



# 128th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2017

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Legislative Document

No. 1131

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H.P. 794

House of Representatives, March 23, 2017

### **An Act To Create Education Savings Accounts for Maine Students**

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Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative HANLEY of Pittston.  
Cosponsored by President THIBODEAU of Waldo and  
Representatives: CRAIG of Brewer, GINZLER of Bridgton, LYFORD of Eddington,  
O'CONNOR of Berwick, SIMMONS of Waldoboro, STROM of Pittsfield, Senator: CYRWAY  
of Kennebec.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 20-A MRSA §7303** is enacted to read:

3 **§7303. Education savings accounts**

4 The Treasurer of State, in consultation with the department, shall, in accordance with  
5 this section, establish education savings accounts, referred to in this section as "savings  
6 accounts." A savings account may be used by the parent or legal guardian of a child for  
7 educational purposes in accordance with subsection 3 for one school year and may be  
8 renewed for such use for subsequent years in accordance with subsection 2.

9 **1. Establish savings accounts.** The Treasurer of State shall establish savings  
10 accounts as follows.

11 A. The Treasurer of State by rule shall establish an application process for a parent  
12 or legal guardian of a child to request the establishment of a savings account. The  
13 Treasurer of State:

14 (1) May establish a savings account for a child only if the child will be receiving  
15 education provided by one or more educational entities certified under subsection  
16 4;

17 (2) May establish a savings account for a child who will receive some education  
18 through a public school as long as the majority of the child's education is being  
19 provided by one or more educational entities certified under subsection 4; and

20 (3) May not establish a savings account for a child who will be home-schooled  
21 or who will be enrolled full-time in a public school.

22 B. The Treasurer of State may authorize private financial management entities to  
23 manage savings accounts established under this section and may establish reasonable  
24 fees for services that a private financial management entity may charge to a savings  
25 account.

26 **2. Renewal, rollover and closure.** The Treasurer of State may annually renew a  
27 savings account and deposit funds into the savings account in accordance with subsection  
28 3 if the parent or legal guardian at whose request a savings account was established  
29 applies for a renewal and the Treasurer of State finds that the requirements of this section  
30 and rules adopted under this section have been met.

31 A. Unspent funds in a savings account that is renewed remain in the savings account  
32 and may be used in accordance with subsection 3.

33 B. If a parent or legal guardian at whose request a savings account was established  
34 does not apply for a renewal or the Treasurer of State finds that the requirements of  
35 this section or rules adopted under this section have not been met, the Treasurer of  
36 State shall close the savings account and provide all funds in the savings account to  
37 the State Controller who shall transfer them to the unappropriated surplus of the  
38 General Fund.

1           **3. Funding and oversight.** The Treasurer of State shall oversee savings accounts as  
2 follows.

3           A. Each year the Treasurer of State shall direct the department to deposit into each  
4 active savings account 90% of the state subsidy attributable to the child for whom the  
5 savings account is established that would otherwise have been provided to the child's  
6 school administrative unit under chapter 606-B. The department shall also direct that  
7 school administrative unit to deposit into the savings account 90% of the school  
8 administrative unit's required contribution to the unit's total cost of education  
9 attributable to that child. The department shall calculate these amounts and shall  
10 allocate the state funds to the extent possible in a manner consistent with the  
11 schedules applicable to state subsidy payments pursuant to section 15689-B. New  
12 funds may not be deposited in a savings account after the child graduates from high  
13 school.

14           B. The Treasurer of State may receive for and use to pay the costs of administering  
15 this section up to 3% of the state subsidy attributable to the child for whom a savings  
16 account is established.

17           C. The Treasurer of State shall establish and administer a savings account in a  
18 manner that allows the parent or legal guardian of the child for whom the savings  
19 account was established to expend funds in the account only for the following  
20 educational expenses, and the parent or legal guardian may use funds in the savings  
21 account only to pay for these educational expenses:

22           (1) The following costs of education provided by one or more educational  
23 entities certified under subsection 4:

24                   (a) Tuition and fees charged by the educational entity, including charges for  
25 tutoring services; and

26                   (b) The costs of textbooks required as part of the instruction by the  
27 educational entity;

28           (2) Transportation costs, for which receipts must be provided to the Treasurer of  
29 State, for travel to and from any educational entities certified under subsection 4,  
30 up to \$750 in any school year;

31           (3) Test fees for a national achievement examination, advanced placement or  
32 similar examination required for admission to a college or university; and

33           (4) Costs of higher education, if the child graduates from high school with an  
34 active savings account and there are funds remaining in the savings account.

35           D. The Treasurer of State shall review all expenditures from savings accounts to  
36 ensure that they are in accordance with the requirements of this subsection and rules  
37 adopted under this section. If at any time the Treasurer of State finds that  
38 expenditures from a savings account are not in accordance with the requirements of  
39 this subsection or rules adopted under this section, the Treasurer of State shall notify  
40 the parent or legal guardian of the child for whom the savings account was  
41 established and if, after an opportunity for hearing, the department determines that  
42 there was in fact a misuse of the funds, the Treasurer of State shall close the savings

1 account and provide all funds in the savings account to the State Controller, who shall  
2 transfer them to the unappropriated surplus of the General Fund.

3 **4. Certification of educational entities.** The department shall adopt rules providing  
4 for the certification of private educational entities that may receive funds from a savings  
5 account pursuant to subsection 3, paragraph C. The rules must provide for the  
6 certification of any of the following that the department determines provides adequate  
7 educational services to children:

- 8 A. A private school;
- 9 B. An entity, other than a school administrative unit or the State, providing a  
10 program of distance learning; and
- 11 C. A person or entity providing educational tutoring who is accredited by a  
12 recognized accrediting organization.

13 Rules adopted by the department under this subsection must provide for appropriate  
14 periodic review of educational entities certified under this subsection to ensure the  
15 adequacy of educational services provided by the entities. The rules must provide for the  
16 decertification of any entity the department finds not to be providing adequate  
17 educational services. The rules must also require the school administrative unit in which  
18 a child resides to provide any appropriate and necessary academic records to a certified  
19 educational entity at the request of the child's parent or legal guardian.

20 Rules adopted by the department pursuant to this subsection are routine technical rules as  
21 defined in Title 5, chapter 375, subchapter 2-A.

22 **5. Rules.** The Treasurer of State shall adopt rules necessary to implement this  
23 section. Rules adopted by the Treasurer of State pursuant to this section are routine  
24 technical rules as defined in Title 5, chapter 375, subchapter 2-A.

25 **Sec. 2. 20-A MRSA §15689, sub-§14** is enacted to read:

26 **14. Adjustment for savings accounts.** The commissioner shall reduce the state  
27 share of the total allocation to a school administrative unit in any year in which one or  
28 more savings accounts under section 7303 are established for children within that school  
29 administrative unit. The amount of the reduction must equal the total state subsidy that is  
30 attributable to all children in that school administrative unit for whom savings accounts  
31 have been established, as determined by the department pursuant to section 7303,  
32 subsection 3, paragraph A.

33 **SUMMARY**

34 This bill directs the Treasurer of State to establish education savings accounts that  
35 may be used by the parents or legal guardians of children to pay for the education of their  
36 children outside of the public school system. The funding for these savings accounts  
37 would come from shifting 90% of the essential programs and services funding that would  
38 otherwise be provided by the State and the school administrative unit for each child into a  
39 savings account. The bill specifies what educational expenditures are permitted and  
40 provides for review of spending from the accounts.