AN ACT

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

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

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

ARTICLE XX-L
LIFELINE SCHOLARSHIP PROGRAM

Section 2001-L. Scope of article.

This article relates to the Lifeline Scholarship Program.

Section 2002-L. Definitions.

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

"Applicant." A parent who applies for a lifeline scholarship account under section 2003-L(b) on behalf of an eligible student.

"ATTENDANCE BOUNDARY." A GEOGRAPHIC AREA OF RESIDENCE USED BY A SCHOOL DISTRICT TO ASSIGN A STUDENT TO A PUBLIC SCHOOL.

"Average daily membership." As defined in section 2501.

"Department." The Treasury Department of the Commonwealth.

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

"Distance education." Instruction offered by any means where a student and faculty member are in separate physical locations so that in-person communication is absent and communication is accomplished instead by one or more technological media. The term includes real-time or delayed interaction using voice, video, data or text, including instruction provided online, via correspondence or via interactive video. The term does not include independent study or instruction that is not instructor led.

"Eligible postsecondary institution." The term includes all of the following:

(1) A community college operating under Article XIX-A.

(2) A college established under Article XIX-G.

(3) A university within the State System of Higher Education established under Article XX-A.

(4) A State-related institution.

(5) Thaddeus Stevens College of Technology.

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

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

(2) Currently resides within the attendance area.
BOUNDARY of a low-achieving school.

(3) Satisfies one of the following:

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

(ii) Received funds from the program in the preceding school year.

(iii) Will attend first grade for the first time in the next school year.

(iv) Is currently a child in foster care as defined in section 2 of the act of November 23, 2010 (P.L. 1264, No. 119), known as the Children in Foster Care Act.

(v) Is a child whose adoption decree was entered not more than one year prior to submission of the application under section 2003-L(b).

(vi) Is a child whose parent is on full-time active-duty status in the armed forces of the United States, including a member of the National Guard and reserve on active duty orders under 10 U.S.C. §§ 12301 et seq. (relating to reserve components generally) and 12401 et seq. (relating to Army and Air National Guard of the United States: status).

"Institution of higher education." The term includes the following:

(1) An eligible postsecondary institution.

(2) An institution of higher education located in and incorporated or chartered by the Commonwealth and entitled to confer degrees as specified in 24 Pa.C.S. § 6505 (relating to power to confer degrees) and as provided for by the standards and qualifications prescribed by the State Board of Education under 24 Pa.C.S. Ch. 65 (relating to private colleges,
universities and seminaries).

(3) A private school licensed under the act of December 15, 1986 (P.L.1585, No.174), known as the Private Licensed Schools Act.

"Lifeline scholarship account." A spending account established and administered by the department and controlled by a parent for an eligible student with money that may only be spent on a qualified education expense as provided for under section 2005-L.

"Low-achieving school." As defined under section 2002-B. A public school that ranked in the lowest 15% of the school's designation as an elementary school or a secondary school based on combined mathematics and reading scores from the annual assessment administered in the previous school year and for which the department has posted results on the department's publicly accessible internet website.

"Nonpublic school." A nonprofit school, other than a public school, located in this Commonwealth where a resident of this Commonwealth may legally fulfill the compulsory attendance requirements of this act that complies with section 1521 and meets the applicable requirements of Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

"Parent." An individual who:

(1) is a current resident of this Commonwealth; and

(2) either:

(i) has legal custody or guardianship of an eligible student; or

(ii) keeps in the individual's home an eligible student and supports the student gratis as if the student were a lineal descendant of the individual.
"Participating entity."

(1) Any of the following where an eligible student receives instruction or support:

(i) A nonpublic school for grade one through grade twelve, or a combination of grades.

(ii) An institution of higher education.

(iii) A distance learning program.

(iv) A tutor who is a teacher certified in a state, has tutored or taught at an eligible postsecondary institution or an eligible nonpublic school or is a subject matter expert or a tutor or tutoring agency otherwise approved by the Department of Education.

(v) A school counselor who is certified by the Commonwealth to work with school-aged children.

(vi) A provider of curriculum that adheres to education laws of the Commonwealth.

(2) The term does not include a parent to the extent that the parent provides educational services directly to the parent's child.

"Program." The Lifeline Scholarship Program established under section 2003-L(a).

"Public school." A school district, charter school, cyber charter school, regional charter school, intermediate unit or area career and technical school.

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

"School-age child." An individual six to 21 years of age who currently resides in this Commonwealth.

"State-related institution." The Pennsylvania State University, including the Pennsylvania College of Technology,
the University of Pittsburgh, Temple University and Lincoln University, and any other institution designated as State-related by the Commonwealth.

"Student with special needs." A child who:

(1) is subject to an individualized education program under the Individuals with Disabilities Education Act (Public Law 91-230, 20 U.S.C. § 1400 et seq.) and 22 Pa. Code Ch. 14 (relating to special education services and programs);

(2) is subject to a section 504 service agreement under section 504 of the Rehabilitation Act of 1973 (Public Law 93-112, 29 U.S.C. § 701 et seq.) and 22 Pa. Code Ch. 15 (relating to protected handicapped students);

(3) is subject to a gifted individualized education plan under 22 Pa. Code Ch. 16 (relating to special education for gifted students); or

(4) meets the definition of "child with a disability" under the Individuals with Disabilities Education Act or meets the definition of a "handicapped person" under section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 34 CFR § 104.3(j) (relating to definitions).

This paragraph includes a student for whom an evaluation is pending under either the Individuals with Disabilities Education Act or the Rehabilitation Act of 1973.

Section 2003-L. Establishment, application and agreement.

(a) Establishment.--Beginning with the 2022-2023 school year, the Lifeline Scholarship Program is established as a program of the department.

(b) Application form.--By July 15, 2022, the department shall develop an application form that can be accessed from and submitted electronically on the department's publicly accessible
Internet website. The form may not exceed one page that measures
8.5 inches by 11 inches.

(c) Review, approval and appeal.--

(1) An application must be submitted by the applicant to
the department for review. An eligible student shall be
accepted into the program if the student meets the
requirements of this article.

(2) Within 30 days of receipt of an application, the
department shall notify the resident school district and the
parent of a student's acceptance or nonacceptance into the
program.

(3) A parent may appeal the department's decision to
deny acceptance into the program within 30 days of issuance
of the decision. The appeal shall be governed by 2 Pa.C.S.
Chs. 1 (relating to general provisions), 5 (relating to
practice and procedure) and 7 (relating to judicial review).

(d) Agreement.--

(1) If the department approves an application, the
department shall enter into an agreement with the applicant.
The agreement shall provide the following:

(i) The eligible student shall withdraw from public
school and receive instruction in this Commonwealth from
a participating entity for the school year for which the
agreement applies.

(ii) The eligible student may not accept a
scholarship in the educational improvement tax credit
program under Article XX-B or the opportunity scholarship
tax credit program under Article XX-B.

(iii) A grant, in the form of money, will be
deposited into the lifeline scholarship account under
section 2004-L on behalf of the eligible student.

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

(2) Failure of a parent to enter into an agreement on behalf of the eligible student for a school year shall not preclude the parent from entering into an agreement with the department for a subsequent school year if the student is an eligible student.

(e) Term of agreement.--Except as otherwise provided under this article, an agreement entered into under subsection (d) shall be valid for one school year.

(f) Termination.--

(1) Notwithstanding subsection (g), an agreement entered into under subsection (d) may be terminated early by either the parent or the department FOR ANY REASON.

(2) AN AGREEMENT ENTERED INTO UNDER SUBSECTION (D) SHALL BE TERMINATED BY THE DEPARTMENT IF THE PARENT IS FOUND TO HAVE ENGAGED IN FRAUDULENT MISUSE OF A LIFELINE SCHOLARSHIP ACCOUNT. IN SUCH CASE, THE ELIGIBLE STUDENT SHALL BE INELIGIBLE FOR FUTURE PARTICIPATION IN THE PROGRAM. THE PARENT MAY APPEAL THE DEPARTMENT’S DECISION REGARDING TERMINATION AND STUDENT ELIGIBILITY WITHIN 30 DAYS OF ISSUANCE OF THE DECISION. THE APPEAL SHALL BE GOVERNED BY 2 PA.C.S. CHS. 1 (RELATING TO GENERAL PROVISIONS), 5 (RELATING TO PRACTICE AND PROCEDURE) AND 7 (RELATING TO JUDICIAL REVIEW).

(2) If an agreement is terminated early UNDER THIS SUBSECTION, all available money in the lifeline scholarship account shall be repaid to the resident school district within 15 business days after termination.
(g) Automatic termination.--

(1) An agreement entered into under subsection (d) shall terminate automatically if the student no longer resides in this Commonwealth.

(2) The parent shall notify the department if the student no longer resides in this Commonwealth within 15 days of the change of residence.

(3) After the student's parent notifies the department under paragraph (2), money remaining in the lifeline scholarship account shall be repaid to the resident school district within 15 business days after notification.

(h) Renewal.--

(1) Subject to subsection (k), an agreement entered into under subsection (d) may be renewed for each school year for the eligible student.

(2) Failure of a parent to renew an agreement for a school year shall not preclude a parent from renewing the agreement for a subsequent school year if the student remains an eligible student.

(i) Multiple agreements.--A parent may enter into separate agreements under subsection (d) for each eligible student of the parent. Not more than one lifeline scholarship account may be established for an eligible student.

(j) Explanation.--Upon entering into an agreement under subsection (d) or renewing an agreement under subsection (h), the department shall provide the parent with a written explanation of the authorized uses of the money in the lifeline scholarship account and the responsibilities of the parent and the department under the agreement and this article.
For the 2022-2023 school year, a parent may apply between July 15, 2022, and August 15, 2022, for acceptance to the program.

For each school year thereafter, a parent may apply or seek renewal between March 1 and April 1 for the following school year.

The department shall notify parents and school districts of approved applications within 30 days of receipt of an application.

Section 2004-L. Lifeline scholarship account.

(a) Establishment.--If an agreement is entered into under section 2003-L(d), the department shall establish a lifeline scholarship account for the eligible student. The account shall be administered by the department in accordance with this article.

(b) Deposit of grant.--

(1) Upon establishment of a lifeline scholarship account, the State Treasurer shall deposit a grant for that school year in the scholarship account for the eligible student in accordance with subsection (c). The amount of the grant shall be as follows:

(i) For a student who is not a student with special needs, the grant amount shall be equal to the total State revenue received by all school districts minus total State transportation subsidies received by all school districts divided by the average daily membership of all school districts based on the most recent annual financial report published by the Department of Education.

(ii) For an eligible student who is a student with...
special needs for which expenditures have been reported under section 1372(8), the grant amount shall be calculated by multiplying the amount in subparagraph (i) by the category weight multiplier assigned to the student to determine the weighted special education student headcount under section 2509.5(bbb).

(iii) For a student with special needs for which expenditures are not reported under section 1372(8), the grant amount shall be calculated using the Category 1 multiplier under section 2509.5(bbb).

(2) For an eligible student receiving a grant, the amount of State subsidies paid by the Department of Education to the resident school district shall be reduced by the grant amount calculated for the eligible student.

(3) A student receiving a grant under this section shall be included in the average daily membership of the student's resident school district for the purpose of providing State subsidies under Article XXV.

(4) Nothing in this section shall be construed to reduce a school district's revenue originating from Federal or local sources or sources other than State revenue.

(c) Installments.--The department shall deposit the money for each grant on a schedule determined by the department in consultation with the Department of Education.

(d) Disposition.--The following shall apply to money remaining in a lifeline scholarship account:

(1) For money remaining in a lifeline scholarship account at the end of a school year, the money may be carried forward to an ensuing school year for the eligible student if the agreement entered into under section 2003-L(d) is
(2) Subject to paragraph (3), money remaining in a lifeline scholarship account when an agreement entered into under section 2003-L(d) is not renewed or is terminated shall be repaid to the resident school district within 15 business days of nonrenewal or termination.

(3) Money remaining in a lifeline scholarship account after the eligible student graduates from high school may only be used for qualified education expenses at an eligible post-secondary institution for a two-year period after graduation subject to the following:

(i) The parent or eligible student shall notify the department of the student's intent to utilize money remaining in the account for qualified education expenses at an eligible post-secondary institution within 30 days of graduation from high school.

(ii) If notification is not received within the 30-day time period, the lifeline scholarship account shall be terminated and the money remaining in the scholarship account shall be repaid to the resident school district within 15 days from the end of the notification period.

(iii) Upon the expiration of the two-year time period under this paragraph, the lifeline scholarship account shall be terminated and the money remaining in the scholarship account shall be repaid to the resident school district within 15 days from the expiration date.

Section 2005-L. Qualified education expenses.--

(a) General rule.--Money deposited in a lifeline scholarship account may be used to pay for any of the following qualified expenses incurred by or associated with the eligible student:
(1) Tuition, fees and uniforms required by a participating entity.

(2) Textbooks or uniforms required by a participating entity.

(3) Fees for tutoring or other teaching services provided by a participating entity.

(4) Fees for a nationally norm-referenced test, advanced placement or similar examination or standardized examination required for admission to an institution of higher education and career and technical education examination fees.

(5) Curriculum, textbooks or other instructional materials.

(6) Hardware, software and Internet connectivity associated with instruction or a qualifying expense described in this subsection.

(7) If the eligible student is a student with a disability, fees for special instruction or special services provided to the eligible student, including occupational, physical, speech and behavioral therapies.

(8) Costs associated with evaluation and identification of special needs.

(9) Other qualified educational expenses approved by the department.

(b) Prohibitions.--A participating entity that receives a payment for qualified education expenses authorized under subsection (a) may not refund, rebate or otherwise directly share any portion of the payment with the parent who made the payment.

(c) Refund.--A participating entity shall deposit into the
lifeline scholarship account a refund for an item that is being
returned or an item or service that has not been provided
directly to the lifeline scholarship account of the eligible
student from which payment for the item or service was made.
(d) Payment system.--The department shall develop a system
that enables a parent to pay for services provided by
participating entities under the program by electronic money
transfer.
(e) Source of payment.--
(1) An individual may not deposit personal money into or
otherwise make gifts or contributions of private money to a
lifeline scholarship account.
(2) Nothing in this section shall be construed to
prohibit a parent or eligible student from paying for
qualified education expenses from a source other than the
lifeline scholarship account.
(f) Tax consequences and status of awards.--
(1) The money in a lifeline scholarship account is not
taxable income to the parent or eligible student.
(2) An award made to or funds expended from a lifeline
scholarship account may not be construed to be an
appropriation or financial assistance to the eligible
student's chosen school.
Section 2006-L. Duties of the department.
(A) GENERAL RULE.--The department shall:
(1) Develop guidelines, in consultation with the
Department of Education, as necessary for the administration
of this article within 60 days of the effective date of this
section.
(2) Determine whether to solicit requests for proposals
from private financial management firms to manage some or all parts of the program.

(3) In the department's discretion, deduct an amount from the grants to lifeline scholarship accounts necessary to pay the costs of overseeing the accounts and administering the program up to a limit of 3% of the grants.

(4) Establish reasonable fees for private financial management firms that manage the accounts based upon market rates.

(5) Make payments to the accounts on a schedule to be determined by the department, in consultation with the Department of Education, each year of participation in the program.

(6) Develop a system to allow parents to pay for services by electronic funds transfer, including debit cards, electronic payment systems or other means of electronic payment that the department determines to be commercially viable, cost effective and easily understandable and usable by parents. The department shall not adopt a system that exclusively requires parents to be reimbursed for out-of-pocket expenses.

(7) Develop a process by which participating schools may inform the department of their interest in participating in the program and demonstrate their compliance with the requirements of this article.

(8) Ensure that eligible students and their parents are informed annually of the participating schools in the program by posting a list of participating schools on the department's publicly accessible Internet website by July 15, 2022, and by March 1 of each year thereafter.
If a parent is found to have engaged in fraudulent misuse of a lifeline scholarship account, terminate the account. In such case, the eligible student shall be ineligible for future participation in the program and the remaining money in the lifeline scholarship account shall be repaid to the resident school district within 15 business days. A parent may appeal the department's decision regarding termination and student eligibility within 30 days of issuance of the decision. The appeal shall be governed by 2 Pa.C.S. Chs. 1 (relating to general provisions), 5 (relating to practice and procedure) and 7 (relating to judicial review).

(B) THIRD PARTY ADMINISTRATION.--THE DEPARTMENT MAY CONTRACT WITH A THIRD PARTY TO ADMINISTER THE PROGRAM.

Section 2007-L. Duties of the Auditor General.

The Auditor General shall:

(1) Conduct random audits of lifeline scholarship accounts on an annual basis.

(2) Refer cases of suspected fraudulent misuse of lifeline scholarship accounts to law enforcement agencies for investigation.

(3) Notify the department of cases of suspected fraudulent misuse that are referred to law enforcement.

Section 2008-L. Accountability standards for a participating entity.

(a) Duties of participating entities.--A participating entity shall:

(1) Hold a valid occupancy permit if required by the municipality in which the participating entity is located.

(2) Comply with the nondiscrimination policies specified
in 42 U.S.C. § 1981 (relating to equal rights under the law) and with section 1521.

(3) Comply with the provisions of sections 111 and 111.1.

(b) Financial accountability standards.--

(1) A participating entity shall provide parents with a receipt for all qualifying expenses incurred by the participating entity.

(2) The department may require a participating entity that expects to receive at least $10,000 in payments from lifeline scholarship accounts during the school year to file financial viability documentation. The financial viability documentation may include:

(i) a surety bond payable to the Commonwealth in an amount equal to the aggregate amount of money from the lifeline scholarship accounts expected to be paid during the school year on behalf of eligible students admitted at the participating entity; or

(ii) financial information that demonstrates that the participating entity has the ability to pay an aggregate amount equal to the amount of money from the lifeline scholarship accounts expected to be paid during the school year on behalf of eligible students admitted to the participating entity.

(c) Academic accountability standards.--

(1) A parent of an eligible student shall ensure that the department is informed of the eligible student's graduation from high school.

(2) The department shall:

(i) Ensure compliance with all student privacy laws,

(ii) Administer an annual parental satisfaction survey that shall ask parents of eligible students participating in the program to express:

(A) The parent's satisfaction with the program.

(B) The number of years the eligible student has participated in the program.

(C) The parent's opinions on other topics, items or issues that the department determines would elicit information about the effectiveness of the program.

(d) Participating entity autonomy.--

(1) For purposes of this article, a participating entity shall be autonomous and is not an agent of the department or the Commonwealth.

(2) Neither the department nor other State agency may regulate the educational program of a participating entity that accepts money from a lifeline scholarship account.

(3) The establishment of the program may not be construed to expand the regulatory authority of the State, the officers of the State or a school district to impose additional regulations of a participating entity beyond those necessary to enforce the requirements of the program.

Section 2009-L. Bar of certain participating entities.

(a) General rule.--The department may bar a participating entity from participation in the program if the department establishes that the participating entity has:

(1) routinely failed to comply with the accountability standards established in section 2008-L; or

(2) failed to provide an eligible student with the
(a) School records.--A resident school district shall provide a participating entity that has admitted an eligible student participating in the program with a complete copy of the student's school records immediately upon the student's enrollment or when services in the participating entity begin, subject to the Family Educational Rights and Privacy Act of 1974 (Public Law 90-247, 20 U.S.C. § 1232g).

(b) Transportation.--A resident school district shall provide transportation for an eligible student to and from the participating entity under the same conditions as the resident school district provides transportation of other resident students to nonpublic schools under section 1361. The resident school district shall qualify for State transportation reimbursement for each eligible student transported.

Section 2011-L. Legal proceedings.

(a) Liability.--No liability shall arise on the part of the agency, the Commonwealth or a public school or school district...
based on the award or use of a lifeline scholarship account under this article.

(b) Challenges.--If any part of this article is challenged in a State court as violating either the Constitution of the United States or the Constitution of Pennsylvania, parents of eligible students and students who previously had a lifeline scholarship account shall be permitted to intervene as of right in the lawsuit for the purposes of defending the program's constitutionality. For the purposes of judicial administration, a court may require that all parents file a joint brief but may not require all parents to join a brief filed on behalf of a named State defendant.

(c) Severability.--If any provision of this article or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this article which can be given effect without the invalid provision or application and to this end the provisions of this article are declared to be severable.

Section 2. This act shall take effect immediately.