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House of Representatives, March 30, 2021

An Act To Create Education Choices by Creating Education Savings Accounts for Maine Students

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HANLEY of Pittston.
Cosponsored by Representatives: FECTEAU of Augusta, PICKETT of Dixfield, SAMPSON of Alfred.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 20-A MRSA c. 231** is enacted to read:

3 **CHAPTER 231**

4 **EDUCATION SAVINGS ACCOUNTS**

5 **§6991. Education savings accounts**

6 The Treasurer of State, in consultation with the department, shall, in accordance with
7 this section, establish education savings accounts, referred to in this section as "savings
8 accounts." A savings account may be used by the parent or legal guardian of a child for
9 educational purposes in accordance with subsection 3 for one school year and may be
10 renewed for such use for subsequent years in accordance with subsection 2.

11 **1. Establish savings accounts.** The Treasurer of State shall establish savings accounts
12 as follows.

13 A. The Treasurer of State by rule shall establish an application process for a parent or
14 legal guardian of a child to request the establishment of a savings account. The
15 Treasurer of State:

16 (1) May establish a savings account for a child only if the child will be receiving
17 education provided by one or more educational entities certified under subsection
18 4; and

19 (2) May establish a savings account for a child who will be receiving education
20 provided by an educational entity certified under subsection 4, paragraph A but
21 who will receive some education through a public school as long as the majority
22 of the child's education is being provided by one or more educational entities
23 certified under subsection 4, paragraph A.

24 B. The Treasurer of State may authorize private financial management entities to
25 manage savings accounts established under this section and may establish reasonable
26 fees for services that a private financial management entity may charge to a savings
27 account.

28 **2. Renewal, carryover and closure.** The Treasurer of State may annually renew a
29 savings account and deposit funds into the savings account in accordance with subsection
30 3 if the parent or legal guardian at whose request a savings account was established applies
31 for a renewal and the Treasurer of State finds that the requirements of this section and rules
32 adopted under this section have been met.

33 A. Unspent funds in a savings account that is renewed remain in the savings account
34 and may be used in accordance with subsection 3.

35 B. If a parent or legal guardian at whose request a savings account was established
36 does not apply for a renewal or the Treasurer of State finds that the requirements of
37 this section or rules adopted under this section have not been met, the Treasurer of State
38 shall close the savings account and provide all funds in the savings account to the State
39 Controller who shall transfer them to the unappropriated surplus of the General Fund.

1 **3. Funding and oversight.** The Treasurer of State shall oversee savings accounts as
2 follows.

3 A. Each year the Treasurer of State shall direct the department to deposit into each
4 active savings account 90% of the state subsidy attributable to the child for whom the
5 savings account is established that would otherwise have been provided to the child's
6 school administrative unit under chapter 606-B. The department shall also direct that
7 school administrative unit to deposit into the savings account 90% of the school
8 administrative unit's required contribution to the unit's total cost of education
9 attributable to that child. The department shall calculate these amounts and shall
10 allocate the state funds to the extent possible in a manner consistent with the schedules
11 applicable to state subsidy payments pursuant to section 15689-B. New funds may not
12 be deposited in a savings account after the child graduates from high school.

13 B. The Treasurer of State may receive for and use to pay the costs of administering
14 this section up to 3% of the state subsidy attributable to the child for whom a savings
15 account is established.

16 C. The Treasurer of State shall establish and administer a savings account in a manner
17 that allows the parent or legal guardian of the child for whom the savings account is
18 established to expend funds in the account only for the following educational expenses,
19 and the parent or legal guardian may use funds in the savings account only to pay for
20 these educational expenses:

21 (1) The following costs of education provided by one or more educational entities
22 certified under subsection 4:

23 (a) Tuition and fees charged by the educational entity, including charges for
24 tutoring services; and

25 (b) The costs of textbooks required as part of the instruction by the educational
26 entity;

27 (2) Transportation costs, for which receipts must be provided to the Treasurer of
28 State, for travel to and from any educational entities certified under subsection 4,
29 up to 10% of the total deposited into the savings account under paragraph A in any
30 school year;

31 (3) Test fees for a national achievement examination, advanced placement or
32 similar examination required for admission to a college or university; and

33 (4) Costs of higher education, if the child graduates from high school with an
34 active savings account and there are funds remaining in the savings account.

35 D. The Treasurer of State shall review all expenditures from savings accounts to ensure
36 that they are in accordance with the requirements of this subsection and rules adopted
37 under this section. If at any time the Treasurer of State finds that expenditures from a
38 savings account are not in accordance with the requirements of this subsection or rules
39 adopted under this section, the Treasurer of State shall notify the parent or legal
40 guardian of the child for whom the savings account is established and if, after an
41 opportunity for hearing, the department determines that there was in fact a misuse of
42 the funds, the Treasurer of State shall close the savings account and provide all funds
43 in the savings account to the State Controller, who shall transfer them to the
44 unappropriated surplus of the General Fund.

1 **4. Certification of educational entities.** The department shall adopt rules providing
2 for the certification of private educational entities and public educational entities that may
3 receive funds from a savings account pursuant to subsection 3, paragraph C.

4 A. The rules must provide for the certification of any of the following private
5 educational entities that the department determines provide adequate educational
6 services to children:

7 (1) A private school;

8 (2) An entity providing a program of distance learning;

9 (3) A person or entity providing educational tutoring that is accredited by a
10 recognized accrediting organization; and

11 (4) A parent or guardian providing home instruction in a program that meets the
12 requirements of section 5001-A, subsection 3, paragraph A, subparagraph (4).

13 B. The rules must provide for the certification of public schools that accept children
14 who do not reside in the school administrative unit in which the public school is
15 located.

16 Rules adopted by the department under this subsection must provide for appropriate
17 periodic review of educational entities certified under this subsection to ensure the
18 adequacy of educational services provided by the entities. The rules must provide for the
19 decertification of any entity the department finds not to be providing adequate educational
20 services. The rules must also require the school administrative unit in which a child resides
21 to provide any appropriate and necessary academic records to a certified educational entity
22 at the request of the child's parent or legal guardian.

23 Rules adopted by the department pursuant to this subsection are routine technical rules as
24 defined in Title 5, chapter 375, subchapter 2-A.

25 **5. Rules.** The Treasurer of State shall adopt rules necessary to implement this section.
26 Rules adopted by the Treasurer of State pursuant to this subsection are routine technical
27 rules as defined in Title 5, chapter 375, subchapter 2-A.

28 **Sec. 2. 20-A MRSA §15689, sub-§16** is enacted to read:

29 **16. Adjustment for savings accounts.** The commissioner shall reduce the state share
30 of the total allocation to a school administrative unit in any year in which one or more
31 savings accounts under section 6991 are established for children within that school
32 administrative unit. The amount of the reduction must equal the total state subsidy that is
33 attributable to all children in that school administrative unit for whom savings accounts
34 have been established, as determined by the department pursuant to section 6991,
35 subsection 3, paragraph A.

36 SUMMARY

37 This bill directs the Treasurer of State to establish education savings accounts that may
38 be used by the parents or legal guardians of children to pay for the education of their
39 children outside of the public school system, including homeschooling, or in a public
40 school that is outside of the school administrative unit in which the child resides. The
41 funding for these savings accounts comes from shifting 90% of the essential programs and
42 services funding that would otherwise be provided by the State and by the school

1 administrative unit for each child into a savings account. The bill specifies what
2 educational expenditures are permitted and provides for review of spending from the
3 accounts.