

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H1/16/25
A Bill

HOUSE BILL 1020

Representatives A. Collins, *Springer*

For An Act To Be Entitled

AN ACT TO REPEAL THE ARKANSAS CHILDREN'S EDUCATIONAL FREEDOM ACCOUNT PROGRAM; TO CREATE AN ADDITIONAL EDUCATION FUNDING CATEGORY FOR STUDENTS WHO RECEIVE SPECIAL EDUCATION AND RELATED SERVICES; TO CREATE THE COMMUNITY SCHOOLS ACT FUND; AND FOR OTHER PURPOSES.

Subtitle

TO REPEAL THE ARKANSAS CHILDREN'S EDUCATIONAL FREEDOM ACCOUNT PROGRAM; TO CREATE A NEW EDUCATION FUNDING CATEGORY FOR STUDENTS WHO RECEIVE SPECIAL EDUCATION AND RELATED SERVICES; AND TO CREATE THE COMMUNITY SCHOOLS ACT FUND.

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

SECTION 1. Arkansas Code Title 6, Chapter 18, Subchapter 25, is repealed.

~~6-18-2501. Title.~~

~~This subchapter shall be known and may be cited as the "Arkansas Children's Educational Freedom Account Program".~~

~~6-18-2502. Creation.~~

~~There is created the "Arkansas Children's Educational Freedom Account Program".~~

~~6-18-2503. Definitions.~~



~~As used in this subchapter:~~

~~(1) "Account" means an account that is comprised of funds deposited on behalf of a participating student to pay for qualifying educational expenses;~~

~~(2) "Account funds" means the funds deposited into an account on behalf of a participating student;~~

~~(3) "Curriculum" means a complete course of study for a particular content area or grade level;~~

~~(4) "Eligible student" means a resident of the State of Arkansas who is eligible to enroll in a public elementary or secondary school, subject to the timeline and parameters established under §§ 6-18-2506 and 6-18-2507;~~

~~(5) "Full academic curriculum" means all required core courses, or the equivalent, as are offered in traditional public schools;~~

~~(6) "Full academic year" means at least one hundred seventy-eight (178) days of instruction or the equivalent number of hours to what is offered in traditional public schools;~~

~~(7) "Parent" means:~~

~~(A) A biological or adoptive parent;~~

~~(B) Legal guardian or custodian;~~

~~(C) Persons standing in loco parentis to a student; or~~

~~(D) Another person with legal authority to act on behalf of an eligible student;~~

~~(8) "Participating school" means a private elementary school or private secondary school that:~~

~~(A) Offers enrolled students a full academic curriculum and full academic year experience; and~~

~~(B) Receives payments from Arkansas Children's Educational Freedom Account Program accounts to provide goods and services that are covered as qualifying expenses under this subchapter;~~

~~(9) "Participating service provider" means a person or an entity, including a participating public or private school, that receives payments from program accounts to provide goods and services that are covered as qualifying expenses under this subchapter;~~

~~(10) "Participating student" means a student:~~

~~(A) Eligible to participate in the program; and~~

~~(B) For whom an account has been established under this~~

~~subchapter; and~~

~~(11) “Qualifying expenses” means:~~

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

~~(a) Tuition;~~

~~(b) Fees;~~

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

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

~~(e) 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) Supplies;~~

~~(2) Equipment;~~

~~(3) 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) Instructional materials required for either in-person or virtual instruction provided by a participating service provider or participating school;~~

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

~~(iii) Curriculum;~~

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

~~(v) Fees for:~~

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

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

~~(vi) Fees for:~~

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

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

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

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

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

~~(1) A television;~~

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

~~or~~

~~(3) Home theater or audio equipment.~~

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

~~(x) Costs associated with transportation to and from a participating service provider or participating school; and~~

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

~~6-18-2504. State Board of Education—Rules.~~

~~(a) The Division of Elementary and Secondary Education shall administer the Arkansas Children's Educational Freedom Account Program under this subchapter, which shall be subject to the rules adopted by the State Board of Education.~~

~~(b) The rules adopted by the state board under this subchapter shall include without limitation the:~~

~~(1) Process for determining the eligibility of students and service providers, including the awarding of accounts to eligible students and removal of unnecessary barriers or disincentives to participation by potential participating service providers;~~

~~(2)(A) Process for conducting account and program audits, including establishing the authority for the division to conduct or contract~~

~~for the auditing of accounts.~~

~~(B) The division shall establish a process for conducting an audit of an entity receiving funds under this subchapter, including:~~

- ~~(i) An individual account;~~
- ~~(ii) A participating service provider; and~~
- ~~(iii) A participating school.~~

~~(C) At least one (1) time each year, the division shall conduct random audits of the following according to the auditing process established under subdivision (b)(2)(B) of this section:~~

- ~~(i) An individual account;~~
- ~~(ii) A participating service provider; and~~
- ~~(iii) A participating school;~~

~~(3) Authority of the division to:~~

~~(A) Deem any participating student ineligible for the program; and~~

~~(B) Refer a case involving the misuse of account funds for investigation to:~~

- ~~(i) The Attorney General; or~~
- ~~(ii) The Secretary of the Department of Inspector~~

~~General;~~

~~(4) Authority of the division to contract with a vendor or other supplier for the administration of the program or parts of the program;~~

~~(5) Requirement that the program shall:~~

~~(A) Begin enrolling participating students no later than the beginning of the 2023-2024 school year; and~~

~~(B) Be fully implemented to serve all Arkansas children eligible to enroll in a public school by the beginning of the 2025-2026 school year;~~

~~(6) Establishment or creation of a contract for the establishment of an online anonymous fraud reporting service, including without limitation a telephone hotline;~~

~~(7) Requirement for a surety bond for a participating service provider that receives more than one hundred thousand dollars (\$100,000) in account funds;~~

~~(8) Mechanism for the refunding of payments from service providers back to the account from which they were paid;~~

~~(9) Required compliance with all state procurement laws and procedures; and~~

~~(10) Means for preventing unreasonable inflation or fraud in participating school tuition and fees.~~

~~(c) The following shall be forwarded to Arkansas Legislative Audit:~~

~~(1) An audit conducted under subdivision (b)(2) of this section that identifies a potential misuse of account funds; and~~

~~(2) The referral of a case involving the misuse of account funds for investigation to the Attorney General or the Secretary of the Department of Inspector General under subdivision (b)(3)(B) of this section.~~

~~(d) To ensure that account funds under this subchapter provide for the expansion of access to education options by reducing family financial burdens and are not abused by service providers for financial gain, the state board shall take all necessary action in establishing rules under this subchapter, including without limitation the disqualification of a participating school or a participating service provider.~~

~~6-18-2505. Account funds.~~

~~(a)(1) The Division of Elementary and Secondary Education shall allocate annually to each participating student's account, from funds appropriated to the Arkansas Children's Educational Freedom Account Fund or otherwise made available for the Arkansas Children's Educational Freedom Account Program, an amount equal to ninety percent (90%) of the prior year's statewide foundation funding allotted per student under § 6-20-2305.~~

~~(2) For the 2023-2024 school year and each school year thereafter, a student who participated in the Succeed Scholarship Program during the 2022-2023 school year 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 subdivision (f)(1) or (f)(2) of this section occurs.~~

~~(b)(1) For the 2023-2024 school year, 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 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.~~

~~(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) Beginning with the 2024-2025 school year and each year thereafter, 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%) 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) An account shall remain in force, and any unused funds shall roll over from quarter to quarter and from year to year, until:~~

~~(A) A parent withdraws his or her participating student from the program;~~

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

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

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

~~(A) A substantial misuse of funds; 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)(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) of this section; and~~

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

~~(g) Account funds shall not:~~

~~(1) Constitute taxable income of the parent or the participating student; and~~

~~(2) Be claimed as a credit, deduction, exemption, or rebate.~~

~~(h) The division shall create procedures to ensure that a fair process exists to determine whether a participating student is no longer eligible for participation in the Arkansas Children's Educational Freedom Account Program, including without limitation a participating student who is no longer eligible for participation in the Arkansas Children's Educational Freedom Account Program due to his or her failure to demonstrate academic achievement or academic growth.~~

~~(i)(1) If the division bars a student from participating in the Arkansas Children's Educational Freedom Account Program, it shall notify the participating student and his or her parent of its decision within three (3) days of its decision.~~

~~(2) A parent may appeal the division's decision to bar him or her from receiving payments from accounts to the state board according to rules established by the state board.~~

~~(j) The state board may promulgate rules to implement this subchapter.~~

~~6-18-2506. Student eligibility—Initial and continuing.~~

~~(a) 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;~~

~~(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.~~

~~(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 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) Except as provided under subdivision (e)(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) 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) 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) 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.~~
- ~~(g)(1) The department shall create a standard form that a parent may submit to establish his or her child's eligibility for the program.~~

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

~~(h)(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 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) of this section shall satisfy the compulsory school attendance requirements of § 6-18-201.~~

~~(i) The division 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 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;~~

~~(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 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)—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.~~

~~(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 former participating student's previous account was closed.~~

~~(k)—The state board and the department 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.~~

~~6-18-2507. Participating schools and participating service providers—~~

~~Eligibility—Participation.~~

~~(a) To be eligible to participate in the Arkansas Children's Educational Freedom Account Program, a private school shall:~~

~~(1)(A) Either:~~

~~(i) Meet accreditation requirements established by the State Board of Education, the Arkansas Nonpublic School Accrediting Association, Inc., or its successor, or another accrediting association recognized by the state board; or~~

~~(ii) Be an associate member of or have applied for accreditation by the Arkansas Nonpublic School Accrediting Association, Inc., or its successor, or another accrediting association recognized by the state board.~~

~~(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 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;~~

~~(2)(A) Demonstrate fiscal soundness by having been in operation for at least one (1) school year or providing the Department of Education with a statement by a certified public accountant confirming that the private school is insured and the private school has sufficient capital or credit to operate in the upcoming school year.~~

~~(B) In lieu of a statement provided under subdivision (a)(2)(A) of this section, a surety bond or letter of credit for the amount equal to the account funds needed by the private school for any quarter may be filed with the department;~~

~~(3) Certify that it will not discriminate on any basis prohibited by 42 U.S.C. § 2000d, as it existed on January 1, 2023;~~

~~(4) Remain academically accountable to a parent for meeting the educational needs of his or her participating student;~~

- ~~(5) Employ or contract only with teachers who hold at least baccalaureate degrees or have equivalent documented experience;~~
- ~~(6) Comply with all applicable state laws and rules governing private schools;~~
- ~~(7) Adhere to the tenets of its published disciplinary procedures before expelling a participating student;~~
- ~~(8) Meet any other eligibility criteria set by state board rules;~~
- ~~(9) Comply with all applicable health and safety laws and rules;~~
- ~~(10) Hold valid occupancy of buildings as required by the relevant municipality in which the private school is located;~~
- ~~(11) Exclude any individual from employment who may reasonably pose a risk to the appropriate use of funds disbursed under this subchapter;~~
- ~~(12) Complete background checks and fingerprinting for any employee working in the private school; and~~
- ~~(13) Maintain for audit purposes a background check of all employees.~~

~~(b)(1) A public school district or open-enrollment public charter school located in the State of Arkansas that previously enrolled a student who is now a participating student under this subchapter shall provide the participating school or participating service provider that has enrolled the student who was previously enrolled in the public school district or open-enrollment public charter school a copy of the participating student's school records to the extent permitted under the provisions of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g, as it existed on January 1, 2023.~~

~~(2) The requirement under subdivision (b)(1) of this section that a public school district or open-enrollment public charter school in which a participating student was previously enrolled be located in the State of Arkansas does not apply to a student currently participating in the Succeed Scholarship Program, § 6-41-901 et seq.~~

~~(c) By not later than June 30, 2024, the state board shall adopt rules providing for program eligibility for participating service providers that are not participating schools, including without limitation an application process that is executed, at a minimum, annually for the purpose of determining service provider eligibility.~~

~~(d) The department shall maintain a list of service providers determined to be eligible to participate in the program and make the list available on the department's website.~~

~~(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, 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.~~

~~(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) 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.~~

~~(g) The following may be subject to review and an audit of funds received related to this subchapter and as directed by the state board:~~

~~(1) A participating service provider; and~~

~~(2) A participating school.~~

~~(h) The state board shall promulgate rules to implement this subchapter.~~

~~6-18-2508. Students with disabilities.~~

~~The Department of Education shall ensure that parents of students with~~

~~disabilities identified under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2023, receive:~~

~~(1) Notice that participation in the Arkansas Children's Educational Freedom Account Program is a parental placement under 20 U.S.C. § 1412, as it existed on January 1, 2023; and~~

~~(2) An explanation of the rights that parentally placed students possess under the Individuals with Disabilities Education Act, 20 U.S.C. § 1400 et seq., as it existed on January 1, 2023, and any applicable state laws and rules.~~

~~6-18-2509. Testing.~~

~~(a)(1) Each participating school and participating service provider shall provide for each participating student to annually take an assessment approved by the State Board of Education, which shall include:~~

~~(A) An examination identified by the state board that is required for students attending public schools; or~~

~~(B) A state board-approved nationally recognized norm-referenced test or a statewide assessment, which measures, at a minimum, literacy and math.~~

~~(2)(A) However, a participating student who has an individualized service plan and is determined by a participating private school to need an exemption from standardized testing due to the existence of a significant cognitive disability is not required to take the test required under subdivision (a)(1) of this section.~~

~~(B) If a student is not required to take the test required under subdivision (a)(1) of this section, a participating private school shall annually make provision for the student to take an alternate assessment approved by the state board or prepare a portfolio that provides information on a student's progress to the student's parent or guardian.~~

~~(b) For a participating student who is served by a participating service provider that is not a private school that is a participating school during or after the 2024-2025 school year, his or her parent shall provide for his or her child who is a participating student to take an approved examination meeting the standards established under subsection (a) of this section.~~

~~(c)(1) The Department of Education shall develop a process for the~~

~~collection and aggregate reporting of the results of examinations required under this section, which shall include the public dissemination of the results collected by participating private schools and participating service providers.~~

~~(2) However, the reporting required under subdivision (c)(1) of this section shall:~~

~~(A) Not identify any individual student; and~~

~~(B) Ensure that the summary results of the examinations required under this section are provided to parents of participating students.~~

~~6-18-2510. Reports.~~

~~(a)(1) Not later than September 30 of each year, the Department of Education shall submit a written report regarding the implementation of the Arkansas Children's Educational Freedom Account Program to the:~~

~~(A) Legislative Council, or if the General Assembly is in session, the Joint Budget Committee;~~

~~(B) House Committee on Education; and~~

~~(C) Senate Committee on Education.~~

~~(2) The department may contract with an outside entity to compile the report required under subdivision (a)(1) of this section.~~

~~(b) The report required under subdivision (a)(1) of this section shall include the following information without limitation:~~

~~(1) The total number of students currently participating in the program;~~

~~(2) A list of all participating schools and participating service providers;~~

~~(3) The total student enrollment of each participating school and the percentage of the total enrollment of each school represented by participating students;~~

~~(4) Aggregated test result data for participating students, from the most recent year available;~~

~~(5) The percentage of funds used for each type of qualifying expense;~~

~~(6) An analysis of the program's fiscal impact;~~

~~(7) The retention rates for participating students enrolled in~~

~~participating schools;~~

~~(8) The results of a parental satisfaction survey that shall be administered by the department; and~~

~~(9) Other relevant data as determined by the department.~~

~~6-18-2511. Legal proceedings.~~

~~(a) There shall be no liability on the part of the Department of Education or the state or of any public school or public school district based on the award of or use of an account under this subchapter.~~

~~(b) Nothing in this section shall be construed as a waiver of sovereign immunity or any other defenses available to the State of Arkansas.~~

SECTION 2. Arkansas Code § 6-20-2305(b), concerning education categories of funding in addition to state foundation funding aid, is amended to add an additional subdivision read as follows:

(7)(A) For the 2025-2026 school year and each school year thereafter, special education funding shall be three thousand eighty hundred sixty-two dollars (\$3,862) multiplied by the number of students who receive special education and related services required by an individualized education plan.

(B) Funding for students who receive special education and related services required by an individualized education plan under subdivision (b)(7)(A) of this section shall be distributed based on rules promulgated by the state board.

(C) Funding for students who receive special education and related services required by an individualized education plan shall not be incorporated into the state foundation funding aid amount established under subsection (a) of this section.

SECTION 3. Arkansas Code § 9-28-113(j), concerning the use of state and federal funding for the placement of a foster child in a nonpublic school, is amended to read as follows:

(j)(1) Notwithstanding any of the provisions of this section, if it is in the best interest of the child, a foster child may be placed in a nonpublic school, including a private, parochial, or home school.

~~(2)(A) Except as provided in subdivision (j)(2)(B) of this~~

~~section, state State or federal funding shall not be used for the placement of a foster child in a nonpublic school, including a private, parochial, or home school.~~

~~(B) The prohibition under subdivision (j)(2)(A) of this section shall not apply to a foster child who receives an Arkansas Children's Educational Freedom Account Fund under § 6-18-2501 et seq.~~

SECTION 4. Arkansas Code § 19-5-1277 is repealed.

~~19-5-1277. Arkansas Children's Educational Freedom Account Fund.~~

~~(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous fund to be known as the "Arkansas Children's Educational Freedom Account Fund".~~

~~(b)(1) Notwithstanding any other provisions of law, for fiscal year 2024 and each fiscal year thereafter, in addition to all other amounts required under the Arkansas Children's Educational Freedom Account Program, the Department of Education shall include in its annual budget request submitted under § 19-4-301 et seq., and the Governor shall include in each recommendation submitted to the General Assembly under § 19-4-201, an appropriation to the Department of Education, Division of Elementary and Secondary Education, for the greater of an amount not less than two percent (2%) of:~~

~~(A) Net public school enrollment adjusted for state foundation funding aid purposes; or~~

~~(B) The total number of eligible program applications received by the division, if available, multiplied by the prior year's statewide net foundation funding aid allotted per student.~~

~~(2) The amount appropriated under subdivision (b)(1) of this section shall be transferred by the division to the fund to be used solely to meet the obligations required under the program, except as otherwise provided in this section.~~

~~(3) The Governor shall include a recommendation, as required under § 19-4-201, that the total amount of funds appropriated to the division that was not transferred to the fund during the previous fiscal year due to an accumulated balance from previous fiscal years as provided under subsection (c) of this section be reappropriated for the subsequent fiscal~~

~~year.~~

~~(c) Each fiscal year, the amount required to be requested and recommended for appropriation under subsection (b) of this section shall be reduced by the sum of:~~

~~(1) Any unused, accumulated amounts transferred to the fund due to the requirements under this subsection from previous years; and~~

~~(2) Any unused appropriations made to the department due to the requirements under this subsection that were not transferred to the fund due to an accumulated balance from previous years.~~

SECTION 5. Arkansas Code Title 19, Chapter 5, Subchapter 12, is amended to add an additional section to read as follows:

19-5-1287. Community Schools Act Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous fund to be known as the "Community Schools Act Fund".

(b) The fund shall consist of:

(1) General revenues authorized by law; and

(2) Moneys obtained from private or public grants, gifts, interagency transfers, or donations that are designated to be credited to the fund.

(c) The fund shall be used by the Division of Elementary and Secondary Education in furtherance of the purposes established under the Community Schools Act, § 6-15-3001 et seq.

(d) Moneys remaining in the fund at the end of each fiscal year shall carry forward and be made available for the purposes stated in this section in the next fiscal year.

/s/A. Collins