

ASSEMBLY, No. 1545

STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

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SYNOPSIS

Provides for establishment of publicly-funded education savings accounts for use at educational institutions other than public elementary and secondary schools.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the establishment of education savings
2 accounts and supplementing Title 18A of the New Jersey
3 Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. As used in this act:

9 “Education savings account” means an account established on
10 behalf of a child pursuant to section 3 of this act.

11 “Eligible entity” means:

12 a. an elementary or secondary school within the State, other
13 than a public school, offering education for grades kindergarten
14 through 12, or any combination thereof, where a child may legally
15 fulfill compulsory school attendance requirements and which
16 complies with the requirements of Title VI of the “Civil Rights Act
17 of 1964,” Pub.L.88-352;

18 b. an institution of higher education located within the State;

19 c. a school, other than a public school, in which all or a portion
20 of the instruction is provided through means of the Internet, and the
21 students enrolled in and instructional staff employed by the school
22 are geographically remote from each other;

23 d. a tutor or tutoring agency; or

24 e. a parent.

25 “Parent” means the parent, custodial parent, legal guardian, or
26 other person who has control or charge of a child and the legal right
27 to direct the education of the child.

28 “Participating entity” means an eligible entity that has been
29 approved by the State Treasurer pursuant to section 6 of this act to
30 provide educational services that are paid for with money on
31 deposit in an education savings account established pursuant to this
32 act.

33
34 2. a. The parent of a child who is eligible to attend a public
35 school pursuant to N.J.S.18A:38-1 may enter into an agreement
36 with the State Treasurer for the establishment of an education
37 savings account if the child has been enrolled in a public school
38 located in the State for at least 100 consecutive school days prior to
39 the parent entering into the agreement. The State Treasurer shall
40 determine the process by which a parent may enter into an
41 agreement. The agreement shall provide that:

42 (1) the child shall receive instruction from a participating entity
43 in the State for the school year for which the agreement is
44 applicable;

45 (2) the parent shall receive a grant on behalf of the child in the
46 form of funds deposited into the education savings account in an
47 amount determined pursuant to section 3 of this act;

1 (3) the money deposited into the education savings account shall
2 only be used as authorized pursuant to section 5 of this act;

3 (4) the State Treasurer shall not allow the withdrawal of money
4 from the education savings account during any break in the school
5 year or between school years; and

6 (5) the education savings account established pursuant to this
7 act shall be maintained by a financial management firm qualified by
8 the State Treasurer.

9 b. An agreement between a parent and the State Treasurer
10 entered into pursuant to subsection a. of this section shall be valid
11 for one school year. The agreement may be renewed for any
12 subsequent school year in which the child is eligible to attend a
13 public school pursuant to N.J.S.18A:38-1.

14 c. An agreement between a parent and the State Treasurer
15 entered into pursuant to subsection a. of this section may be
16 terminated prior to the conclusion of the school year. The State
17 Treasurer shall terminate an agreement if the child no longer resides
18 in the State. Any funds remaining in an education savings account
19 at the time of a termination prior to the end of the school year shall
20 revert to the State treasury.

21 d. A parent's failure to enter into or renew an agreement with
22 the State Treasurer in a school year in which the child is eligible to
23 attend public school pursuant to N.J.S.18A:38-1 shall not prohibit
24 the parent from entering into an agreement in a subsequent school
25 year.

26 e. Upon entering into or renewing an agreement with a parent,
27 the State Treasurer shall provide a written explanation to the parent
28 of the authorized uses of any money in the education savings
29 account, and the responsibilities of the parent and the State
30 Treasurer under the agreement.

31

32 3. a. Upon entering into an agreement with a parent pursuant
33 to section 2 of this act, the State Treasurer shall establish an
34 education savings account on behalf of that parent's child. Except
35 as otherwise provided pursuant to subsections b. and c. of this
36 section, for each school year in which an agreement is in effect, the
37 State Treasurer shall deposit, in equal quarterly installments, the
38 following amount into a child's education savings account:

39 (1) in the case of a child who resides in a household with
40 income no greater than 185 percent of the most recently published
41 federal poverty guidelines, or a child who received special
42 education programs and services pursuant to chapter 46 of Title
43 18A of the New Jersey Statutes in the school year prior to the
44 establishment of the education savings account, the total Statewide
45 equalization aid for the budget year calculated pursuant to the
46 provisions of section 11 of P.L.2007, c.260 (C.18A:7F-53) divided
47 by the Statewide total projected resident enrollment for the budget
48 year; and

1 (2) in the case of all other pupils, 90 percent of the total
2 Statewide equalization aid for the budget year calculated pursuant
3 to the provisions of section 11 of P.L.2007, c.260 (C.18A:7F-53)
4 divided by the Statewide total projected resident enrollment for the
5 budget year.

6 b. If a child will receive a portion of his instruction from a
7 participating entity and a portion from a public school, the State
8 Treasurer shall prorate the amount to be deposited into the
9 education savings account based on the percentage of total
10 instruction that is provided by the participating entity.

11 c. The State Treasurer may retain an amount not to exceed
12 three percent of each grant to pay the costs of administering the
13 program.

14
15 4. a. The State Treasurer shall qualify at least one private
16 financial management firm to manage the education savings
17 accounts, and shall establish reasonable fees based on current
18 market rates for the management of the accounts.

19 b. The State Treasurer shall provide for the auditing of a
20 random sample of education savings accounts annually, and may
21 require an audit of any specific education savings account for which
22 misuse of money deposited into the account is suspected. In the
23 event that an audit identifies substantial misuse of money in an
24 education savings account, the State Treasurer shall immediately
25 freeze the account and forward the audit findings to the Office of
26 the Attorney General.

27
28 5. a. Money deposited into an education savings account shall
29 be used exclusively to pay for the following for the child for whom
30 the account has been established:

31 (1) tuition and fees charged by a participating entity at which
32 the child is enrolled;

33 (2) required textbooks;

34 (3) tutoring or other teaching services that are provided by a
35 tutor or tutoring agency that is a participating entity;

36 (4) fees for any national norm-referenced achievement
37 examination, advanced placement, or similar examination or
38 standardized examination required for admission to an institution of
39 higher education;

40 (5) in the case of a child who received special education
41 programs and services pursuant to chapter 46 of Title 18A of the
42 New Jersey Statutes in the school year prior to the establishment of
43 the education savings account, fees for any special instruction or
44 services provided to the child;

45 (6) transportation required for the child to travel to and from a
46 participating entity, not to exceed \$750 per school year; and

47 (7) curriculum and supplemental materials required to
48 administer the curriculum.

1 Nothing in this act shall preclude a parent from supplementing the
2 money deposited into an education savings account with money
3 from another source.

4 b. Any money remaining in an education savings account at the
5 end of a school year shall remain in the account for use in the
6 subsequent school year if the parent renews the agreement with the
7 State Treasurer. If the agreement is not renewed, any money
8 remaining in an education savings account at the end of the school
9 year shall revert to the State treasury.

10

11 6. a. An eligible entity may apply to the State Treasurer to
12 become a participating entity in a manner determined by, and on a
13 form provided by, the State Treasurer. The State Treasurer shall
14 establish criteria on which an application will be evaluated and shall
15 approve an application submitted by an eligible entity that satisfies
16 the criteria. The State Treasurer shall annually publish a list of all
17 participating entities other than a parent.

18 b. At any time, the State Treasurer may rescind the approval
19 given to a participating entity if the State Treasurer determines that
20 the entity has consistently failed to comply with the provisions of
21 this act, including providing educational services that legally fulfill
22 the compulsory attendance requirements pursuant to N.J.S.18A:38-
23 25, if that entity has accepted payments from an education savings
24 account for the purpose of providing such services. In the event
25 that the State Treasurer rescinds the approval, the State Treasurer
26 shall promptly notify any parent who has, during the current school
27 year, made a payment from an education savings account to that
28 participating entity.

29

30 7. If the State Treasurer anticipates that a participating entity
31 will receive more than \$50,000 in payments from education savings
32 accounts in any school year, then the participating entity shall
33 annually, on or before the date prescribed by the State Treasurer:

34 a. post a surety bond in an amount equal to the amount of
35 payments expected to be made from education savings accounts to
36 the participating entity during the school year; or

37 b. provide satisfactory evidence to the State Treasurer that the
38 participating entity has unencumbered assets equal to the amount of
39 payments expected to be made from education savings accounts to
40 the participating entity during the school year.

41

42 8. a. Each participating entity that provides instruction that
43 legally fulfills compulsory attendance requirements pursuant to
44 N.J.S.18A:38-25 shall ensure that each child for whom the entity
45 receives a payment from an education savings account:

46 (1) is administered the State assessments in English language
47 arts, mathematics, and science that are required for public school
48 students enrolled in the same grade level; or

1 (2) in the case of a child enrolled in a grade for which there is
2 no State assessment, is administered a nationally-normed
3 achievement assessment in English language arts and mathematics.
4 The participating entity shall forward the child's assessment results
5 to the Commissioner of Education in a timeframe and format to be
6 determined by the commissioner.

7 b. The commissioner shall use the data obtained pursuant to
8 subsection a. of this section to calculate the student growth
9 percentile for each child and include the results in the report issued
10 pursuant to the provisions of P.L.1995, c.235 (C.18A:7E-1 et seq.).

11 c. The State Treasurer shall annually conduct a survey of
12 parents who have entered into an agreement with the State
13 Treasurer pursuant to section 2 of this act. The survey shall
14 include, but need not be limited to, the following:

15 (1) the number of years for which the parent has maintained the
16 agreement with the State Treasurer;

17 (2) the level of parental satisfaction with the program
18 established pursuant to this act; and

19 (3) opinions on any other matters that the State Treasurer
20 determines may aid in evaluating and improving the program.

21

22 9. A participating entity that receives payments from an
23 education savings account shall not rebate or refund any portion of
24 the payment to the parent making the payment unless the refund is
25 for goods or services that were not provided. The participating
26 entity shall provide a receipt to the parent for all payments made
27 using money in an education savings account.

28

29 10. This act shall take effect immediately and shall first be
30 applicable to the first full school year beginning after the date of
31 enactment.

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33

34

STATEMENT

35

36 This bill provides for the establishment of education savings
37 accounts on behalf of children residing in the State for use at
38 entities other than public schools. Under the bill, a parent may
39 enter into an agreement with the State Treasurer to establish such an
40 account for a child who has attended a public school in the State for
41 at least 100 consecutive school days prior to entering into the
42 agreement.

43 After entering into the agreement, the State Treasurer would
44 award a grant on behalf of the child that will be deposited into the
45 education savings account. In the case of a low-income child or a
46 child who received special education services in the school year
47 prior to the agreement, the grant would equal the Statewide
48 equalization aid per pupil for that budget year; for all other

1 students, the grant would equal 90 percent of that amount. Money
2 in an account may be used to pay for tuition and fees charged by a
3 participating entity, required textbooks, tutoring or other teaching
4 services, fees for standardized assessments, special instruction for
5 children who previously received special education services,
6 transportation costs, and curriculum and supplemental materials
7 required to administer the curriculum.

8 The bill defines a “participating entity” as a nonpublic school,
9 institution of higher education, a virtual school, a tutor or tutoring
10 agency, or a parent who has been approved by the State Treasurer to
11 provide educational services that are paid for with money in the
12 education savings account.

13 The agreement between a parent and the State Treasurer would
14 be for one school year, and may be renewed in any subsequent
15 school year in which the child is eligible to enroll in a public
16 school. Any money remaining in an account at the end of a school
17 year would remain in the account for use in the subsequent school
18 year if the agreement is renewed; otherwise, the remaining money
19 would revert to the State treasury.

20 A participating entity that provides instruction that satisfies the
21 State’s compulsory school attendance requirements must administer
22 the grade-level appropriate State assessment to any child for whom
23 the entity receives a payment from an education savings account. If
24 the child is enrolled in a grade for which there is no State
25 assessment, then the child would be administered standardized
26 assessments in English language arts and mathematics. The
27 participating entity would forward the child’s results to the
28 Commissioner of Education for inclusion in the school report cards
29 required under State law.