
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1432 Session of
2023

INTRODUCED BY OWLETT, WHITE, R. MACKENZIE, MERCURI, PICKETT,
ROAE, HAMM, STAMBAUGH, ECKER, T. JONES, M. MACKENZIE, GROVE,
ZIMMERMAN, KEEFER, ROWE, LEADBETER AND LAWRENCE,
JUNE 20, 2023

REFERRED TO COMMITTEE ON EDUCATION, JUNE 20, 2023

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," establishing the Lifeline Scholarship
6 Program and the Lifeline Scholarship Fund.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
10 as the Public School Code of 1949, is amended by adding an
11 article to read:

12 ARTICLE XVII-E

13 LIFELINE SCHOLARSHIP PROGRAM

14 Section 1701-E. Scope of article.

15 This article relates to the Lifeline Scholarship Program.

16 Section 1702-E. Definitions.

17 The following words and phrases when used in this article
18 shall have the meanings given to them in this section unless the
19 context clearly indicates otherwise:

1 "Applicant." A parent who applies for participation in the
2 program under section 1704-E on behalf of an eligible student.

3 "Attendance boundary." As defined in section 2002-B.

4 "Department." The Department of Education of the
5 Commonwealth.

6 "Eligible student." A school-age child who:

7 (1) Has not received a high school diploma.

8 (2) Resides within the attendance boundary of a low-
9 achieving school as determined under section 1302 upon
10 initial application under section 1704-E(b) (1).

11 (3) Satisfies one of the following:

12 (i) Attended a public school in this Commonwealth in
13 the preceding school year.

14 (ii) Received a scholarship from the program in the
15 preceding school year.

16 (iii) Will attend kindergarten for the first time in
17 the next school year.

18 "Fund." The Lifeline Scholarship Fund established in section
19 1708-E.

20 "Kindergarten." A one-year formal educational program,
21 whether part time or full time, that occurs during the school
22 year immediately prior to first grade.

23 "Lifeline scholarship account." A spending account
24 established and administered by the State Treasury, and
25 controlled by a parent for a scholarship recipient, that may be
26 used for tuition, school-related fees and special education
27 services fees to attend a participating nonpublic school.

28 "Low-achieving school." As defined in section 2002-B.

29 "Nonpublic school." A nonprofit school, other than a public
30 school, located in this Commonwealth where a resident of this

1 Commonwealth may legally fulfill the compulsory attendance
2 requirements of this act.

3 "Parent." An individual who is a resident of this
4 Commonwealth and:

5 (1) has legal custody or guardianship of an eligible
6 student; or

7 (2) keeps in the individual's home an eligible student
8 and supports the student gratis as if the student were a
9 lineal descendant of the individual.

10 "Participating nonpublic school." A nonpublic school
11 offering a program of instruction for kindergarten through grade
12 twelve, or a combination of grades, that notifies the State
13 Treasury of the nonpublic school's desire to participate in the
14 program and provides certification to the State Treasury that
15 the nonpublic school meets the criteria under section 1711-E.

16 "Program." The Lifeline Scholarship Program established
17 under section 1703-E(a).

18 "Public school." A school operated by a school district, an
19 intermediate unit, area career and technical school, a charter
20 school, regional charter school or cyber charter school.

21 "Resident school district." The school district in which an
22 eligible student resides.

23 "Scholarship." A scholarship that is awarded to an eligible
24 student under the program.

25 "Scholarship recipient." An eligible student that is awarded
26 a scholarship under the program.

27 "School-age child." A child enrolling in kindergarten or in
28 grade one through grade twelve.

29 "School-related fee." A fee charged by a participating
30 nonpublic school to all students for books, instructional

1 materials, technology equipment and services, uniforms,
2 activities and concurrent enrollment programs under Article XVI-
3 B.

4 "Special education services fee." A fee charged by a
5 participating nonpublic school for special education services
6 for a student with special needs as agreed to by the parent and
7 the participating nonpublic school.

8 "State Treasury." The Treasury Department of the
9 Commonwealth.

10 "Student with special needs." A child who is subject to an
11 individualized education program under 20 U.S.C. Ch. 33
12 (relating to education of individuals with disabilities) and 22
13 Pa. Code Ch. 14 (relating to special education services and
14 programs).

15 Section 1703-E. Lifeline Scholarship Program.

16 (a) Establishment.--Beginning with the 2023-2024 school
17 year, the Lifeline Scholarship Program is established as a
18 program in the State Treasury to provide scholarships to help
19 eligible students pay tuition, school-related fees and special
20 education services fees for attendance at a participating
21 nonpublic school.

22 (b) Notice to parents.--

23 (1) No later than July 15, 2023, and within 15 days of
24 receipt of a notice under section 2010-B each year
25 thereafter, a school district with at least one school
26 designated as a low-achieving school shall notify the parent
27 of a student who is attending or residing within the
28 attendance boundary of a low-achieving school during the
29 school year of the school's designation.

30 (2) The notice shall be in a form provided by the State

1 Treasury, in consultation with the department, and shall
2 provide the following information regarding the program:

3 (i) A description of the program.

4 (ii) Instructions for obtaining information about
5 applying for a scholarship under the program.

6 (iii) A list of schools in the school district that
7 have been designated as low-achieving schools.

8 (iv) Notice of the parent's responsibilities
9 regarding application to a participating nonpublic school
10 if the parent seeks to enroll an eligible student in a
11 participating nonpublic school.

12 (3) The notice shall be posted on the school district's
13 publicly accessible Internet website.

14 (c) Notice to State Treasurer.--A school district required
15 to submit a notice to parents under subsection (b) shall provide
16 the State Treasurer with a list of students whose parents were
17 provided the notice.

18 Section 1704-E. Application.

19 (a) Application form.--By July 15, 2023, the State Treasury
20 shall develop an application form that can be accessed from and
21 submitted electronically on the State Treasury's publicly
22 accessible Internet website.

23 (b) Application and approval process.--

24 (1) By July 31, 2023, and by April 1 of each year
25 thereafter, the applicant may apply to the State Treasury for
26 a scholarship for the following school year according to
27 guidelines developed by the State Treasury under section
28 1709-E. An application shall be approved by the State
29 Treasury if the student meets the eligibility requirements of
30 this article.

1 (2) By August 9, 2023, and by May 1 of each year
2 thereafter, the State Treasury shall notify the applicant
3 whether a scholarship will be awarded for the following
4 school year.

5 (3) For the 2023-2024 school year, scholarships shall be
6 awarded on a first-come, first-served basis considering money
7 available in the fund.

8 (4) For the 2024-2025 school year and each school year
9 thereafter, priority for scholarships shall be given to prior
10 year scholarship recipients. New applicants shall be awarded
11 a scholarship on a first-come, first-served basis considering
12 money available in the fund.

13 (5) Upon notification by the State Treasury that a
14 scholarship has been awarded, the applicant shall apply for
15 enrollment of the scholarship recipient directly to the
16 participating nonpublic school under an application procedure
17 developed by the participating nonpublic school.

18 (6) By August 16, 2023, and by June 1 each year
19 thereafter, a participating nonpublic school shall provide
20 written confirmation to the State Treasury of scholarship
21 recipients who have accepted an offer of enrollment for the
22 following school year and provide the State Treasury with the
23 amounts to be charged to the scholarship recipient for
24 tuition, school-related fees and special education services
25 fees.

26 Section 1705-E. Agreement.

27 (a) Authorization.--Upon approval of an application, the
28 State Treasury shall enter into an agreement with the applicant.
29 The agreement shall provide the following:

30 (1) The scholarship recipient shall enroll in a

1 participating nonpublic school for the school year for which
2 the agreement applies.

3 (2) A certain sum of money shall be deposited into a
4 lifeline scholarship account under section 1706-E on behalf
5 of the scholarship recipient.

6 (3) The money in the lifeline scholarship account may be
7 expended only as authorized under this article.

8 (4) The parent shall notify the State Treasury if the
9 scholarship recipient no longer resides in this Commonwealth
10 or withdraws or is forced to withdraw from the participating
11 nonpublic school within 15 days of the change of residency or
12 withdrawal.

13 (b) Term of agreement.--Except as otherwise provided under
14 this article, an agreement entered into under subsection (a)
15 shall be valid for one school year.

16 (c) Termination.--

17 (1) An agreement entered into under subsection (a) may
18 be terminated early by the parent for any reason.

19 (2) An agreement entered into under subsection (a) shall
20 be terminated by the State Treasury for the following
21 reasons:

22 (i) The parent is found to have engaged in
23 fraudulent misuse of the lifeline scholarship account. In
24 such case, the scholarship recipient shall be ineligible
25 for future participation in the program. The parent may
26 appeal the State Treasury's decision regarding
27 termination and student eligibility within 30 days of
28 issuance of the decision. The appeal shall be governed by
29 2 Pa.C.S. Chs. 1 (relating to general provisions), 5
30 (relating to practice and procedure) and 7 (relating to

1 judicial review).

2 (ii) The scholarship recipient no longer resides in
3 this Commonwealth.

4 (iii) The scholarship recipient withdraws or is
5 forced to withdraw from a participating nonpublic school
6 prior to the completion of the school year.

7 (3) If an agreement is terminated early under this
8 subsection, the following shall apply:

9 (i) All available money in the lifeline scholarship
10 account shall revert to the fund.

11 (ii) The participating nonpublic school shall repay
12 to the State Treasury for deposit into the fund the full
13 amount of the scholarship payment, reduced on a pro rata
14 basis by the tuition, school related fees and special
15 education services fees owed for the portion of the
16 school year in which the scholarship recipient was
17 enrolled.

18 (iii) The participating nonpublic school may not
19 require a parent to reimburse the participating nonpublic
20 school for the amount of the scholarship returned to the
21 State Treasury.

22 (d) Renewal.--An agreement entered into under subsection (a)
23 may be renewed for each school year for the same student.

24 (e) Multiple agreements.--A parent may enter into separate
25 agreements under subsection (a) for each child of the parent who
26 is a scholarship recipient.

27 (f) Explanation.--Upon entering into an agreement under
28 subsection (a) or renewing an agreement under subsection (d),
29 the State Treasury shall provide the parent with a written
30 explanation of the authorized uses of the money in the lifeline

1 scholarship account.

2 Section 1706-E. Lifeline scholarship account.

3 (a) Establishment.--If an agreement is entered into under
4 section 1705-E(a), the State Treasury shall establish a lifeline
5 scholarship account for the scholarship recipient. The lifeline
6 scholarship account shall be administered by the State Treasury
7 in accordance with this article.

8 (b) Deposit.--

9 (1) Upon establishment of a lifeline scholarship
10 account, the State Treasurer shall deposit a sum of money for
11 the applicable school year in the scholarship account for the
12 scholarship recipient in accordance with this section.

13 (2) For the 2023-2024 school year, the sum shall be as
14 follows:

15 (i) for a student in half-day kindergarten, \$2,500;

16 (ii) for a student in full-day kindergarten through
17 grade eight, \$5,000;

18 (iii) for a student in grade nine through grade
19 twelve, \$10,000; or

20 (iv) for a student with special needs regardless of
21 grade level, \$15,000.

22 (3) Beginning with the 2024-2025 school year, and each
23 school year thereafter, the amounts in paragraph (2) shall be
24 increased by the greater of the average percentage increase
25 in the index as defined in section 302 of the act of June 27,
26 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer
27 Relief Act, for all school districts for the prior school
28 year and the percentage increase in the appropriation for
29 basic education for the prior fiscal year. The State Treasury
30 shall calculate the increases on an annual basis and shall

1 submit a notice of the increases to the Legislative Reference
2 Bureau for publication in the next available issue of the
3 Pennsylvania Bulletin.

4 (c) Installments.--The State Treasury shall deposit the
5 money for each scholarship into a lifeline scholarship account
6 on a schedule determined by the State Treasury in consultation
7 with the department.

8 (d) Payments to participating nonpublic schools.--A parent
9 may direct payments from the lifeline scholarship account to a
10 participating nonpublic school on behalf of the scholarship
11 recipient via an electronic money transfer system developed by
12 the State Treasury under section 1709-E.

13 Section 1707-E. Qualified education expenses.

14 (a) General rule.--Money deposited into a lifeline
15 scholarship account may be used only to pay for the following
16 qualified expenses incurred by or associated with the
17 scholarship recipient:

18 (1) Tuition required by a participating nonpublic
19 school.

20 (2) School-related fees.

21 (3) Special education services fees.

22 (b) Prohibition.--A participating nonpublic school that
23 receives a payment for qualified education expenses authorized
24 under subsection (a) may not refund, rebate or otherwise
25 directly share any portion of the payment with the parent who
26 made the payment.

27 (c) Tax consequences and status of awards.--

28 (1) The money in a lifeline scholarship account is not
29 taxable income to the parent or scholarship recipient under
30 State law.

1 (2) An award made to, or payment from, a lifeline
2 scholarship account may not be construed to be an
3 appropriation or financial assistance to a participating
4 nonpublic school.

5 Section 1708-E. Lifeline Scholarship Fund.

6 (a) Establishment.--The Lifeline Scholarship Fund is
7 established in the State Treasury. All interest and earnings
8 received from investment or deposit of the money in the fund
9 shall be paid into the fund and used for the purposes authorized
10 by this article. Any unexpended money and interest or earnings
11 on the money in the fund may not be transferred or revert to the
12 General Fund but shall remain in the fund.

13 (b) Funding.--The fund shall consist of money that is
14 appropriated, given, granted or donated by the Commonwealth or
15 any other government or private agency or person for the purpose
16 established under this article.

17 (c) Continuing appropriation.--The money in the fund is
18 appropriated on a continuing basis to the State Treasury for the
19 purpose of administering this article.

20 Section 1709-E. Duties of State Treasury.

21 (a) General rule.--The State Treasury shall:

22 (1) Develop guidelines, in consultation with the
23 department, as necessary for the administration of this
24 article.

25 (2) Make payments to lifeline scholarship accounts as
26 provided in this article.

27 (3) Develop a system that enables a parent to direct
28 payment to a participating nonpublic school in accordance
29 with this article.

30 (4) Develop a process by which a nonpublic school may

1 inform the State Treasury of the nonpublic school's interest
2 to participate in the program and demonstrate compliance with
3 the requirements of this article.

4 (5) Ensure that eligible students and their parents are
5 informed annually of the participating nonpublic schools in
6 the program by posting a list of participating nonpublic
7 schools on the State Treasury's publicly accessible Internet
8 website by July 31, 2023, and by April 1 of each year
9 thereafter.

10 (b) Third-party administration.--The State Treasury may
11 contract with a third party to administer the program.

12 Section 1710-E. Duties of Auditor General.

13 The Auditor General may:

14 (1) Conduct a random audit of lifeline scholarship
15 accounts.

16 (2) Refer cases of suspected fraudulent misuse of
17 lifeline scholarship accounts to the Inspector General for
18 investigation. If the investigation results in a finding that
19 rises to the level of criminal activity, the Inspector
20 General shall refer the matter to the appropriate law
21 enforcement agency for prosecution.

22 (3) Notify the State Treasury of cases of suspected
23 fraudulent misuse that are referred to the Inspector General.

24 Section 1711-E. Duties of participating nonpublic schools.

25 (a) Notification requirement.--A nonpublic school that
26 desires to participate in the program shall notify the State
27 Treasury by a date and in a manner established by the State
28 Treasury. The notification shall include certification by the
29 nonpublic school that:

30 (1) The nonpublic school is a nonprofit entity exempt

1 from Federal taxation under 26 U.S.C. § 501(c)(3) (relating
2 to exemption from tax on corporations, certain trusts, etc.).

3 (2) The nonpublic school complies with the
4 nondiscrimination policies specified in 42 U.S.C. § 1981
5 (relating to equal rights under the law).

6 (3) The nonpublic school complies with the provisions of
7 sections 111 and 111.1.

8 (b) Prohibition.--A participating nonpublic school may not
9 charge a lifeline scholarship recipient a tuition rate, student-
10 related fees or special education services fees that are higher
11 than the rates that the participating nonpublic school would
12 have charged to a student who had not received a lifeline
13 scholarship.

14 (c) Construction.--

15 (1) For purposes of this article, a participating
16 nonpublic school shall be autonomous and is not an agent of
17 the State Treasury, the department or the Commonwealth.

18 (2) Neither the State Treasury, the department nor other
19 State agency may regulate the educational program of a
20 participating nonpublic school that accepts money from a
21 scholarship recipient beyond what is necessary to administer
22 the program.

23 Section 1712-E. Bar of certain participating nonpublic schools.

24 (a) General rule.--The State Treasury may bar a nonpublic
25 school from participation in the program if State Treasury
26 establishes that the nonpublic school has:

27 (1) routinely failed to comply with the requirements
28 established in section 1711-E; or

29 (2) failed to provide a scholarship recipient with the
30 educational services funded by the recipient's lifeline

1 scholarship account.

2 (b) Notice.--If the State Treasury bars a nonpublic school
3 from participation in the program, the State Treasury shall,
4 after any appeal is concluded and the State Treasury's decision
5 is upheld under subsection (c), post the decision on the State
6 Treasury's publicly accessible Internet website.

7 (c) Appeal.--A nonpublic school may appeal the State
8 Treasury's decision to bar its participation in the program
9 within 30 days of issuance of the decision. The appeal shall be
10 governed by 2 Pa.C.S. Chs. 1 (relating to general provisions), 5
11 (relating to practice and procedure) and 7 (relating to judicial
12 review).

13 Section 1713-E. Duties of resident school districts.

14 A resident school district shall provide a participating
15 nonpublic school that has admitted a scholarship recipient with
16 a complete copy of the scholarship recipient's school record
17 within 10 days of the receipt of notice from the participating
18 nonpublic school of the scholarship recipient's enrollment.

19 Section 1714-E. Report.

20 (a) Duty to prepare and submit.--Beginning January 31, 2025,
21 and each January 31 thereafter, the State Treasury, in
22 consultation with the department, shall prepare and submit to
23 the General Assembly an annual report on the program.

24 (b) Contents.--The report shall include the following:

25 (1) The total number of applications received for the
26 program.

27 (2) The total number of applications received for the
28 program, by resident school district.

29 (3) The total number of applications approved for the
30 program.

1 (4) The total number of applications approved for the
2 program, by resident school district.

3 (5) The total number of lifeline scholarship accounts
4 terminated early.

5 (6) The total number of lifeline scholarship accounts
6 investigated for fraud by the Inspector General.

7 (7) The total number of scholarships awarded to students
8 attending half-day kindergarten.

9 (8) The total number of scholarships awarded to students
10 attending full-day kindergarten through grade eight.

11 (9) The total number of scholarships awarded to students
12 attending grade nine through grade twelve.

13 (10) The total dollar amount of scholarships awarded.

14 (11) The total number of applications not approved due
15 to lack of funding.

16 (12) The cost of administration of the program.

17 (13) Other information the department and the State
18 Treasury deem helpful to the General Assembly.

19 Section 2. This act shall take effect immediately.