

114TH CONGRESS  
2D SESSION

# H. R. 4426

To expand school choice in the District of Columbia.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 2, 2016

Mr. MEADOWS introduced the following bill; which was referred to the  
Committee on Oversight and Government Reform

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## A BILL

To expand school choice in the District of Columbia.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Educational Freedom  
5 Accounts Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) **ADMINISTERING ENTITY.**—The term “ad-  
9 ministering entity” means the entity that receives  
10 the contract under section 3(a) for a fiscal year.

1           (2) CHIEF FINANCIAL OFFICER.—The term  
2 “chief financial officer” means the Chief Financial  
3 Officer of the District of Columbia.

4           (3) ELIGIBLE CHILD.—The term “eligible  
5 child” means a child—

6           (A) who is a resident of the District of Co-  
7 lumbia;

8           (B) who is eligible to receive a free public  
9 education in the District of Columbia;

10          (C) who—

11           (i) was enrolled in a public school or  
12 preschool program of the District of Co-  
13 lumbia, including a charter school, during  
14 the previous school year; or

15           (ii) is entering prekindergarten or kin-  
16 dergarten;

17          (D) whose parent chooses to not enroll the  
18 child in a public elementary school, secondary  
19 school, or prekindergarten program for the  
20 school year for which the child will receive a  
21 scholarship under section 4; and

22          (E) whose parent does not submit a notifi-  
23 cation of home schooling described in section  
24 5202 of title 5, Code of the District of Colum-  
25 bia Regulations (or any successor notification)

1 to the Office of the State Superintendent of  
2 Education of the District of Columbia for any  
3 year for which the parent enters into an agree-  
4 ment under section 4(a)(2)(B).

5 (4) INSTITUTION OF HIGHER EDUCATION.—The  
6 term “institution of higher education” has the  
7 meaning given the term in section 102 of the Higher  
8 Education Act of 1965 (20 U.S.C. 1002).

9 (5) PARENT.—The term “parent” means the  
10 guardian, custodian, or other person with the au-  
11 thority to act on behalf of a child.

12 (6) PARTICIPATING PROVIDER.—The term  
13 “participating provider” means an entity that—

14 (A) is—

15 (i) a nonpublic school located in the  
16 District of Columbia that provides edu-  
17 cation to prekindergarten, elementary  
18 school, or secondary school students;

19 (ii) a public school, including a char-  
20 ter school, located in the District of Co-  
21 lumbia, except only with respect to pro-  
22 viding individual courses or extracurricular  
23 activities described in section 4(c)(1)(E) or  
24 transportation described in section  
25 4(c)(1)(H) to such services;

- 1 (iii) a tutor or tutoring facility;
- 2 (iv) a nonpublic provider of distance  
3 learning;
- 4 (v) a therapy center or other provider  
5 of special education or disability services;
- 6 (vi) an institution of higher education  
7 located in the District of Columbia; or
- 8 (vii) an entity that provides edu-  
9 cational services or products;
- 10 (B) notifies the administering entity of the  
11 entity's intent to become a participating pro-  
12 vider; and
- 13 (C) agrees, as a condition of receiving  
14 funds from an education savings account estab-  
15 lished under section 4, to comply with the re-  
16 quirements of this Act.

17 **SEC. 3. CONTRACT AUTHORIZED.**

18 (a) IN GENERAL.—Beginning with the 2017–2018  
19 school year, the Chief Financial Officer shall carry out this  
20 Act for each school year by awarding a contract to 1 entity  
21 described in subsection (b) to enable the administering en-  
22 tity to carry out the program under section 4 for all eligi-  
23 ble children in the District of Columbia.

24 (b) ELIGIBILITY.—In order to be eligible for a con-  
25 tract under this section, an entity shall be—

1 (1) exempt from Federal income tax pursuant  
2 to 501(c)(3) of the Internal Revenue Code of 1986;  
3 (2) based within the District of Columbia; and  
4 (3) able to demonstrate an ability to meet all  
5 requirements of this Act.

6 (c) APPLICATION.—An eligible entity desiring a con-  
7 tract under this section shall submit an application to the  
8 Chief Financial Officer at such time, in such manner, and  
9 containing such information as the Chief Financial Officer  
10 may require.

11 (d) ADMINISTRATIVE EXPENSES.—From the  
12 amounts made available under the contract described in  
13 subsection (a), the administering entity may reserve an  
14 amount that is not greater than the sum of 5 percent of  
15 the funds allocated under section 4(a)(4) for each eligible  
16 child with an education savings account, to be used by the  
17 administering entity for the administrative expenses asso-  
18 ciated with the program under this Act.

19 **SEC. 4. UNIVERSAL EDUCATIONAL CHOICE FOR DISTRICT**  
20 **OF COLUMBIA STUDENTS.**

21 (a) BASIC ELEMENTS OF PARENTAL CHOICE IN  
22 EDUCATION.—

23 (1) EDUCATIONAL CHOICE.—Except as pro-  
24 vided in paragraph (6), the parent of any eligible  
25 child may enter into an agreement under paragraph

1 (2)(B) with the administering entity for any year  
2 during which the eligible child will be in a grade for  
3 which the District of Columbia provides free public  
4 education.

5 (2) PROVISION OF EDUCATION SAVINGS AC-  
6 COUNTS.—

7 (A) IN GENERAL.—Beginning for the  
8 2017–2018 school year, the administering enti-  
9 ty shall provide, to each eligible child whose  
10 parent enters into or renews an agreement de-  
11 scribed in subparagraph (B) with the admin-  
12 istering entity for the school year, an education  
13 savings account described in paragraph (3),  
14 into which scholarship amounts for the year  
15 shall be deposited in accordance with paragraph  
16 (4).

17 (B) AGREEMENT.—The agreement re-  
18 quired under this subparagraph shall be in a  
19 manner and on a form determined by the ad-  
20 ministering entity and shall provide that—

21 (i) the eligible child will receive an  
22 education savings account described in  
23 paragraph (3) and the administering entity  
24 will deposit a scholarship into the account

1 for each year that the agreement is in ef-  
2 fect, in accordance with paragraph (4);

3 (ii) the eligible child may be educated  
4 pursuant to any of the methods described  
5 in subparagraphs (A) through (G) of sub-  
6 section (c)(1);

7 (iii) the parent shall direct the use of  
8 the funds provided in the education savings  
9 account for educational expenses described  
10 in subsection (c), and the administering  
11 entity shall distribute such funds in ac-  
12 cordance with paragraph (3)(B); and

13 (iv) the parent agrees to the terms  
14 and conditions of the education savings ac-  
15 count, including any participation nec-  
16 essary for the accountability activities re-  
17 quired under subsection (d)(3).

18 (3) EDUCATION SAVINGS ACCOUNT.—An edu-  
19 cation savings account described in this paragraph  
20 means a parent-controlled account, established exclu-  
21 sively for the purpose of paying for the educational  
22 expenses described in subsection (c) for an eligible  
23 child who is the designated beneficiary of the ac-  
24 count, that meets the following requirements:

1 (A) No funds shall be deposited into the  
2 account unless the funds are—

3 (i) a disbursement of an annual schol-  
4 arship from the administering entity as  
5 provided under paragraph (2)(A); or

6 (ii) a deposit of opportunity scholar-  
7 ship funds, in accordance with section  
8 3007(a)(2) of the Scholarships for Oppor-  
9 tunity and Results Act (D.C. Code, sec.  
10 38–1853.07(a)(2)).

11 (B) The funds in the account shall be dis-  
12 tributed by the administering entity on behalf  
13 of the eligible child to 1 or more participating  
14 providers, upon direction by the parent, at the  
15 appropriate time.

16 (C) Except as provided in subparagraph  
17 (D), any amount in the account that is attrib-  
18 utable to a deposit provided under paragraph  
19 (2)(A) or a deposit of any opportunity scholar-  
20 ship funds awarded under section 3007 of the  
21 Scholarships for Opportunity and Results Act  
22 (D.C. Code, sec. 38–1853.07) may be paid or  
23 distributed out of the account only for the pur-  
24 pose of paying education expenses described in  
25 subsection (c) for the eligible child.



1 (D) Any balance remaining in the account  
2 shall be returned to the Chief Financial Officer  
3 on the last day of the period covered by an  
4 agreement described in paragraph (2)(B) if—

5 (i) such agreement is broken or ended  
6 by the parent during the agreement period;

7 (ii) the parent of the eligible child  
8 does not renew the agreement for the eligi-  
9 ble child for the immediately succeeding  
10 academic year;

11 (iii) during the most recent year of  
12 the agreement, the parents do not use any  
13 funds in the account for eligible expenses  
14 described in subsection (c); or

15 (iv) the child no longer qualifies as an  
16 eligible child.

17 (4) AMOUNT OF SCHOLARSHIP AND TRANSFER  
18 OF FUNDS.—

19 (A) TRANSFER OF FUNDS.—By not later  
20 than August 1 of each school year—

21 (i) the administering entity shall no-  
22 tify the Chief Financial Officer of the total  
23 amount calculated under subparagraph (B)  
24 to be provided under this Act for scholar-

1           ships to eligible children for such school  
2           year; and

3           (ii) the Chief Financial Officer shall  
4           transfer such amount, from any funds or  
5           revenues available to the District of Co-  
6           lumbia, to the administering entity to en-  
7           able the administering entity to pay for the  
8           scholarships and the administration ex-  
9           penses for the full fiscal year, in accord-  
10          ance with subparagraphs (B) and (D) and  
11          section 3(d).

12          (B) AMOUNT.—The total amount provided  
13          under this section for a full-year scholarship on  
14          behalf of an eligible child shall equal—

15           (i) in the case of an eligible child from  
16           a family with an income of not more than  
17           185 percent of the poverty level described  
18           in subparagraph (C) or an eligible child  
19           who is a child with a disability, as defined  
20           in section 602 of the Individuals with Dis-  
21           abilities Education Act (20 U.S.C. 1401),  
22           90 percent of the funds that would other-  
23           wise be allocated by the District of Colum-  
24           bia Public Schools for such child, as deter-  
25           mined by the uniform per student funding

1 formula defined in the District of Colum-  
2 bia School Reform Act of 1995 (D.C.  
3 Code, sec. 38–804.01);

4 (ii) in the case of an eligible child  
5 from a family with an income of more than  
6 185 percent, and not more than 300 per-  
7 cent, of such poverty level, 85 percent of  
8 the funds that would otherwise be allocated  
9 by the District of Columbia Public Schools  
10 for such child as determined by such uni-  
11 form per student funding formula; and

12 (iii) in the case of an eligible child  
13 from a family with an income that equals  
14 or exceeds 300 percent of such poverty  
15 level, 80 percent of the funds that would  
16 otherwise be allocated by the District of  
17 Columbia Public Schools for such child as  
18 determined by such uniform per student  
19 funding formula.

20 (C) CALCULATION OF POVERTY LEVEL.—

21 In determining the poverty level for purposes of  
22 this paragraph, the administering entity shall  
23 use the criteria of poverty used by the Bureau  
24 of the Census in compiling the most recent de-  
25 cennial census, as the criteria have been up-

1           dated by increases in the Consumer Price Index  
2           for All Urban Consumers, published by the Bu-  
3           reau of Labor Statistics.

4           (D) QUARTERLY DISBURSEMENT.—The  
5           administering entity shall distribute the amount  
6           of a scholarship provided under this section to  
7           an eligible child whose parent has entered into  
8           an agreement under paragraph (2)(B) into the  
9           eligible child’s education savings account  
10          through 4 equal quarterly deposits.

11          (5) OWNERSHIP OF THE EDUCATION SAVINGS  
12          ACCOUNT.—An education savings account estab-  
13          lished for an eligible child under this Act, and any  
14          funds deposited within the education savings ac-  
15          count, shall belong to the eligible child. Funds avail-  
16          able in the education savings account shall be used  
17          as directed by a parent of the eligible child, on be-  
18          half of the child, for education expenses described in  
19          subsection (c).

20          (6) INTERACTION WITH OPPORTUNITY SCHOL-  
21          ARSHIPS.—Notwithstanding paragraph (2)(A) or  
22          any other provision of this Act, a child who receives  
23          an opportunity scholarship under section 3007 of the  
24          Scholarships for Opportunity and Results Act (D.C.  
25          Code, sec. 38–1853.07) for a school year shall not

1 be eligible for a scholarship under this Act for the  
2 same school year. Upon the request of any parent of  
3 an eligible child who receives an opportunity scholar-  
4 ship and the completion of an agreement described  
5 in paragraph (2)(B), the Secretary shall establish an  
6 education savings account described in paragraph  
7 (3) for the child, in order for the parent to deposit  
8 any amount of an opportunity scholarship under sec-  
9 tion 3007 of the Scholarships for Opportunity and  
10 Results Act (D.C. Code, sec. 38–1853.07) into the  
11 education savings account.

12 (b) CONTINUED AVAILABILITY OF FUNDS.—Any bal-  
13 ance in an educational savings account established for an  
14 eligible child under this section that is not used during  
15 an academic year shall remain available in the education  
16 savings account of the eligible child for future education  
17 expenses described in subsection (c), as long as an agree-  
18 ment described in subsection (a)(2)(B) remains in effect  
19 for the eligible child.

20 (c) ELIGIBLE EDUCATION EXPENSES.—

21 (1) IN GENERAL.—Funds available in an edu-  
22 cation savings account established under this section  
23 for an eligible child shall only be used on behalf of  
24 such child for 1 or more of the following educational  
25 purposes:

1 (A) The costs of tuition and fees at a non-  
2 public school, or distance education, provided  
3 through a participating provider.

4 (B) Tutoring services offered by a partici-  
5 pating provider.

6 (C) The costs of curricula or online  
7 courses, including any supplemental materials,  
8 textbooks, or supplies necessary to administer  
9 the curriculum or to complete the course, of-  
10 fered by a participating provider or purchased  
11 for self-study.

12 (D) Fees for any special education or re-  
13 lated services provided through a participating  
14 provider.

15 (E) The costs of tuition and fees required  
16 to complete individual courses or extra-  
17 curricular activities at a public school, including  
18 a charter school, within the District of Colum-  
19 bia.

20 (F) The costs of tuition and fees required  
21 to complete any dual credit courses, which are  
22 courses that qualify for both secondary and  
23 postsecondary education credit, from a partici-  
24 pating provider in the District of Columbia.

25 (G) Fees for any—

1 (i) national norm-referenced achieve-  
2 ment examination;

3 (ii) advanced placement or similar ex-  
4 amination; or

5 (iii) standardized examination re-  
6 quired for admission to an institution of  
7 higher education.

8 (H) Transportation required for the eligi-  
9 ble child to travel to and from a participating  
10 provider, except that not more than \$2,000 per  
11 year from the education savings account may be  
12 used for this purpose.

13 (I) A contribution to a qualified tuition  
14 program (as defined in section 529(b) of the In-  
15 ternal Revenue Code of 1986) with respect to  
16 which the eligible child is a designated bene-  
17 ficiary or a contribution to a Coverdell edu-  
18 cation savings account (as defined in section  
19 530(b) of such Code) with respect to which the  
20 eligible child is a designated beneficiary, except  
21 that not more than a total of \$2,000 per year  
22 may be used for contributions under this sub-  
23 paragraph.

24 (J) Any other education expenses approved  
25 by the administering entity.

1           (2) RULE OF CONSTRUCTION.—Nothing in this  
2 subsection shall be construed to require an eligible  
3 child to attend a nonpublic school or a program of  
4 distance education described in paragraph (1)(A) in  
5 order to receive an academic scholarship under this  
6 section to be used for other eligible education ex-  
7 penses described in paragraph (1).

8           (d) GOVERNMENTAL AND ADMINISTERING ENTITY  
9 RESPONSIBILITIES.—

10           (1) NO EXTENSION OF REGULATORY AUTHOR-  
11 ITY.—The creation of the program under this Act  
12 does not expand the regulatory authority of the  
13 Mayor of the District of Columbia, the officers of  
14 the District of Columbia, the District of Columbia  
15 Public Schools, or the Federal Government to im-  
16 pose any additional regulations on nonpublic schools  
17 beyond the regulations necessary to enforce the re-  
18 quirements of this Act.

19           (2) ANNUAL LIST OF PARTICIPATING PRO-  
20 VIDERS.—

21           (A) CREATION OF LIST.—Beginning in  
22 academic year 2016–2017, and each year there-  
23 after, the administering entity shall ensure that  
24 all eligible children, and their parents, are in-  
25 formed of the schools participating in the pro-



1           gram under this Act for the next academic year  
2           by providing to the Chief Financial Officer, and  
3           making publicly available, a list of participating  
4           providers each school year.

5           (B) INCLUSION ON CFO'S WEBSITE.—The  
6           Chief Financial Officer shall ensure that the  
7           annual list of participating providers prepared  
8           by the administering entity under subparagraph  
9           (A) is made publicly available on the website of  
10          the Chief Financial Officer.

11          (3) ACCOUNTABILITY.—The administering enti-  
12          ty and the Chief Financial Officer shall take such  
13          steps as are necessary to ensure the proper imple-  
14          mentation of this Act, including—

15                (A) conducting periodic audits of education  
16                savings accounts established under this section;

17                (B) ensuring that the funds disbursed  
18                from education savings accounts are used ap-  
19                propriately and in accordance with this Act;

20                (C) freezing or revoking the education sav-  
21                ings account of an eligible child if fraud is de-  
22                tected; and

23                (D) if appropriate, referring parents or  
24                participating providers found to be using edu-

1 cation savings account funds for unlawful pur-  
2 poses for criminal prosecution.

3 (4) EXCHANGE OF RECORDS.—Upon request by  
4 the administering entity, the District of Columbia  
5 Public Schools shall provide, to any participating  
6 provider that is a school and that has admitted an  
7 eligible child who previously attended a public  
8 school, a complete copy of the child’s school records,  
9 following the standard procedures established by the  
10 administering entity for purposes of the program  
11 under this Act.

12 (e) PARTICIPATING PROVIDER REQUIREMENTS AND  
13 RIGHTS.—

14 (1) REFUND AND REBATE LIMITATIONS.—

15 (A) GENERAL PROHIBITION.—A partici-  
16 pating provider that receives scholarship funds  
17 provided under this Act for an eligible child  
18 shall not—

19 (i) refund or provide a rebate, of all  
20 or any portion of such funds, to the eligible  
21 child or a parent of the eligible child; and

22 (ii) share such funds with such eligi-  
23 ble child or parent in any manner.

24 (B) REFUND PROCEDURES.—Any refund  
25 that is needed for an item that is being re-

1           turned or an item or service that has not been  
2           provided shall be provided to the administering  
3           entity and deposited into the education savings  
4           account from which the money refunded was  
5           originally paid.

6           (2) ADMISSIONS.—A participating provider may  
7           enforce the admission requirements of the school or  
8           program offered by the provider and may accept the  
9           students best qualified to attend the school, except  
10          that a participating school may not discriminate on  
11          the basis of race, color, national origin, or sex, in ac-  
12          cordance with subsection (f).

13          (3) TRANSFER OF DOCUMENTS.—Each partici-  
14          pating provider that is a school shall agree, as a con-  
15          dition of participation in the program under this  
16          Act, to provide the complete academic records of an  
17          eligible child attending the school who receives an  
18          education savings account under this Act to any  
19          other nonpublic school or public school to which the  
20          child transfers.

21          (f) NONDISCRIMINATION AND OTHER PROVISIONS.—

22                 (1) IN GENERAL.—A participating provider  
23                 shall not discriminate against program participants  
24                 or applicants on the basis of race, color, national ori-  
25                 gin, or sex.

1           (2) APPLICABILITY AND SINGLE SEX SCHOOLS,  
2           CLASSES, OR ACTIVITIES.—

3           (A) IN GENERAL.—Notwithstanding any  
4           other provision of law, the prohibition of sex  
5           discrimination in paragraph (1) shall not apply  
6           to a participating provider that is operated by,  
7           supervised by, controlled by, or connected to a  
8           religious organization to the extent that the ap-  
9           plication of such paragraph is inconsistent with  
10          the religious tenets or beliefs of the partici-  
11          pating provider.

12          (B) SINGLE SEX SCHOOLS, CLASSES, OR  
13          ACTIVITIES.—Notwithstanding paragraph (1) or  
14          any other provision of law, a parent may choose  
15          and a participating provider may offer a single  
16          sex school, class, or activity.

17          (3) RELIGIOUSLY AFFILIATED PARTICIPATING  
18          PROVIDERS.—

19          (A) IN GENERAL.—Notwithstanding any  
20          other provision of law, a participating provider  
21          that is operated by, supervised by, controlled  
22          by, or connected to a religious organization may  
23          exercise its right in matters of employment con-  
24          sistent with title VII of the Civil Rights Act of

1 1964 (42 U.S.C. 2000e et seq.), including the  
2 exemptions in such title.

3 (B) MAINTENANCE OF PURPOSE.—Not-  
4 withstanding any other provision of law, funds  
5 made available through education savings ac-  
6 counts established under this section to eligible  
7 children, which are used for a participating pro-  
8 vider as a result of the choice of the parents of  
9 such children, shall not, consistent with the  
10 first amendment of the Constitution of the  
11 United States—

12 (i) necessitate any change in the par-  
13 ticipating provider’s teaching mission;

14 (ii) require any participating provider  
15 to remove religious art, icons, scriptures,  
16 or other symbols; or

17 (iii) preclude any participating pro-  
18 vider from retaining religious terms in its  
19 name, selecting its board members on a re-  
20 ligious basis, or including religious ref-  
21 erences in its mission statements and other  
22 chartering or governing documents.

23 (4) RULES OF CONSTRUCTION.—

24 (A) TREATMENT OF ASSISTANCE.—For  
25 purposes of any Federal law, assistance pro-

1           vided under this section shall be considered as-  
2           sistance to the child and shall not be considered  
3           assistance to the participating provider that en-  
4           rolls the child in a school or program. The  
5           amount of any scholarship under this section  
6           shall not be treated as income of the child or  
7           the parents of the child for purposes of Federal  
8           tax laws or for determining eligibility for any  
9           other Federal program.

10           (B) NO ABILITY TO CONTROL THE CUR-  
11           RICULUM.—Nothing in this section shall be con-  
12           strued to authorize any officer or employee of  
13           the Federal Government, through grants, con-  
14           tracts, or other cooperative agreements, to man-  
15           date, direct, or control the curriculum, program  
16           of instruction, instructional content, specific  
17           academic standards, assessments, or allocation  
18           of resources, of the District of Columbia or of  
19           any school in the District of Columbia.

20           (g) TRANSITION.—The Chief Financial Officer and  
21           the administering entity shall take steps to ensure a  
22           smooth transition to the program under this Act, in order  
23           to ensure that academic scholarships and education sav-  
24           ings accounts under this section are available to eligible  
25           children attending nonpublic schools through participating

1 providers beginning for the 2017–2018 school year. The  
2 Chief Financial Officer shall allow nonpublic schools to be-  
3 come participating providers beginning on September 1,  
4 2016.

5 (h) CONFORMING AMENDMENT.—Section 3007(a)(2)  
6 of the Scholarships for Opportunity and Results Act (D.C.  
7 Code, sec. 38–1853.07(a)(2)) is amended by adding before  
8 the period at the end the following: “, or deposited in an  
9 education savings account established under section 4 of  
10 the Educational Freedom Accounts Act to be used for edu-  
11 cation expenses described in subsection (c) of such sec-  
12 tion.”.

○