted on the commission's website.

255 (b) The report shall include, but not be limited to, numbers and demographics of
256 participating students and numbers of participating schools. The report shall also include:

257 (1) Participating student performance on nationally norm-referenced tests or state-wide
258 assessments, including aggregate information on long-term performance gains;

259 (2) The level of satisfaction with the program from parents of participating students;

260 (3) The percentage of funds used for each type of qualified education expense included
261 in paragraph (11) of Code Section 20-2B-2; and

262 (4) The fiscal impact to the state and resident school systems of the program, taking into
263 consideration both the impact on revenue and the impact on expenses. The fiscal savings
264 associated with students departing public schools shall be explicitly quantified, even if
265 the public school losing the student or students does not reduce its spending.

266 (c) The report shall apply appropriate analytical and behavioral science methodologies to
267 ensure public confidence in such report.

268 (d) The report shall protect the identity of participating students through whatever means
269 the commission deems appropriate, including, but not limited to, by keeping anonymous

270 all disaggregated data and complying with state and federal guidelines for student privacy.
271 The names of participating schools and the number of participating students at each such
272 school shall be included in the report.
273 (e) The Department of Audits and Accounts shall audit the program annually. Audit
274 reports, including, but not limited to, any findings and recommendations by the Department
275 of Audits and Accounts, shall be included in the first annual report submitted by the
276 commission pursuant to this Code section following completion of each audit of the
277 program by the Department of Audits and Accounts. Nothing in this subsection shall be
278 construed to limit the authority of the Department of Audits and Accounts to conduct an
279 audit at any time."

280

SECTION 2.

281 Said title is amended further in Code Section 20-3-231, relating to legislative findings and
282 purposes of commission, by revising subsection (b) as follows:

283 **"(b) Purpose of commission.** The purpose of the commission shall be to help improve the
284 higher educational opportunities of citizens and persons in this state by serving as an
285 agency and budget unit within the executive branch of state government for the purpose of
286 carrying out and effectuating the powers, duties, and functions set forth in this part and in
287 Chapter 2B of this title."

288

SECTION 3.

289 This Act shall become effective only if the "Quality Basic Education Act," as provided for
290 in Article 6 of Chapter 2 of Title 20, is fully funded in an appropriations Act making specific
291 reference to the full funding of the "Quality Basic Education Act" and shall become effective
292 when funds so appointed become available for expenditure.

293

SECTION 4.

294 All laws and parts of laws in conflict with this Act are repealed.