

**RECEIVED**

**May 07 2025**

S.C. SUPREME COURT

# EXHIBIT A

**South Carolina General Assembly**  
126th Session, 2025-2026

Download [This Bill](#) in Microsoft Word format

**S. 62**

**STATUS INFORMATION**

General Bill

Sponsors: Senators Hembree, Rice and Grooms

Document Path: SEDU-0017DB25.docx

Introduced in the Senate on January 14, 2025

Introduced in the House on February 6, 2025

Last Amended on April 29, 2025

Currently residing in the House

Summary: Education Scholarship Trust Fund

**HISTORY OF LEGISLATIVE ACTIONS**

<b>Date</b>	<b>Body</b>	<b>Action Description with journal page number</b>
12/11/2024	Senate	Prefiled
12/11/2024	Senate	Referred to Committee on <b>Education</b>
1/14/2025	Senate	Introduced and read first time ( <a href="#">Senate Journal-page 54</a> )
1/14/2025	Senate	Referred to Committee on <b>Education</b> ( <a href="#">Senate Journal-page 54</a> )
1/14/2025	Senate	Polled out of committee <b>Education</b> ( <a href="#">Senate Journal-page 119</a> )
1/14/2025	Senate	Committee report: Favorable <b>Education</b> ( <a href="#">Senate Journal-page 119</a> )
1/15/2025	Senate	Debate interrupted ( <a href="#">Senate Journal-page 12</a> )
1/16/2025	Senate	Amended ( <a href="#">Senate Journal-page 19</a> )
1/16/2025	Senate	Roll call Ayes-37 Nays-2 ( <a href="#">Senate Journal-page 19</a> )
1/28/2025	Senate	Amended ( <a href="#">Senate Journal-page 16</a> )
1/28/2025	Senate	Debate interrupted ( <a href="#">Senate Journal-page 16</a> )
1/29/2025	Senate	Amended ( <a href="#">Senate Journal-page 13</a> )
1/29/2025	Senate	Debate interrupted ( <a href="#">Senate Journal-page 13</a> )
1/30/2025		Scrivener's error corrected
1/30/2025	Senate	Amended ( <a href="#">Senate Journal-page 10</a> )
1/30/2025	Senate	Read second time ( <a href="#">Senate Journal-page 10</a> )
1/30/2025	Senate	Roll call Ayes-32 Nays-12 ( <a href="#">Senate Journal-page 10</a> )
1/31/2025		Scrivener's error corrected
2/4/2025	Senate	Read third time and sent to House ( <a href="#">Senate Journal-page 8</a> )

<b>Date</b>	<b>Body</b>	<b>Action Description with journal page number</b>
2/4/2025	Senate	Roll call Ayes-31 Nays-9 ( <a href="#">Senate Journal-page 8</a> )
2/4/2025		Scrivener's error corrected
2/6/2025	House	Introduced and read first time ( <a href="#">House Journal-page 43</a> )
2/6/2025	House	Referred to Committee on <b>Education and Public Works</b> ( <a href="#">House Journal-page 43</a> )
2/20/2025	House	Committee report: Favorable with amendment <b>Education and Public Works</b> ( <a href="#">House Journal-page 34</a> )
2/25/2025	House	Requests for debate-Rep(s). Weeks, JL Johnson, King, Grant, Cobb-Hunter, Hewitt, Govan, McDaniel, Clyburn, Hosey, Whitmire, Hager, Bowers, JA Moore, Erickson, Rankin, Gilliam, Bauer, Bernstein, Spann-Wilder, Anderson, Wetmore ( <a href="#">House Journal-page 32</a> )
2/26/2025	House	Amended ( <a href="#">House Journal-page 31</a> )
2/26/2025	House	Read second time ( <a href="#">House Journal-page 31</a> )
2/26/2025	House	Roll call Yeas-79 Nays-38 ( <a href="#">House Journal-page 75</a> )
2/27/2025	House	Read third time and returned to Senate with amendments ( <a href="#">House Journal-page 37</a> )
2/27/2025	House	Roll call Yeas-80 Nays-32 ( <a href="#">House Journal-page 38</a> )
4/16/2025	Senate	House amendment amended ( <a href="#">Senate Journal-page 55</a> )
4/16/2025	Senate	Roll call Ayes-29 Nays-13 ( <a href="#">Senate Journal-page 55</a> )
4/22/2025		Scrivener's error corrected
4/23/2025		Scrivener's error corrected
4/29/2025	Senate	House amendment amended ( <a href="#">Senate Journal-page 52</a> )
4/29/2025	Senate	Returned to House with amendments ( <a href="#">Senate Journal-page 52</a> )
4/29/2025		Scrivener's error corrected
5/1/2025	House	Concurred in Senate amendment and enrolled ( <a href="#">House Journal-page 167</a> )
5/1/2025	House	Roll call Yeas-73 Nays-32 ( <a href="#">House Journal-page 170</a> )
5/6/2025		Ratified R 27
5/7/2025		Signed By Governor

View the latest [legislative information](#) at the website

## **VERSIONS OF THIS BILL**

[12/11/2024](#)

[1/14/2025](#)

[1/16/2025](#)

[1/23/2025](#)

[1/28/2025](#)

[1/29/2025](#)

[1/29/2025-A](#)

[1/30/2025](#)

[1/30/2025-A](#)  
[1/31/2025](#)  
[2/4/2025](#)  
[2/20/2025](#)  
[2/26/2025](#)  
[4/16/2025](#)  
[4/22/2025](#)  
[4/23/2025](#)  
[4/23/2025-A](#)  
[4/23/2025-B](#)  
[4/29/2025](#)

---

**NOTE: THIS IS A TEMPORARY VERSION. THIS DOCUMENT WILL REMAIN IN THIS VERSION UNTIL FINAL APPROVAL BY THE LEGISLATIVE COUNCIL.**

(R27, S62)

**AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION [59-8-110](#), RELATING TO DEFINITIONS CONCERNING THE EDUCATION SCHOLARSHIP TRUST FUND, SO AS TO REVISE DEFINITIONS; BY AMENDING SECTION [59-8-115](#), RELATING TO SCHOLARSHIP APPLICATION CRITERIA AND PROCEDURES, SO AS PROVIDE REQUIREMENTS CONCERNING PRIORITY AND GENERAL APPLICATIONS, TO PROVIDE CERTAIN EXEMPTION ACKNOWLEDGEMENT REQUIREMENTS FOR NONPUBLIC EDUCATION SERVICE PROVIDERS, AMONG OTHER THINGS; BY AMENDING SECTION [59-8-120](#), RELATING TO THE ESTABLISHMENT OF THE SOUTH CAROLINA EDUCATION SCHOLARSHIP TRUST FUND, SO AS TO RECHARACTERIZE ITS CORPUS AND REVISE ITS USAGES, TO ESTABLISH A TRUSTEE APPOINTMENT FOR THE FUND AND TO PROVIDE THE QUALIFICATIONS AND DUTIES OF THE TRUSTEE, AND TO ESTABLISH SCHOLARSHIP ALLOCATION AMOUNTS AND ACCOUNTABILITY MEASURES; BY AMENDING SECTION [59-8-125](#), RELATING TO SCHOLARSHIP FUND PAYMENTS, SO AS TO PROVIDE FOR THE ROLE OF THE TRUSTEE IN MAKING SUCH PAYMENTS, TO PROVIDE FOR TRUSTEE PAYMENTS, AND TO PROVIDE TERMS FOR A CONTRACTUAL RELATIONSHIP FOR THE PERFORMANCE OF THE TRUSTEE'S DUTIES, AMONG OTHER THINGS; BY AMENDING SECTION [59-8-130](#), RELATING TO SCHOLARSHIP ELIGIBILITY TERMINATION NOTICE REQUIREMENTS, SO AS TO RESTATE THE SECTION; BY AMENDING SECTION [59-8-135](#), RELATING TO SCHOLARSHIP PARTICIPANT NUMBER LIMITATIONS, SO AS TO REVISE THE LIMITATIONS, ENABLE INCREASES, AND REMOVE A PERIODIC PROGRAM ELIGIBILITY AND USE REVIEW REQUIREMENT; BY AMENDING SECTION [59-8-140](#), RELATING TO EDUCATION SERVICE PROVIDER PROGRAM PARTICIPATION REQUIREMENTS, SO AS TO INCLUDE ELIGIBLE SCHOOLS, AND TO REMOVE CERTAIN ADMINISTRATIVE REQUIREMENTS OF THE STATE DEPARTMENT OF EDUCATION; BY AMENDING SECTION [58-8-145](#), RELATING TO MISCELLANEOUS DEPARTMENT ADMINISTRATIVE REQUIREMENTS, SO AS TO REMOVE A PROVISION ALLOWING THE DEPARTMENT TO CONTRACT WITH QUALIFIED ORGANIZATIONS FOR RELATED ASSISTANCE; BY ADDING SECTION [59-8-147](#) SO AS TO PROVIDE THE DEPARTMENT SHALL POST CERTAIN INFORMATION ABOUT THE PROGRAM ON ITS INTERNET WEBSITE, TO PROVIDE REQUIREMENTS OF THE DEPARTMENT CONCERNING THE APPLICATION PROCESS, AND TO PROVIDE A GRACE PERIOD FOR APPLICANTS TO CORRECT MINOR ERRORS; BY AMENDING SECTION [59-8-150](#), RELATING TO EDUCATION SERVICE PROVIDER REQUIREMENTS, SO AS TO EXPAND EMPLOYEE CRIMINAL BACKGROUND CHECKS, TO REVISE EMPLOYEE SURETY BOND REQUIREMENTS, TO REVISE ASSESSMENT REQUIREMENTS, AND TO REMOVE A PROVISION AUTHORIZING THE DEPARTMENT TO PROMULGATE RELATED REGULATIONS, AMONG OTHER THINGS; BY AMENDING SECTION [59-8-160](#), RELATING TO THE EDUCATION SCHOLARSHIP TRUST FUND REVIEW PANEL, SO AS TO RESTATE THE SECTION; BY AMENDING SECTION [59-8-165](#),**

**RELATING TO DISTRICT-LEVEL STUDENT TRANSFER POLICIES, SO AS TO REPLACE THE EXISTING LANGUAGE WITH PROVISIONS CONCERNING INTERDISTRICT TRANSFERS; BY AMENDING SECTION [59-8-170](#), RELATING TO AN EXEMPTION FROM HIGH SCHOOL LEAGUE TRANSFER ELIGIBILITY RULES FOR INTERDISTRICT TRANSFER SCHOLARSHIP STUDENTS, SO AS TO MAKE THE PROVISION APPLICABLE TO SCHOLARSHIP AND NONSCHOLARSHIP STUDENTS, AND TO PROVIDE SUBSEQUENT TRANSFERS ARE SUBJECT TO HIGH SCHOOL LEAGUE ELIGIBILITY RULES; AND BY AMENDING SECTION [59-150-350](#), RELATING TO SCHOLARSHIPS DESIGNATED TO RECEIVE LOTTERY FUNDING, SO AS TO INCLUDE THE SOUTH CAROLINA EDUCATION SCHOLARSHIP TRUST FUND.**

Be it enacted by the General Assembly of the State of South Carolina:

**Definitions**

SECTION 1. Section [59-8-110](#) of the S.C. Code is amended to read:

Section [59-8-110](#). For purposes of this chapter:

- (1) "Department" means the South Carolina Department of Education.
- (2) "Education Scholarship Trust Fund," "ESTF," or "fund" means the individual account that is administered by the department to which funds are allocated to the parent of an eligible student to pay for qualifying expenses.
- (3) "Eligible school" means a South Carolina public school or a nonprofit South Carolina independent school where a student is enrolled full time, that chooses to participate in the program. "Eligible school" does not include a school in which a member of the General Assembly or an immediate family member of a member of the General Assembly has any direct financial interest. For purposes of this section, "immediate family member" means as defined in Section [8-13-100](#)(18). "Eligible school" does not include a charter school.
- (4) "Eligible student" means a student who:
  - (a) is a resident of this State; and
  - (b)(i) has attained at least the age of five on or before September first of the school year in which scholarship funds are awarded;
  - (ii) in School Year 2025-2026, has a household income that does not exceed three hundred percent of the federal poverty guidelines; and
  - (iii) in School Year 2026-2027, and all subsequent years has a household income that does not exceed five hundred percent of the federal poverty guidelines."Eligible student" does not include students participating in the Educational Credit for Exceptional Needs Children's Fund program, as provided in Section [12-6-3790](#) or a student who is not subject to the compulsory attendance requirements of Section [59-65-10](#).
- (5) "IDEA" means the Individuals with Disabilities Education Act found in 20 U.S.C. Section 1400, et seq.
- (6) "Parent" means a resident of this State who is the natural or adoptive parent, legal guardian, custodian, or other person with legal authority to act on behalf of an eligible student.
- (7) "Education service provider" means a person or organization approved by the department that receives payments from ESTF to provide educational goods and services to scholarship students.
- (8) "Program" means the ESTF program created by this chapter.

- (9) "Resident school" means the public school in which the student is zoned for attendance.
- (10) "Scholarship" means education funding allocated from an account established pursuant to this chapter.
- (11) "Scholarship student" means an eligible student who is participating in the Education Scholarship Trust Fund program.
- (12) "Substantial misuse" means wilfully and knowingly receiving or spending any portion of a scholarship for any purpose other than a qualifying expense.
- (13) "Trustee" means the individual or entity appointed by the State Superintendent of Education pursuant to Section [59-8-120\(A\)\(2\)](#).
- (14) "Qualifying expense" means:
- (a) tuition and fees for attendance at an education service provider or eligible school;
  - (b) textbooks, curriculum, or other instructional materials including, but not limited to, any supplemental materials or associated online instruction required by either a curriculum or an education service provider;
  - (c) tutoring services approved by the department;
  - (d) computer hardware or other technological devices that are used primarily for a scholarship student's educational needs and approved by the department or a licensed physician;
  - (e) tuition and fees for an approved online education service provider or course;
  - (f) fees for approved:
    - (1) national norm-referenced examinations, advanced placement examinations, or similar assessments;
    - (2) industry certification exams; or
    - (3) examinations related to college or university admission;
  - (g) educational services for pupils with disabilities from a licensed or accredited practitioner or provider including, but not limited to, occupational, behavioral, physical, and speech-language therapies;
  - (h) approved contracted services from a public school district, or a public charter school including individual classes, after school tutoring services, transportation, or fees or costs associated with participation in extracurricular activities;
  - (i) contracted teaching services and education classes approved by the department;
  - (j) fees for transportation paid to a fee-for-service transportation provider for the scholarship student to travel to and from an eligible provider as defined in this section, but not to exceed three thousand dollars for each school year;
  - (k) fees for interdistrict public school transfers;
  - (l) cost of school uniforms which are required for attendance;
  - (m) any consumables and items necessary to complete a curriculum or that are otherwise applicable to a course of study that has been approved by the department; or

(n) any other educational expense approved by the department to enable personalized learning consistent with the intent of this act.

A qualifying expense does not mean a duplicate service already offered as part of a student's enrollment in school.

### **Scholarship application process, criteria, selection, exemption acknowledgement**

SECTION 2. Section [59-8-115](#) of the S.C. Code is amended to read:

Section [59-8-115](#). (A) The department shall create a standard application process and timeline for parents to establish the eligibility of their student for the Education Scholarship Trust Fund program. Beginning November first of every year, an early application window will be opened for current participants of this program who continue to meet the criteria of an eligible student, and their siblings. The department shall continue to accept applications for the ESTF program on a rolling basis until capacity is met and then shall maintain a waitlist to maximize program participation.

(B) Pursuant to the timeline established pursuant to subsection (A), the department shall ensure the following:

- (1) applications must be processed in the order in which they are received, within each of the priority and general application windows;
- (2) after the conclusion of the application window for current participants and their siblings, a priority application window for new program participants must be open for students who meet the following criteria:
  - (a) has a parent or guardian who is an active-duty member of the Armed Forces of the United States and will be living in South Carolina as a result of their duty station;
  - (b) has a household income that does not exceed three hundred percent of the federal poverty guidelines; or
  - (c) attended a public school in the previous academic year;
- (3) once the priority application windows have closed, the general application window must open for any student who did not meet the early application window criteria; and
- (4) within thirty days of submission of all required documentation, award letters must be enrolled and issued, and the student's online account must be created.

(C) Before awarding a scholarship, the department must obtain evidence of all other student eligibility criteria set forth in Section [59-8-110](#).

(D) The department shall approve an initial application for scholarship if:

- (1) the parent submits an application for a scholarship in accordance with the application and procedures established by the department;
- (2) the student on whose behalf the parent is applying is an eligible student;
- (3) funds are available for the ESTF; and
- (4) the parent annually attests to the following:
  - (a) to provide, at a minimum, a program of academic instruction for the eligible student in at least the subjects of English/language arts to include writing, mathematics, social studies, and science;

(b) to ensure the scholarship student takes assessments as referenced in Section [59-8-150](#) or provides assessments in a similar manner through other means if the scholarship student does not receive full-time instruction from an education service provider;

(c) to use the scholarship for qualifying expenses only for an approved provider to educate the scholarship student, subject to penalty;

(d) not to enroll their scholarship student in a public school as a full-time student in the resident school, as defined in this chapter;

(e) not to participate in a home instruction program under Section [59-65-40](#), [59-65-45](#), or [59-65-47](#);

(f) that includes parental acknowledgement that the nonpublic school education service providers are not subject to IDEA and are not required to offer the same services as the public school system to which their child is zoned for attendance. A parent does have the ability to request an evaluation and determination of possible eligibility from their resident school district; and

(g) to confirm that, if the parent's child is a student with disabilities, the parent has received notice from the department that participation in the ESTF program is a parental placement of the scholarship student under IDEA, along with an explanation of the rights that parentally placed students possess under IDEA and any applicable state laws and regulations, including the consultation process provided for in 20 U.S.C. Section 1412(a)(10) and the Individual Education Program requirements described in Section 1414(d) of IDEA.

(E) The department shall make available on its website in a conspicuous location information in conformity with 34 C.F.R. Sections 300.130 through 300.144, Assistance to States for the Education of Children with Disabilities, explaining to parents the rights of children with disabilities under IDEA both in public schools and as parentally placed students in private schools.

(F) Personal deposits into an ESTF account are prohibited.

(G) Funds received pursuant to this section do not constitute taxable income to the parent of the scholarship student or to the student.

(H) A parent's signed agreement under subsection (D)(4) satisfies the state's compulsory attendance law pursuant to Section [59-65-10](#).

(I) The State Board of Education may promulgate regulations for the administration of the program as may be applicable.

(J) The department may contract with qualified organizations to administer the program application process or specific functions, maintenance, and monitoring of the program application process as required above.

(K) Students must be considered enrolled in the program until the parent notifies the department of a decision to terminate participation or the department determines that the student is no longer eligible.

### **Education Scholarship Trust Fund, establishment, corpus, trustee created**

SECTION 3. Section [59-8-120](#) of the S.C. Code is amended to read:

Section [59-8-120](#). (A)(1) There is established at the department, the "South Carolina Education Scholarship Trust Fund" that is separate and distinct from the general fund, consisting of monies appropriated to the department to provide scholarships to eligible students for qualifying expenses. The funds and assets of the South Carolina Education Scholarship Trust Fund are not funds of the State but are instead held in trust. The monies placed into and accumulated in the fund constitute the trust corpus, to be used only for the purposes outlined in this act; the scholarship recipients are the trust beneficiaries who hold equitable title to the scholarship funds allocated to them from the fund and are the direct beneficiaries of the trust; and the trustee

selected by the State Superintendent of Education as described in this section is the trustee of the trust who may distribute funds only in a way consistent with this act and as directed by a beneficiary. The fund must receive and hold all monies allocated for it as well as all earnings until disbursed as provided in this section. Monies deposited in the South Carolina Education Scholarship Trust Fund may not revert to the general fund or be appropriated by the General Assembly for any other purpose. If the South Carolina Education Scholarship Trust Fund program ceases for any reason, then the trustee shall deposit all remaining amounts in the trust fund to a specific education account separate from the general fund designated by the General Assembly.

(2) The State Superintendent of Education shall appoint the Trustee of the South Carolina Education Scholarship Trust Fund to serve at will. The trustee may not be a public entity or an employee of any public entity. The trustee may be either an individual or entity and shall have, in the state superintendent's sole discretion, the necessary expertise and good reputation to serve as the trustee. The trustee must have, at a minimum, at least five years' experience as a trustee of a registered nonprofit organization, public trust or nonfamilial trust whose assets exceed five million dollars or a master's degree in accounting, public administration, or other related field. The trustee must not have filed for bankruptcy pursuant to Title 11, chapters 7 or 13 of the United States Bankruptcy Code or been convicted of criminal fraud, tax fraud, embezzlement, conversion, money laundering, theft crimes, or any crime that is recognized as a felony under state or federal law. The trustee shall file a statement of economic interest pursuant to Article 7, Chapter 13, Title 8 of the South Carolina Code of Laws. The trustee shall be bound by all duties of trustees under South Carolina law, unless such duties conflict with the requirements of this chapter, in which case the requirements of this chapter control. The state superintendent shall have the authority to remove the trustee. Upon removal the State Superintendent of Education shall provide notification to the Chairman of the Senate Education Committee, the Chairman of the Senate Finance Committee, the Chairman of the House Education and Public Works Committee, and the Chairman of the House Ways and Means Committee.

(B) The trustee shall hold, manage, control, and administer the monies placed into or accruing within the fund and disburse scholarships awarded pursuant to this section and as directed by the parent. Information contained in or produced from a tax return, document, or magnetically or electronically stored data used by the department in the exercise of its duties as provided in this chapter must remain confidential and is exempt from disclosure pursuant to the Freedom of Information Act. Personally identifiable information, as described in the Family Educational Rights and Privacy Act, of children applying for or receiving scholarships must remain confidential and is not subject to disclosure pursuant to the Freedom of Information Act.

(C) Upon request of the department, the State Treasurer shall transfer seven thousand five hundred dollars per scholarship student for the 2025-2026 School Year to the Education Scholarship Trust Fund. For all subsequent school years, the allocation must be equivalent to the allocation used in the previous year, increased by the percentage increase in the average per pupil funding from state sources as provided by the Office of Revenue and Fiscal Affairs for the prior fiscal year, unless an increased or decreased limit is authorized in the annual general appropriations act.

(D) The department shall create an individual online ESTF account for each scholarship student.

(1) The parent must be able to access the individual online account for the scholarship student using a secure portal.

(2) The individual scholarship student's account must be created within thirty days of the application approval.

(E) The trustee shall make payments to an individual scholarship student's account from the ESTF on a quarterly basis with the first payment being distributed by July thirty-first of each year.

(F) Prior to depositing each payment into the student's online account, the department shall verify that the student is not enrolled as a full-time student in his resident school using the forty-five, ninety, one hundred thirty-five, and one hundred seventy day student counts and provide that information to the trustee.

(G) Education service providers may not refund, rebate, or share a student's scholarship funds directly with a parent or the scholarship student. The funds in an account may only be used for qualifying expenses as defined in this chapter and provided by the department.

(H) Neither the South Carolina Education Scholarship Trust Fund nor an individual student's account constitutes a debt of the State or any political subdivision thereof, including school districts. The South Carolina Education Scholarship Trust Fund and individual student accounts must be held and apply solely toward carrying out the purposes of this chapter.

### **Education Scholarship Trust Fund payments**

SECTION 4. Section [59-8-125](#) of the S.C. Code is amended to read:

Section [59-8-125](#). (A) The department shall develop an online electronic system for payment for services authorized by participating parents pursuant to this chapter and the guidelines provided by the department. Parents may not be reimbursed for out-of-pocket expenses.

(B) The trustee shall transfer to the department an amount from the ESTF to cover the costs of overseeing the accounts, administering the program and the payment of the trustee's fee as provided in this section, up to a limit of five percent. Annually, on or before December thirty-first, the department shall notify the respective Chairmen of the Senate Finance Committee and House of Representatives Ways and Means Committee regarding the amount deducted for administrative costs and an itemization of the costs incurred to administer the program for the previous fiscal year.

(C) The department shall enter into a contract with the trustee to perform the services contemplated by this act. The contract shall include terms of its performance and the fee or the method of calculating the fee that the department will pay to the trustee. The contract's terms and fee structure shall, in the state superintendent's sole discretion, be commercially reasonable. The department shall pay the trustee's fee upon receipt of the invoice from the trustee.

(D) Payments made by the department must remain in force until a parent or scholarship student is proven to have participated in a prohibited activity specified in this chapter, a scholarship student returns to a public school in his resident public school, a scholarship student no longer is an eligible student, or a scholarship student graduates from high school or attains twenty-two years of age, whichever occurs first. A scholarship student who enrolls in his resident public school is considered to have returned to a public school for the purpose of determining the end of the term.

(E) The trustee may suspend or deactivate an account for substantial misuse or the scholarship student leaves the program for any reason, at which time any remaining funds must revert to the ESTF.

(F) Unused funds must be rolled over to the following school year for a scholarship student who applies and continues to meet eligibility requirements to participate in the program.

(G) Only one account may be established for a scholarship student.

### **Scholarship terminations, parental notice obligation**

SECTION 5. Section [59-8-130](#) of the S.C. Code is amended to read:

Section [59-8-130](#). If a scholarship student's program of academic instruction is terminated for any reason before the end of the semester or school year and the student does not resume instruction within thirty days, then the parent shall notify the department and remaining funds in the account revert to the ESTF.

### **Scholarship participants, number limits, increases, review eliminated**

SECTION 6. Section [59-8-135](#) of the S.C. Code is amended to read:

Section [59-8-135](#). Beginning with the 2024-2025 School Year, the annual number of eligible students is limited by the following capacity:

- (1) in School Year 2025-2026, the program is limited to ten thousand scholarship students; and
- (2) in School Year 2026-2027, and for all subsequent school years, the program shall be made available to at least fifteen thousand scholarship students but may be increased through an allocation in the general appropriations act at the direction of the General Assembly, based upon previously unmet demand for scholarships as evidenced by the prior year's applications.

### **Education service providers, participation requirements**

SECTION 7. Section [59-8-140](#) of the S.C. Code is amended to read:

Section [59-8-140](#). (A)(1) The department must develop an application approval process for participation in the ESTF program for education service providers, including eligible schools.

(2) The department must require an independent school that applies to be an education service provider to be located in the State, to have an educational curriculum that includes courses set forth in the state's diploma requirements and to meet the compulsory attendance and State Board of Education approval requirements in Section [59-65-10](#).

(3) An education service provider that participated in the program in the previous school year and desires to participate in the program in the current school year shall reapply to the department. The education service provider reapplying shall certify to the department that it continues to meet all program requirements. An education service provider required to administer academic testing shall provide to the department test score data from the previous school year. If individual student test score data is not submitted, then the department shall remove the education service provider from the program.

(4) An education service provider that is denied approval pursuant to this section may seek review by filing a request for a contested case hearing with the administrative law court in accordance with the court's rules of procedure.

(5) The department shall publish on its website a comprehensive list of approved education service providers. The list must include the name, address, telephone number, and website address for each education service provider.

(B) New education service providers may be added to the list of approved providers on a rolling basis. The providers will be added to the comprehensive list available on the department's website.

(C) The department may bar an education service provider from the program if the department establishes that the education service provider has:

- (1) failed to comply with the accountability standards established in this section; or
- (2) failed to provide the scholarship student with the educational services funded by the account.

(D) The department shall create procedures to ensure that a fair process exists to determine whether an education service provider should be barred from receiving payments from accounts.

(1) If the department decides to bar an education service provider from the program, it shall notify affected students and their parents of this decision as quickly as possible.

(2) Education service providers may appeal the department's decision to bar the education service provider from receiving payments from accounts pursuant to the Administrative Procedures Act.

(E) All employees at an online education service provider who are employed in same or similar roles as defined in Section [63-7-310](#) shall be considered persons required to report and must complete the training programs required pursuant to Section [63-7-310](#)(A) and hold all the same rights, responsibilities, and potential penalties as defined in Sections [63-7-315](#), [63-7-320](#), [63-7-350](#), [63-7-360](#), [63-7-370](#), [63-7-380](#), [63-7-390](#), [63-7-400](#), [63-7-430](#), [63-7-440](#), and receive information pursuant to Section [63-7-450](#).

### **State Department of Education, administrative requirements**

SECTION 8. Section [59-8-145](#) of the S.C. Code is amended to read:

Section [59-8-145](#). (A) The department shall adopt procedures to inform students and their parents annually of their eligibility for the program.

(B) The department shall adopt procedures to annually inform scholarship students and their parents of the approved education service providers.

(C) The department shall provide to parents of a scholarship student written instructions for the allowable uses of an account and the responsibilities of parents and the duties of the department.

(D) The department may declare that a student is ineligible for continuation in the program due to substantial misuse of their account funds.

(E) The department may conduct or contract for the auditing of accounts, and shall, at a minimum, conduct random audits of education service providers, education trust fund, and scholarship accounts on an annual basis

(F) The department may refer cases of substantial misuse of funds to law enforcement agencies for investigation.

(G) The department shall maintain a record of the number of applications received annually for the program, the number of students accepted into the program each fiscal year, and the number of students not accepted into the program each fiscal year with a corresponding explanation as to why the student was not accepted into the program. The department shall compile this information and provide a report on the previous fiscal year to the General Assembly by December thirty-first of each year.

### **State Department of Education, information posting and applicant support duties**

SECTION 9. Chapter 8, Title 59 of the S.C. Code is amended by adding:

Section [59-8-147](#). (A) The department shall prominently post, on the main page of the South Carolina Department of Education website, advertisement of and access to the application for the program. The department shall be responsible for facilitating access to the application and supporting applicants throughout the application process.

(B) In the event that an application is submitted and is substantially complete but found to contain errors including, but not limited to, errors of minor omission and misspelling, the submitting party must be notified and given two weeks to correct the errors before a final decision is made regarding the acceptance or denial of the application. If space in the program is limited, preference will be given to applicants whose applications are on hold due to error until the two weeks allotted for correction have passed.

### **Education service providers, background checks, bond requirements**

SECTION 10. Section [59-8-150](#) of the S.C. Code is amended to read:

Section [59-8-150](#). (A) To ensure equitable treatment and personal safety of all scholarship students, all education service providers shall:

(1) comply with all applicable health and safety laws or codes;

- (2) hold a valid occupancy permit if required by the municipality in which the education service provider is located;
  - (3) not unlawfully discriminate on the basis of race, color, or national origin. This item shall not be interpreted to preclude any independent or religious educational provider from exercising an exemption allowed under federal law;
  - (4) conduct and maintain records of completed criminal background checks on employees. An education service provider that is not an accredited or licensed school must submit documentation of completed background checks to the department as part of their initial application. All education service providers must exclude from employment anyone who:
    - (a) is not permitted by state law to work in a school;
    - (b) reasonably might pose a threat to the safety of students; or
    - (c) is listed on federal, state, or other central child abuse registries.
- (B) To ensure that funds are spent appropriately, all education service providers shall:
- (1) provide parents with an invoice, for services purchased, or a receipt for goods purchased for all qualifying expenses; and
  - (2) demonstrate their financial viability by filing a surety bond with the department prior to the start of the school year if they are to receive fifty thousand dollars or more during the school year. After their first school year of participation the surety bond is required of education service providers who exceed fifty thousand dollars in qualifying expenses received in the previous school year.
- (C) In order to allow parents and the public to measure the achievements of the program, academic progress must be documented annually for each scholarship student. Students with an Individualized Education Plan that cannot be accommodated with standardized testing are excluded from the requirements of item (1). Education service providers that provide academic instruction must monitor the progress of students with significant cognitive disabilities through alternative assessments including portfolios.
- (1) Education service providers that provide full-time academic instruction shall:
- (a) ensure that each scholarship student in grades three through eight takes the annual state summative assessment or alternative summative assessment required of students in public schools in this State;
  - (b) in lieu of the assessments required by subitem (a) ensure that each scholarship recipient in grades three through eight takes a nationally norm-referenced summative assessment annually or a formative assessment at the beginning of the school year, at the end of the first semester, and at the end of the school year. The assessment must be approved by the department, aligned with state standards, and include a linking study;
  - (c) ensure that each scholarship student in grades nine through twelve takes a department- approved, nationally norm-referenced assessment, formative assessment, or assessment that demonstrates the student's college or career readiness. Students with disabilities for whom standardized testing is not appropriate are exempt from this requirement;
  - (d) collect high school graduation information of scholarship students for reporting to the department as required in this section; and
  - (e) ensure that the parent or guardian of a scholarship student taking the assessments above receives a written report of the student's performance on each assessment. The report must include the student's score on the assessment and an indication of how the student's assessment performance compares to other South Carolina students.

(2) The department shall ensure that the education service provider has access to and is trained in administering the state assessments required in item (1)(a) and (b). The department shall assume any costs associated with training, administering, or taking assessments with no charges to the provider or students.

(3) For the purpose of evaluating program effectiveness, education service providers that provide full-time academic instruction shall ensure that results in item (1) are:

(a) provided to the parent of a scholarship student and must be provided to the department on an annual basis, beginning with the first year of program implementation; and

(b) disaggregated by grade level, gender, family income level, race, and English-learner status.

(4) The department, or the appropriate organization chosen by the department, if any, must be informed of the scholarship student's graduation from high school.

(D) The department shall:

(1) comply with all student privacy laws;

(2) collect all test results; and

(3) annually provide individual student assessment results and information to the Education Oversight Committee. The transmission of the information must be made in a manner that safeguards the data to ensure student privacy.

(E) The Education Oversight Committee shall:

(1) comply with all student privacy laws;

(2) report on and publish associated learning gains and graduation rates to the public by means of a state website with data aggregated by grade level, gender, family income level, number of years participating in the program, and race and a report for any participating school if at least fifty-one percent of the total enrolled students in the private school participated in the program in the prior school year or if there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating-student cell size may be reduced without disclosing the personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating-student cell size, but the cell size may not be reduced to fewer than ten participating students;

(3) evaluate and report the academic performance of scholarship students compared to similar public school populations; and

(4) collaborate with the department to develop and administer an annual parental satisfaction survey for all parents of scholarship students on issues relevant to the program, to include effectiveness and length of the program participation. Results of this survey must be provided to the General Assembly by December thirty-first of each year.

(F) An education service provider, not a public school, is not an agent of the state or federal government, therefore:

(1) the department or any other state agency may not regulate the educational program beyond what is set forth in this chapter of an approved education provider that accepts funds from an account;

(2) the creation of the program does not expand the regulatory authority of the State, its officers, or a school district to impose regulation of education service providers beyond those necessary to enforce the requirements of the program;

- (3) the freedom of education service providers to provide for the educational needs of scholarship students without governmental control must not be abridged;
- (4) an education service provider that accepts payment from an ESTF account pursuant to this chapter is not an agent of the state or federal government; and
- (5) education service providers shall not be required to alter their creeds, practices, admissions policy, or curriculum in order to accept payments from an ESTF account.

(G) A person paid by, contracted with, employed by, or having a financial interest in an education service provider shall not be allowed to serve on the board of an organization contracting for services with the department as defined in Section [59-8-115](#)(J), serve on the board of a vendor or private management firm contracted to manage accounts as defined in Section [59-8-125](#)(C), on the board of any other provider of contracted-for services under Section [59-8-110](#)(12) or under Section [59-8-120](#)(H), or on the ESTF Review Panel. Any education service provider violating this subsection shall be barred from participating in the program for two years and shall return any funds received under the program to the ESTF.

(H) A person serving as a board member or director of an education service provider shall have a fiduciary duty to the provider and shall avoid any conflicts of interest with the provider.

(I) No member of the General Assembly or their immediate family, as defined by Section [8-13-100](#)(18), may have a financial interest in an education service provider. This does not prevent a member or their immediate family from qualifying under the provisions of this chapter to participate in the ESTF program.

(J) A person shall not serve in a position of leadership with an education service provider who has been convicted of a financial crime.

### **Education Scholarship Trust Fund review panel**

SECTION 11. Section [59-8-160](#) of the S.C. Code is amended to read:

Section [59-8-160](#). (A) There is created the "ESTF Review Panel" that shall serve as an advisory panel to the department.

(B) The review panel shall consist of ten members, pursuant to the following:

- (1) the Governor, or his designee, who shall serve as the chair of the panel;
- (2) three members to be appointed by the Governor;
- (3) one member appointed by the Speaker of the House of Representatives;
- (4) one member appointed by the President of the Senate;
- (5) one member appointed by the Chairman of the House of Representatives Education and Public Works Committee;
- (6) one member appointed by the Chairman of the Senate Education Committee; and
- (7) two parents of scholarship students to be appointed by the Governor.

(C) The review panel may advise the department on whether certain expenses meet the requirements to be considered a qualified expense under this chapter when requested by the department. The review panel periodically may make recommendations to the General Assembly about improving the program.

(D) Members shall serve at the pleasure of their appointing authority. In making appointments to the panel, the appointing authorities, as appropriate, shall consider legal, financial, accounting, and marketing experience and race, gender, and other demographic factors to ensure nondiscrimination, inclusion, and representation of all segments of the State to the greatest extent possible.

(E) Members may not receive mileage or per diem.

### **Interdistrict student transfer policies**

SECTION 12. Section [59-8-165](#) of the S.C. Code is amended to read:

Section [59-8-165](#). The department shall develop model guidelines for interdistrict transfers to assist local boards of trustees in establishing an interdistrict enrollment policy. The model guidelines shall serve as the minimum standard, ensuring a baseline of expectations for all districts. Each local policy shall be based on an evaluation of available data reflecting student, school, district, and community needs to ensure access and efficient resource allocation. The policy must include and describe the application requirements, timelines, communication plans, capacity standards, approval and denial criteria, priorities of acceptance, and transportation. Capacity standards are required to be based on objective measures such as facility constraints, staffing levels, and class size limits. A school district may, but is not required to, expand capacity at a school or in a program to accommodate increased demand for interdistrict transfers. Each district shall review and publicly post available capacity for interdistrict student transfers on its website and update this information at least annually. School districts are not required to provide transportation but must disclose their transportation policy. Districts may establish cost-sharing agreements for interdistrict students who require transportation. All school districts must have an interdistrict policy in place within one hundred twenty days of the publication of the model guidelines by the department. Any school district with an existing interdistrict policy must review and ensure compliance with this section within sixty days of its enactment. The department shall review all local interdistrict transfer policies to ensure alignment with the model guidelines. If a district fails to meet minimum standards, the department may withhold administrative funding until the district demonstrates full compliance. The provisions of this chapter do not restrict a school district's ability to enact or enforce an intradistrict student transfer policy.

### **Interdistrict student transfer policies, High School League transfer eligibility exemption**

SECTION 13. Section [59-8-170](#) of the S.C. Code is amended to read:

Section [59-8-170](#). A student transferring from one public high school to another public high school in grades nine through eleven or from one public middle school to another public middle school in grades six through eight pursuant to this program is not subject to any prohibition by the South Carolina High School League on a transfer student from participating in an interscholastic sport upon transfer. After the initial transfer, any subsequent transfer by a student to another public school shall be subject to the South Carolina High School League eligibility rules.

### **Education Lottery fund allocation recipients, Education Scholarship Trust Fund included**

SECTION 14. Section [59-150-350](#)(D) of the S.C. Code is amended to read:

(D) At the beginning of the first fiscal year after the state lottery becomes operational, the Comptroller General shall certify the amount of net proceeds including investment earnings on the net proceeds credited to and accrued in the Education Lottery Account during the preceding fiscal year. The sum of certified net proceeds and investment earnings must be designated as annual lottery proceeds. Appropriations from the Education Lottery Account must be allocated only for educational purposes and educational programs by the General Assembly in its annual general appropriations bill or any bill appropriating monies for previous or current fiscal years. Funds made available from the Education Lottery Account must be used to provide Palmetto Fellows Scholarships to all eligible applicants, to provide LIFE Scholarships for eligible resident students attending four-year public institutions in those amounts provided by law; to the South Carolina State Library for public library state aid, to

be distributed to county public libraries on a per capita basis and to be used for educational technology delivery, upgrade, and maintenance; to the Commission on Higher Education for tuition assistance at state technical colleges and two-year public institutions; for the SC HOPE Scholarship Program; to the Department of Education for school-based grants for pilot programs, to include programs providing deregulation as requested by school districts with an overall absolute or improved designation of average or better, with first priority given to schools reported as average, below average, or unsatisfactory in accordance with the Education Accountability Act; to the Department of Education to fund homework centers, and these funds must be allocated to the local school districts based on a per pupil basis and may be used for salaries for certified teachers and for transportation costs, provided that priority in the distribution of funds must be given to schools designated as below average or unsatisfactory in accordance with the Education Accountability Act; to the Commission on Higher Education for higher education assistance, including need-based grants, grants to teachers for advanced education with priority to annual grants earmarked for teachers working toward their masters' degrees or advanced education in their areas of certification, or both; for the National Guard Tuition Repayment Program; and funding for elementary and secondary public education as determined pursuant to the Education Accountability Act of 1998 and education improvement legislation enacted into law after the effective date of this chapter; new programs enacted by the General Assembly for public institutions of higher learning, including public four-year colleges and universities and their branches and two-year colleges, as defined in Section [59-103-5](#), and state technical colleges, which programs may include the creation of endowed chairs at the state's universities, with an emphasis in the areas of, but not limited to, engineering, computer science, and the sciences; to the State Department of Education for the purchase or repair of school buses; to the South Carolina Educational Television Commission for digitalization; to the South Carolina Education Scholarship Trust Fund; to the Commission on Higher Education to administer a construction and renovation fund for the historically black colleges and universities, and to the Higher Education Tuition Grants Commission to administer tuition grants. The proportion of total recurring general fund and special fund revenues of the State expended for the total of public elementary, secondary, and higher education allocations in any fiscal year must not be less than the proportions in the fiscal year immediately before the fiscal year in which education revenues are first received from a state lottery, and must not be reduced or supplanted later by revenues received from a state lottery.

### **Severability**

SECTION 15. If any section, subsection, paragraph, subparagraph, sentence, clause, phrase, or word of this act is for any reason held to be unconstitutional or invalid, such holding shall not affect the constitutionality or validity of the remaining portions of this act, the General Assembly hereby declaring that it would have passed this act, and each and every section, subsection, paragraph, subparagraph, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more other sections, subsections, paragraphs, subparagraphs, sentences, clauses, phrases, or words hereof may be declared to be unconstitutional, invalid, or otherwise ineffective.

### **Time effective**

SECTION 16. This act takes effect upon approval by the Governor. Current eligible participants may continue receiving benefits under the Education Scholarship Trust Fund, until the end of the 2024-2025 School Year.

Ratified the 6th day of May, 2025.

---

*President of the Senate*

---

*Speaker of the House of Representatives*

Approved the \_\_\_\_\_ day of \_\_\_\_\_ 2025.

---

*Governor*

---XX---

This web page was last updated on May 6, 2025 at 7:24 PM