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HOUSE BILL NO. 333

Offered January 12, 2022

Prefiled January 11, 2022

A BILL to amend the Code of Virginia by adding a section numbered 22.1-89.5, relating to public education; student education accounts.

Patron—Freitas

Referred to Committee on Education

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 22.1-89.5 as follows:

§ 22.1-89.5. Student education accounts.

A. As used in this section:

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

"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 that provides a savings account that offers restricted-use payment features that minimize fraud and abuse.

"Qualified school" means a private sectarian or nonsectarian elementary or secondary school or preschool that is located in the Commonwealth and does not discriminate on the basis of race, color, or national origin.

"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; and (iii) who (a) was enrolled at and attending a public elementary or secondary school or preschool in the Commonwealth during the two semesters immediately preceding the current semester or term or (b) is enrolled as a new student for the current semester or term at a public elementary or secondary school or preschool in the Commonwealth.

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

"School funds" means all funds available to a school division under § 22.1-88, or a portion thereof as determined by the school division.

"Student education account" or "savings account" means a bank account at a qualified financial institution in the name of a student and into which funds are deposited for expenditures by a parent for the benefit of a qualified student.

B. Any school division may, by a majority vote of the school board, establish a program under which it collaborates with the Department to set up student education accounts and deposit school funds in such accounts. Such accounts shall be used on alternative educational programs as provided in subsection C. Any program established pursuant to this section shall require an equal portion of school funds to be deposited in each qualified student's account; however, no savings account shall be established for any qualified student who receives a scholarship from a scholarship foundation that received a donation from a person who is eligible to earn a credit for such donation pursuant to Article 13.3 (§ 58.1-439.25 et seq.) of Chapter 3 of Title 58.1 and such student shall not be included in the calculation of the equal portion.

C. The parent of a qualified student shall ensure that funds in a qualified student's savings account shall be used only for the purposes specified in this subsection, and if the parent does not do so, the parent shall be liable to reimburse the resident school division for all funds deposited in the savings account on behalf of the qualified student. The Department shall be responsible for the enforcement of this subsection. The parent shall use the moneys deposited in the savings account only for one or more of the following education-related expenses of the qualified student:

1. Educational programs operated by the school division;
2. Tuition, deposits, fees, or required textbooks at a qualified school, including such schools that offer only online or virtual learning;
3. Educational therapies or services for the qualified student from a practitioner or provider, including paraprofessionals or educational aides;
4. Tutoring services;
5. Curriculum;
6. Tuition or fees for a private online learning program;

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- 59 7. Fees for a nationally standardized norm-referenced achievement test, an Advanced Placement
60 examination, or any examination taken to gain admission to an institution of higher education;
61 8. Services that are offered on a fee-for-service basis by a public elementary or secondary school or
62 preschool to the public, including classes and extracurricular activities;
63 9. Such insurance, surety bond payments, or fees as may be required for the savings account;
64 10. Transportation;
65 11. Computer hardware and software, not to exceed 10 percent of the annual savings account
66 disbursement; and
67 12. Consumable educational supplies or any other education-related goods or services, such as
68 Internet access, that are necessary for the provision of the qualified student's education.
- 69 D. The parent of each qualified student with a savings account shall submit annually to the division
70 superintendent an evaluation or assessment that indicates that the child is achieving an adequate level
71 of educational growth and progress.
- 72 E. The Department shall establish policies and procedures by which it, participating school divisions,
73 and participating financial institutions administer student education accounts.
- 74 F. Money in a savings account received by a parent pursuant to this section does not constitute state
75 taxable income to the parent.