
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1050 Session of
2022

INTRODUCED BY J. WARD, PHILLIPS-HILL, MARTIN, DiSANTO,
MASTRIANO, REGAN AND AUMENT, FEBRUARY 2, 2022

REFERRED TO EDUCATION, FEBRUARY 2, 2022

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.

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 XX-L

13 LIFELINE SCHOLARSHIP PROGRAM

14 Section 2001-L. Scope.

15 This article relates to the Lifeline Scholarship Program.

16 Section 2002-L. 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:

20 "Applicant." A parent who applies for a lifeline scholarship

1 account under section 2003-L(b) on behalf of an eligible
2 student.

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

4 "Department." The Treasury Department of the Commonwealth.

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

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

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

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

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

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

22 (4) A State-related institution.

23 (5) Thaddeus Stevens College of Technology.

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

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

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

28 (3) Satisfies one of the following:

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

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

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

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

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

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

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

20 (1) An eligible postsecondary institution.

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

28 (3) A private school licensed under the act of December
29 15, 1986 (P.L.1585, No.174), known as the Private Licensed
30 Schools Act.

1 (4) A foreign corporation approved to operate an
2 educational enterprise under 22 Pa. Code Ch. 36 (relating to
3 foreign corporation standards).

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

9 "Low-achieving school." As defined under section 2002-B.

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

16 "Parent." An individual who:

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

18 (2) either:

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

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

24 "Participating entity."

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

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

29 (ii) An institution of higher education.

30 (iii) A distance learning program.

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

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

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

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

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

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

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

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

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

27 "Student with special needs." A child who:

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

1 (relating to special education services and programs);

2 (2) is subject to a section 504 service agreement under
3 section 504 of the Rehabilitation Act of 1973 (Public Law 93-
4 112, 29 U.S.C. § 701 et seq.) and 22 Pa. Code Ch. 15

5 (relating to protected handicapped students);

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

9 (4) meets the definition of "child with a disability"
10 under the Individuals with Disabilities Education Act or
11 meets the definition of a "handicapped person" under section
12 504 of the Rehabilitation Act of 1973 and its implementing
13 regulations at 34 CFR § 104.3(j) (relating to definitions).

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

17 Section 2003-L. Establishment, application and agreement.

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

21 (b) Application form.--By May 1, 2022, the department shall
22 develop an application form that can be accessed from and
23 submitted electronically on the department's publicly accessible
24 Internet website. The form may not exceed one page that measures
25 8.5 inches by 11 inches.

26 (c) Review, approval and appeal.--

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

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

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

10 (d) Agreement.--

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

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

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

22 (iii) The parent will receive a grant on behalf of
23 the eligible student, in the form of money deposited
24 under section 2004-L in the lifeline scholarship account.

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

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

1 eligible student.

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

5 (f) Termination.--

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

9 (2) If an agreement is terminated early, all available
10 money in the lifeline scholarship account shall be repaid to
11 the resident school district within 15 business days after
12 termination.

13 (g) Automatic termination.--

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

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

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

24 (h) Renewal.--

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

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

1 an eligible student.

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

6 (j) Explanation.--Upon entering into an agreement under
7 subsection (d) or renewing an agreement under subsection (h),
8 the department shall provide the parent with a written
9 explanation of the authorized uses of the money in the lifeline
10 scholarship account and the responsibilities of the parent and
11 the department under the agreement and this article.

12 (k) Application and renewal period.--

13 (1) For the 2022-2023 school year, a parent may apply
14 between May 1, 2022, and June 1, 2022, for acceptance to the
15 program.

16 (2) For each school year thereafter, a parent may apply
17 or seek renewal between January 1 and April 1 for the
18 following school year.

19 (3) The department shall notify parents and school
20 districts of approved applications within 30 days of receipt
21 of an application.

22 Section 2004-L. Lifeline scholarship account.

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

28 (b) Deposit of grant.--

29 (1) Upon establishment of a lifeline scholarship
30 account, the State Treasurer shall deposit a grant for that

1 school year in the scholarship account for the eligible
2 student in accordance with subsection (c). The amount of the
3 grant shall be as follows:

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

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

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

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

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

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

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

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

9 (1) For money remaining in a lifeline scholarship
10 account at the end of a school year, the money may be carried
11 forward to an ensuing school year for the eligible student if
12 the agreement entered into under section 2003-L(d) is
13 renewed.

14 (2) Subject to paragraph (3), money remaining in a
15 lifeline scholarship account when an agreement entered into
16 under section 2003-L(d) is not renewed or is terminated shall
17 be repaid to the resident school district within 15 business
18 days of nonrenewal or termination.

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

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

29 (ii) If notification is not received within the 30-
30 day time period, the lifeline scholarship account shall

1 be terminated and the money remaining in the scholarship
2 account shall be repaid to the resident school district
3 within 15 days from the end of the notification period.

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

9 Section 2005-L. Qualified education expenses.

10 (a) General rule.--Money deposited in a lifeline scholarship
11 account may be used to pay for any of the following qualified
12 expenses incurred by or associated with the eligible student:

13 (1) Tuition, fees and uniforms required by a
14 participating entity.

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

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

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

23 (5) Curriculum, textbooks or other instructional
24 materials.

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

28 (7) If the eligible student is a student with a
29 disability, fees for special instruction or special services
30 provided to the eligible student, including occupational,

1 physical, speech and behavioral therapies.

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

4 (9) Other valid educational expenses approved by the
5 department.

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

11 (c) Refund.--A participating entity shall deposit into the
12 lifeline scholarship account a refund for an item that is being
13 returned or an item or service that has not been provided
14 directly to the lifeline scholarship account of the eligible
15 student from which payment for the item or service was made.

16 (d) Payment system.--The department shall develop a system
17 that enables a parent to pay for services provided by
18 participating entities under the program by electronic money
19 transfer.

20 (e) Source of payment.--

21 (1) An individual may not deposit personal money into or
22 otherwise make gifts or contributions of private money to a
23 lifeline scholarship account.

24 (2) Nothing in this section shall be construed to
25 prohibit a parent or eligible student from paying for
26 qualified education expenses from a source other than the
27 lifeline scholarship account.

28 (f) Tax consequences and status of awards.--

29 (1) The money in a lifeline scholarship account is not
30 taxable income to the parent or eligible student.

1 (2) An award made to or funds expended from a lifeline
2 scholarship account may not be construed to be an
3 appropriation or financial assistance to the eligible
4 student's chosen school.

5 Section 2006-L. Duties of the department.

6 The department shall:

7 (1) Develop guidelines, in consultation with the
8 Department of Education, as necessary for the administration
9 of this article within 60 days of the effective date of this
10 section.

11 (2) Determine whether to solicit requests for proposals
12 from private financial management firms to manage some or all
13 parts of the program.

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

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

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

25 (6) Develop a system to allow parents to pay for
26 services by electronic funds transfer, including debit cards,
27 electronic payment systems or other means of electronic
28 payment that the department determines to be commercially
29 viable, cost effective and easily understandable and usable
30 by parents. The department shall not adopt a system that

1 exclusively requires parents to be reimbursed for out-of-
2 pocket expenses.

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

7 (8) Ensure that eligible students and their parents are
8 informed annually of the participating schools in the program
9 by posting a list of participating schools on the
10 department's publicly accessible Internet website by May 1,
11 2022, and by March 1 of each year thereafter.

12 Section 2007-L. Duties of the Auditor General.

13 The Auditor General shall:

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

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

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

21 (4) If a parent is found to have engaged in fraudulent
22 misuse of a lifeline scholarship account, the account shall
23 be terminated and the eligible student shall be ineligible
24 for future participation in the program.

25 (5) Upon a finding that a parent engaged in fraudulent
26 misuse of a lifeline scholarship account, the remaining money
27 in the lifeline scholarship account shall be repaid to the
28 resident school district within 15 business days.

29 (6) A parent may appeal the department's decision
30 regarding termination and student eligibility within 30 days

1 of issuance of the decision. The appeal shall be governed by
2 2 Pa.C.S. Chs. 1 (relating to general provisions), 5
3 (relating to practice and procedure) and 7 (relating to
4 judicial review).

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

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

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

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

14 (3) Comply with the provisions of sections 111 and
15 111.1.

16 (b) Financial accountability standards.--

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

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

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

30 (ii) financial information that demonstrates that

1 the participating entity has the ability to pay an
2 aggregate amount equal to the amount of money from the
3 lifeline scholarship accounts expected to be paid during
4 the school year on behalf of eligible students admitted
5 to the participating entity.

6 (c) Academic accountability standards.--

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

10 (2) The department shall:

11 (i) Ensure compliance with all student privacy laws,
12 including the Family Educational Rights and Privacy Act
13 of 1974 (Public Law 90-247, 20 U.S.C. § 1232g).

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

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

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

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

23 (d) Participating entity autonomy.--

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

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

30 (3) The establishment of the program may not be

1 construed to expand the regulatory authority of the State,
2 the officers of the State or a school district to impose
3 additional regulations of a participating entity beyond those
4 necessary to enforce the requirements of the program.

5 Section 2009-L. Bar of certain participating entities.

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

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

11 (2) failed to provide an eligible student with the
12 educational services funded by the eligible student's
13 lifeline scholarship account.

14 (b) Notice.--If the department bars a participating entity
15 from participation in the program, the department shall post the
16 decision on the department's publicly accessible Internet
17 website.

18 (c) Appeal.--A participating entity may appeal the
19 department's decision to bar its participation in the program
20 within 30 days of issuance of the decision. The appeal shall be
21 governed by 2 Pa.C.S. Chs. 1 (relating to general provisions), 5
22 (relating to practice and procedure) and 7 (relating to judicial
23 review).

24 Section 2010-L. Duties of resident school districts.

25 (a) School records.--A resident school district shall
26 provide a participating entity that has admitted an eligible
27 student participating in the program with a complete copy of the
28 student's school records immediately upon the student's
29 enrollment or when services in the participating entity begin,
30 subject to the Family Educational Rights and Privacy Act of 1974

1 (Public Law 90-247, 20 U.S.C. § 1232g).

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

9 Section 2011-L. Legal proceedings.

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

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

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

30 Section 2. This act shall take effect immediately.