

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: S4/9/25 H4/15/25

A Bill

SENATE BILL 625

By: Senator B. Davis
By: Representative Brooks

For An Act To Be Entitled

AN ACT TO AMEND PROVISIONS OF THE ARKANSAS CODE
CONCERNING THE ARKANSAS CHILDREN'S EDUCATIONAL
FREEDOM ACCOUNT PROGRAM; TO DECLARE AN EMERGENCY; AND
FOR OTHER PURPOSES.

Subtitle

TO AMEND PROVISIONS OF THE ARKANSAS CODE
CONCERNING THE ARKANSAS CHILDREN'S
EDUCATIONAL FREEDOM ACCOUNT PROGRAM; AND
TO DECLARE AN EMERGENCY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 6-18-2503(11), concerning the definition of "qualifying expenses" under the Arkansas Children's Educational Freedom Account Program, is amended to read as follows:

(11) "Qualifying expenses" means expenses that include the following:

~~(A)(i) For the 2023-2024 school year, "qualifying expenses" shall include:~~

~~(a)(A) Tuition;~~

~~(b)(B) Fees;~~

~~(c)(C) The cost of testing under this subchapter;~~

~~(d)(D) The cost of required school uniforms, if any, at a participating school; and~~

(E) Reasonable costs associated with co-curricular courses in the fine arts, music, or STEM fields if the co-curricular course is



offered by a public school within the state;

~~(e)(F)~~ Expenses determined by a participating school to be necessary for the education of a participating student and required to be paid by a participating student who is enrolled in the participating school, including without limitation expenses related to:

~~(1)(i)~~ Supplies;

~~(2)(ii)~~ Equipment; and

~~(3)(iii)~~ ~~Access to technology;~~ and

~~(4)~~ Services provided by or at the participating school;

~~(ii)~~ ~~“Qualifying expenses” shall not mean optional expenses payable to a third party; and~~

~~(B)~~ ~~Beginning with the 2024-2025 school year and each year thereafter, “qualifying expenses” shall include those listed under subdivision (11)(A) of this section and include the following:~~

~~(i)(G)~~ Instructional materials required for either in-person or virtual instruction provided by a participating service provider or participating school;

~~(ii)(H)~~ Instructional or tutoring services;

~~(iii)(I)~~ Curriculum;

~~(iv)(J)~~ Supplemental materials or supplies required by a course of study for a particular content area;

~~(v)(K)~~ Fees for:

~~(a)(i)~~ Courses and associated examinations for college credit; and

~~(b)(ii)~~ Any examination related to postsecondary educational institution admission;

~~(vi)(L)~~ Fees for:

~~(a)(i)~~ Courses and associated examinations for career training; and

~~(b)(ii)~~ Any examination required in order to obtain an industry-based credential;

~~(vii)(M)(i)~~ Educational services provided by a licensed or accredited practitioner or participating service provider to a participating student who is a student with a disability.

(ii) Educational services provided under subdivision

(11)(M)(i) of this section may be provided in a nontraditional setting that has been recommended and approved by a licensed or accredited practitioner or physician for a participating student who is a student with a disability;

~~(viii)~~(N) Fees for account management by participating service providers;

~~(ix)(a)~~(O)(i) Technological devices used to meet a participating student's educational needs, which shall not include:

~~(1)~~(a) A television;

~~(2)~~(b) A video game console or accessory; ~~or~~

~~(3)~~(c) Home theater or audio equipment; or

(d) A telephone, cell phone, or other

communication device unless the telephone, cell phone, or other communication device is for a student with a disability who is unable to communicate through other means or is required as part of an academic modification as specified by a clinician.

~~(b)~~(ii) Technological devices under subdivision ~~(11)(B)~~~~(ix)(a)~~ (11)(O)(i) of this section are subject to approval by the Department of Education or a licensed physician;

~~(x)~~Costs (P) Reasonable costs, not to exceed twenty-five percent (25%) of the funds allocated to a student's account in a fiscal year, that are associated with transportation to and from a participating service provider or participating school; and

(Q) Reasonable costs, not to exceed twenty-five percent (25%) of the funds allocated to a student's account in a fiscal year, for extracurricular activities, physical education activities, or educational field trips that occur within the State of Arkansas; and

~~(xi)~~(R) Any other educational expense approved by the Division of Elementary and Secondary Education.

SECTION 2. Arkansas Code § 6-18-2503, concerning the definition of "qualifying expenses" under the Arkansas Children's Educational Freedom Account Program, is amended to add additional subdivisions to read as follows:

(12) "Course" means a discrete program of study that follows a predetermined syllabus or specification;

(13) "Completed student application" means:

(A) A fully finished online application that includes all required fields completed and all applicable documentation attached to the application for the Department of Education to determine the potential award status of an applicant; or

(B) A fully finished paper application that:

(i) Includes all required fields completed and all applicable documentation attached to the application for the department to determine the potential award status of an applicant; and

(ii) Bears a postmark indicating that it was placed in transit with the United States Postal Service or other common carrier before the application deadline; and

(14) "School year" means the duration of school from July 1 through June 30.

SECTION 3. Arkansas Code § 6-18-2505(b)-(f), concerning account funds under the Arkansas Children's Educational Freedom Account Program, are amended to read as follows:

(b)(1) ~~For the 2023-2024 school year, on~~ On behalf of participating students enrolled in participating schools or with participating service providers and at the direction of a participating student's parent, the Department of Education shall make ~~four (4) equal payments in quarterly installments~~ disbursements from the participating student's account to the participating school or participating service provider in which the participating student is enrolled for ~~tuition, fees, and costs associated with testing and uniforms~~ qualifying expenses.

(2) The department may:

(A) Contract with a vendor or provider to manage the payment system used for purposes of implementing this subsection; and

(B) Withhold up to five percent (5%) of funds allocated for each account annually for the administration of the Arkansas Children's Educational Freedom Account Program.

(c) ~~For the 2023-2024 school year, if a participating student is enrolled full-time in a participating school or with a participating service provider and the total amount of tuition, fees, testing, and uniform costs is less than the amount determined under subsection (a) of this section, the amount allocated to the student shall be the lesser amount.~~

~~(d)~~ Account funds shall:

(1)(A) Not be refunded, rebated, or shared with a parent or participating student in any manner.

(B) Any refund or rebate for goods or services purchased with account funds shall be credited directly to the participating student's account; and

(2) Be used only for qualifying ~~education~~ expenses for a participating student.

~~(e)(1)(d)(1)~~ ~~Beginning with the 2024-2025 school year and each year thereafter, the~~ The department shall develop a system for parents to direct account funds to participating schools and participating service providers by electronic funds transfer, automated clearinghouse transfer, debit card, or another system.

(2) The department may:

(A) Contract with a vendor or provider, including without limitation a private institution, to manage the payment system used for purposes of implementing this subsection; and

(B) ~~Withhold up to five percent (5%)~~ Permit a vendor, pursuant to contract, to withhold up to two percent (2%) of funds allocated for each account annually for the administration of the Arkansas Children's Educational Freedom Account Program.

(3) The department shall:

(A) Not adopt a payment system under this subsection that relies exclusively on requiring parents to be reimbursed for out-of-pocket expenses; and

(B) Ensure a payment system developed under this subsection provides maximum flexibility to parents by facilitating direct payments to participating service providers and requests for ~~preapproval of~~ and reimbursements for qualifying expenses.

~~(f)(1)(e)(1)(A)~~ An account shall remain in force, and any unused funds shall roll over from quarter-to-quarter and from year-to-year, until one (1) or more of the following occurs:

~~(A)(i)~~ A parent withdraws his or her participating student from the ~~program~~ Arkansas Children's Educational Freedom Account Program;

~~(B)(ii)~~ A participating student graduates from high school; ~~or~~

~~(C)(iii)~~ The end of the school year if a participating student turns twenty-one (21) years of age, ~~whichever occurs first~~ during the school year;

(iv) A participating student is expelled from a participating school; or

(v) A participating student is otherwise rendered ineligible to participate in the Arkansas Children's Educational Freedom Account Program.

(B) If a participating student's account is closed following the occurrence of an event under subdivision (e)(1)(A)(iv) or (e)(1)(A)(v) of this section, the participating student's parent may appeal the division's decision to close the participating student's account to the state board according to rules promulgated by the state board.

(2) An account shall be closed before an event occurs under subdivision ~~(f)(1)~~ (e)(1) of this section if the State Board of Education finds:

(A) A ~~substantial~~ Evidence of intentional misuse of account funds according to rules promulgated by the division; or

(B) That a parent has failed to comply with this subchapter or state board rules governing the Arkansas Children's Educational Freedom Account Program.

(3)(A) Any unused funds shall revert to the division and be allocated to fund other accounts.

(B) The division may pursue the collection of account funds when evidence of intentional misuse of account funds according to rules promulgated by the division has been shown through all means permitted by law.

~~(B)(i)~~(C)(i) There shall be a maximum amount of funds allowed to remain in each participating student's account.

(ii) The state board may establish rules to determine the:

(a) Maximum amount of funds allowed under subdivision ~~(f)(3)(B)(i)~~ (e)(3)(C)(i) of this section; and

(b) Process by which account funds will be returned to the appropriate fund within the department.

SECTION 4. Arkansas Code § 6-18-2505, concerning account funds under the Arkansas Children's Educational Freedom Account Program, is amended to add an additional subsection to read as follows:

(k)(1)(A) The division shall provide a time frame for the submission of applications under this subchapter that shall begin for the initial application period no sooner than February 1 and finish no later than June 1 for an upcoming school year.

(B) The division shall promulgate rules for an applicant who meets criteria established by the division and who submits an application under this subchapter outside the time frame established by subdivision (k)(1)(A) of this section, including without limitation an applicant who moves:

(i) To this state from another state; or

(ii) From an area of this state that does not have a participating school to an area of this state that does have a participating school.

(2) At the time of submitting a completed student application, an applicant shall indicate whether he or she will attend a private school or file a notice of intent to home school.

(3) If an applicant changes from one (1) participating school to another participating school, the applicant shall not be entitled to any increase in funding under this subchapter.

SECTION 5. Arkansas Code § 6-18-2506 is amended to read as follows:

6-18-2506. Student eligibility – Initial and continuing.

(a) A Beginning with the 2025-2026 school year, a student is initially eligible for an account if the student:

(1) Has a parent who is a resident of the State of Arkansas as defined by § 6-18-202; and

(2) Is eligible to enroll in a public elementary or secondary school in this state; ~~and.~~

~~(3) Meets the following criteria:~~

~~(A)(i) For the 2023-2024 school year, a student shall be eligible if the student is at least one (1) of the following:~~

~~(a) A student with a disability identified under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et~~

~~seq., as it existed on January 1, 2023;~~

~~(b)—A student who is considered homeless under the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431 et seq., as it existed on January 1, 2023;~~

~~(c)—A foster child or a former foster child;~~

~~(d)(1)—A student who is currently participating in the Succeed Scholarship Program, § 6-41-901 et seq. [repealed].~~

~~(2)—A student who participated in the Succeed Scholarship Program during the 2022-2023 school year and elects to enroll in the Arkansas Children's Educational Freedom Account Program under this subchapter shall receive one hundred percent (100%) of the prior year's statewide foundation funding amount allotted per student under § 6-20-2305 until:~~

~~(A)—The participating student graduates from high school;~~

~~(B)—The participating student receives a certificate of completion; or~~

~~(C)—An event that requires an account to be closed under § 6-18-2505(f)(1) or § 6-18-2505(f)(2) occurs;~~

~~(e)—A child of active-duty uniformed service personnel, as identified under Title 10, Title 32, Title 33, or Title 42 of the United States Code;~~

~~(f)—A student who was enrolled in the previous school year in a:~~

~~(1)—Public school that has a rating of "F" under §§ 6-15-2105 and 6-15-2106 and State Board of Education rules; or~~

~~(2)—Public school district classified as in need of Level 5—Intensive support under § 6-15-2913 or § 6-15-2915; or~~

~~(g)—A student who is enrolling in kindergarten for the first time.~~

~~(ii)(a)—For the 2023-2024 school year, a maximum of one and five tenths percent (1.5%) of the 2022-2023 total public school student enrollment may be approved to participate in the Arkansas Children's Educational Freedom Account Program.~~

~~(b)—However, the number of students approved~~

~~to participate in the Arkansas Children's Educational Freedom Account Program under subdivision (a)(3)(A)(ii)(a) of this section shall not exceed the amount of funds made available for the Arkansas Children's Educational Freedom Account Program;~~

~~(B)(i) For the 2024-2025 school year, student eligibility shall expand to include students who meet at least one (1) of the following:~~

~~(a) All students who are eligible under subdivision (a)(3)(A) of this section;~~

~~(b) Students who were enrolled in the prior school year in public schools rated "D" or "F" under §§ 6-15-2105 and 6-15-2106 and state board rules; and~~

~~(c) Students whose parents are:~~

~~(1) Veterans as identified under Title 38 of the United States Code;~~

~~(2) In the uniformed service reserve components;~~

~~(3) First responders; or~~

~~(4) Law enforcement officers.~~

~~(ii)(a) For the 2024-2025 school year, a maximum of three percent (3%) of the 2022-2023 total public school student enrollment may be approved to participate in the Arkansas Children's Educational Freedom Account Program.~~

~~(b) The number of students approved to participate in the Arkansas Children's Educational Freedom Account Program under subdivision (a)(3)(B)(ii)(a) of this section shall:~~

~~(1) Include any students who are continuing to participate in the Arkansas Children's Educational Freedom Account Program from the 2023-2024 school year; and~~

~~(2) Not exceed the amount of funds made available for the Arkansas Children's Educational Freedom Account Program; and~~

~~(C)(i) For the 2025-2026 school year and each year thereafter, any resident of this state who is eligible to enroll in a public elementary or secondary school shall be eligible.~~

~~(ii) Beginning with the 2025-2026 school year, there shall be no limitation on student participation in the Arkansas Children's~~

~~Educational Freedom Account Program.~~

~~(b) In any year in which funds are insufficient to fund all applications for new accounts, first priority shall be given to students who are eligible under subdivision (a)(3)(A) of this section, followed by students eligible under subdivision (a)(3)(B) of this section. Beginning with the 2025-2026 school year and each year thereafter, for any year in which funds are insufficient to fund all applications for new accounts under this subchapter, priority shall be given according to the following schedule by category first and then by submission time of a completed student application:~~

~~(1) A student who participated in the Arkansas Children's Educational Freedom Account Program during the previous school year;~~

~~(2) A student who participated in the Succeed Scholarship Program during the 2022-2023 school year;~~

~~(3) A student with a disability identified under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2025;~~

~~(4) A student who is considered homeless under the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431 et seq., as it existed on January 1, 2025;~~

~~(5) A foster child;~~

~~(6) A student who was enrolled in the previous school year in a public school that has a rating of "D" or "F" under §§ 6-15-2105 and 6-15-2106 and State Board of Education rules;~~

~~(7) A student whose parent is active-duty military, veterans identified under Title 38 of the United States Code, or current or former members of the Arkansas National Guard;~~

~~(8) A student who is or has a parent who is a law enforcement officer;~~

~~(9) A student who is or has a parent who is a first responder;~~

~~(10) A student who is enrolling in kindergarten or first grade for the first time; and~~

~~(11) Any other student for whom none of the categories under subdivisions (b)(1)-(10) of this section is applicable.~~

~~(c) In any year in which funds are insufficient to fund all continuing accounts, priority shall be given to students who have been in the Arkansas~~

~~Children's Educational Freedom Account Program the longest after priority has been given to students identified under subsection (b) of this section.~~

~~(d)~~ The ~~State Board of Education~~ state board shall promulgate rules:

(1) For the implementation of the Arkansas Children's Educational Freedom Account Program; and

(2) To effectively and efficiently administer the Arkansas Children's Educational Freedom Account Program, including without limitation:

(A) The awarding of funds to participating students;

(B) The oversight of the Arkansas Children's Educational Freedom Account Program; and

(C) Any other necessary aspects for the operation of the Arkansas Children's Educational Freedom Account Program.

~~(e)(1)(d)(1)~~ Except as provided under subdivision ~~(e)(2)~~ (d)(2) of this section, a participating student may only participate in and receive funds from one (1) of the following:

(A) The Arkansas Children's Educational Freedom Account Program established by this subchapter; or

(B) The Philanthropic Investment in Arkansas Kids Program Act, § 6-18-2301 et seq.

(2)(A) A student with a disability as described by subdivision ~~(a)(3)(A)(i)(a)~~ (b)(3) of this section who has an annual family income that is less than or equal to two hundred percent (200%) of the federal poverty guidelines as determined annually in the Federal Register by the United States Department of Health and Human Services under 42 U.S.C. § 9902(2), as required under the Philanthropic Investment in Arkansas Kids Program may receive funds from both the Arkansas Children's Educational Freedom Account Program established by this subchapter and the Philanthropic Investment in Arkansas Kids Program.

(B) However, a student who qualifies under subdivision ~~(e)(2)(A)~~ (d)(2)(A) of this section may receive funds from both the Arkansas Children's Educational Freedom Account Program established by this subchapter and the Philanthropic Investment in Arkansas Kids Program only to the extent necessary to cover qualifying expenses.

~~(f)(e)~~ The student's parent shall submit an application for an account to the Department of Education in accordance with Arkansas Children's Educational Freedom Account Program timelines established by the ~~department~~

Department of Education.

~~(g)(1)~~(f)(1) The ~~department~~ Department of Education shall create a standard form that a parent may submit to establish his or her child's eligibility for the ~~program~~ Arkansas Children's Educational Freedom Account Program.

(2) The ~~department~~ Department of Education shall ensure that the standard form required under subdivision ~~(g)(1)~~ (f)(1) of this section is publicly available and may be submitted through various sources, including without limitation the internet.

~~(h)(1)~~(g)(1) As part of the application, a parent shall sign an agreement promising each of the following without limitation:

(A)(i) Not to enroll his or her child full-time in a public school while his or her child is participating in the Arkansas Children's Educational Freedom Account Program.

(ii) However, a participating student may take approved courses at a public school participating as an approved provider;

(B) To use account funds only for qualifying expenses of the participating student;

(C) To comply with all Arkansas Children's Educational Freedom Account Program requirements as established by the ~~department~~ Department of Education according to state board rules; and

(D) Beginning with the 2024-2025 school year, in the case of any account used for qualifying educational expenses not associated with full-time enrollment in a participating school or a participating service provider, to agree to provide an education for his or her participating student in at least the subjects of English language arts, mathematics, social studies, and science.

(2) The signed agreement required under subdivision ~~(h)(1)~~ (g)(1) of this section shall satisfy the compulsory school attendance requirements of § 6-18-201.

~~(i)~~(h) The ~~division~~ Division of Elementary and Secondary Education shall:

(1) Continue making deposits into a participating student's account until:

(A) The division determines that the participating student is no longer an eligible student;

(B) The division determines that there was ~~substantial~~ evidence of intentional misuse of account funds, as defined by the state board;

(C) A parent or a participating student withdraws from the Arkansas Children's Educational Freedom Account Program;

(D) A participating student enrolls full-time in a public school;

(E) A participating student graduates from high school; ~~or~~

(F) A participating student completes the school year in the year in which he or she turns twenty-one (21) years of age; or

(G) The division determines a parent or participating student has committed fraudulent conduct;

(2) Provide parents with a written explanation of the:

(A) Allowable uses of funds;

(B) Responsibilities of parents; and

(C) Duties of the division and the role of any private financial management firms or other private organizations that the ~~department~~ Department of Education may contract with to administer the Arkansas Children's Educational Freedom Account Program or any aspect of the Arkansas Children's Educational Freedom Account Program; and

(3) Annually fund a participating student's account as funds are available and in accordance with this law and state board rules.

~~(j)(1)(i)(1)~~ Upon notice to the division, a participating student may choose to stop receiving funds disbursed under this subchapter and enroll full-time in a public school.

(2)(A) Enrolling as a full-time student in a public school shall result in the immediate suspension of payment of additional funds into the participating student's account.

~~(B)(i) However, for accounts that have been open for at least one (1) full academic year, the account shall remain open and active for the parent of a former participating student to make qualifying expenditures to educate the student from funds remaining in the account.~~

~~(ii) When no funds remain in the former participating student's account, the division may close the account~~ The division shall close the participating student's account after the payment of all liabilities incurred before the participating student enrolls full-time

in a public school.

~~(3)(A) If a former participating student decides to return to the Arkansas Children's Educational Freedom Account Program and is a current eligible student, payments into the former participating student's existing account may resume if the account is still open and active.~~

~~(B) A new account may be established if the a former participating student's previous account was closed for any reason other than intentional misuse of account funds or fraudulent conduct.~~

~~(k)(j) The state board and the ~~department~~ Department of Education may adopt rules to provide the least disruptive process for a participating student who desires to stop receiving funds disbursed under this subchapter and enroll full-time in a public school.~~

SECTION 6. Arkansas Code § 6-18-2507(a)(1)(B) and (C), concerning private school eligibility requirements under the Arkansas Children's Educational Freedom Account Program, are amended to read as follows:

(B) A private school shall no longer be eligible if:

(i) The private school has not received accreditation within four (4) years of becoming eligible;

(ii) The ~~state board~~ Division of Elementary and Secondary Education determines, based on information provided by the accrediting association, that the private school is ineligible or unable to continue the accreditation process; or

(iii) It becomes impossible for the private school to obtain accreditation within four (4) years.

(C) A private school that becomes ineligible under this section shall regain eligibility when the private school receives accreditation and ~~is approved by the state board~~ meets all other requirements established by law and rule as determined by the division;

SECTION 7. Arkansas Code § 6-18-2507(e) and (f), concerning Division of Elementary and Secondary Education duties regarding eligibility for participating schools and participating service providers under the Arkansas Children's Educational Freedom Account Program, are amended to read as follows:

(e) The department may bar a service provider from accepting payments

from accounts and restrict the service provider's ability to serve additional participating students if the department determines that the participating service provider has:

- (1) Failed to maintain continuing eligibility criteria established by the state board;
- (2) Demonstrated a gross or persistent lack of academic competence or failure to provide services, as defined by the state board;
- (3) Intentionally or substantially misrepresented information or failed to refund any overpayments in a timely manner, as defined by the state board; ~~or~~
- (4) Routinely failed to provide participating students with promised educational goods or services, as defined by the state board; or
- (5) Committed fraudulent conduct.

(f)(1) The department shall create procedures to ensure that a fair process exists to determine whether a participating service provider may be barred from receiving payments from accounts under subsection (e) of this section.

(2) If the department bars a participating service provider from receiving payments from accounts under this section, it shall notify parents and participating students of its decision within three (3) business days of its decision on the department's website and through attempted individual communications.

(3) A participating service provider may appeal the department's decision to bar it from receiving payments from accounts to the state board.

SECTION 8. DO NOT CODIFY. Severability clause. If any provision of this act or the application of this act to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end, the provisions of this act are declared severable.

SECTION 9. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the timely implementation of the proposed changes to the Arkansas Children's Educational Freedom Account Program is integral to the provision of educational services in the State of

Arkansas. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/B. Davis

APPROVED: 4/21/25