

116TH CONGRESS
1ST SESSION

H. R. 2538

To create child safety accounts in the District of Columbia, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2019

Mr. BANKS introduced the following bill; which was referred to the Committee on Oversight and Reform

A BILL

To create child safety accounts in the District of Columbia,
and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Child Safety Accounts
5 Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) The term “certified donation” means a do-
9 nation certified by the finance authority as eligible
10 for a tax credit.

1 (2) The term “child safety account” means an
2 account created and managed by the treasurer of the
3 District of Columbia for each qualified student who
4 has experienced a safety issue and opts into a child
5 safety account.

6 (3) The term “Department” means the Office
7 of the State Superintendent of Education of the Dis-
8 trict of Columbia.

9 (4) The term “elementary school” means an in-
10 stitutional day or residential school (including a
11 school with a virtual presence), including a public el-
12 ementary charter school, that provides elementary
13 education, as determined under District of Columbia
14 law.

15 (5) The term “educational scholarships” means
16 a scholarship provided to a qualifying student to top
17 off the education of their choice.

18 (6) The term “eligible expenses” means any
19 education expense necessary for a qualified student,
20 including—

21 (A) tuition or courses at a qualified school;

22 (B) textbooks;

23 (C) tutoring by an authorized provider;

24 (D) transportation to and from a qualified
25 school;

1 (E) therapy necessary to cope with the
2 trauma of a safety incident;

3 (F) college courses; and

4 (G) other required education materials.

5 (7) The term “finance authority” means the
6 Chief Financial Officer of the District of Columbia
7 or an individual authorized authority designated by
8 the Mayor of the District of Columbia to manage the
9 child safety accounts.

10 (8) The term “fraud” means any child safety
11 account funds spent on items that does not qualify
12 as an eligible expense, or any other fraud related to
13 the use of such accounts (including falsifying infor-
14 mation related to a safety incident or District of Co-
15 lumbia residence for the purpose of receiving such
16 an account).

17 (9) The term “parent” has the meaning given
18 that term in section 8101 of the Elementary and
19 Secondary Education Act of 1965 (20 U.S.C. 7801).

20 (10) The term “poverty line” means the poverty
21 line (as defined in section 673(2) of the Community
22 Services Block Grant Act (42 U.S.C. 9902(2)) appli-
23 cable to a family of the size involved.

24 (11) The term “qualified donor” means a tax-
25 payer, individual, or corporation, who—

1 (A) files a District of Columbia income tax
2 return;

3 (B) cannot be claimed as a dependent on
4 another taxpayer return;

5 (C) has donated to a scholarship granting
6 organization; and

7 (D) has been certified by the finance au-
8 thority to make the donation specified.

9 (12) The term “qualified school” means an ele-
10 mentary school or secondary school in the District of
11 Columbia that—

12 (A) ensures employees are permitted to
13 work in a school by District of Columbia law
14 and who are not a threat to student safety;

15 (B) ensures financial stability with yearly
16 independent financial audits provided to the fi-
17 nance authority; and

18 (C) ensures funds from child safety ac-
19 counts are spent appropriately for the education
20 of students.

21 (13) The term “qualified student” means any
22 student who—

23 (A) is a resident of the District of Colum-
24 bia;

25 (B) is enrolled in a qualified school; and

1 (C) has attended a qualified school for not
2 less than 100 days.

3 (14) The term “safety issue” means a reported
4 incident of—

5 (A) bullying (physical, verbal, cyber);

6 (B) sexual harassment;

7 (C) sexual abuse;

8 (D) sexual misconduct;

9 (E) gang activity;

10 (F) fights;

11 (G) suicide attempts or threats;

12 (H) shootings;

13 (I) drug use;

14 (J) special safety needs;

15 (K) food safety needs;

16 (L) health related safety issues;

17 (M) act of violence against the qualified
18 student; or

19 (N) other safety concerns and fears as de-
20 termined by a qualified student and parent.

21 (15) The term “scholarship granting organiza-
22 tion” means an organization authorized by the fi-
23 nance authority to accept funds and use such funds
24 to provide scholarships to qualified students.

1 (16) The term “secondary school” means an in-
2 stitutional day or residential school (including a
3 school with a virtual presence), including a public
4 secondary charter school, that provides secondary
5 education, as determined under District of Columbia
6 law, except that the term does not include any edu-
7 cation beyond grade 12.

8 (17) The term “top off” means the payment of
9 tuition or other eligible expense above the amount
10 provided with the child safety account.

11 (18) The term “uncertified donation” means a
12 donation that is not eligible for a tax credit because
13 the amount of such donation exceeds the amount eli-
14 gible for such tax credit.

15 **SEC. 3. CREATION OF CSA.**

16 (a) REPORT.—Upon receipt of a report of an issue
17 of school safety at a qualified school, such school shall—

18 (1) submit such report to the Office of School
19 Security of the District of Columbia; and

20 (2) provide a copy of the report to each family
21 and educator involved.

22 (b) INVESTIGATION.—The Office of School Security
23 shall complete an investigation of the report not later than
24 15 days after receiving such report to determine whether
25 the report has merit.

1 (c) PARENTAL NOTICE.—The school shall inform the
2 parents of the student on whose behalf the report was sub-
3 mitted—

4 (1) whether the investigation has determined a
5 school safety issue exists at the school; and

6 (2) in a case in which the investigation deter-
7 mines that such a safety issue exists, that the par-
8 ents have an opportunity to enroll in a child safety
9 account.

10 **SEC. 4. DUTIES OF THE OFFICE OF THE STATE SUPER-**
11 **INTENDENT OF EDUCATION OF THE DIS-**
12 **TRICT OF COLUMBIA.**

13 The Office of the State Superintendent of Education
14 of the District of Columbia shall—

15 (1) carry out random quarterly audits of child
16 safety accounts to check for fraud; and

17 (2) seek to enter into a contract with a private
18 entity that shall administer the child safety account
19 program under this Act, including—

20 (A) registering vendors that provide the
21 services eligible to be purchased using child
22 safety accounts, including the registering of pri-
23 vate schools eligible to participate; and

24 (B) providing verification of purchases by
25 setting up an online platform with registered

1 vendors allowing for instant authorization of
2 such purchases.

3 **SEC. 5. ADMINISTRATION OF PROGRAM.**

4 (a) CSA ACCOUNT CREATION AND FUNDING.—Upon
5 a parent signing an agreement on the proper usage and
6 responsibilities of a child safety account, the private entity
7 that has entered into a contract under section 4(2) shall—

8 (1) create a child safety account for the student
9 of the parent—

10 (A) which the student—

11 (i) is eligible to automatically renew
12 each year until the date on which the stu-
13 dent—

14 (I) graduates from a secondary
15 school;

16 (II) is no longer a qualified stu-
17 dent; or

18 (III) has turned 18 years of age;

19 and

20 (ii) in a case in which funds remain in
21 the child safety account after the period
22 described in clause (i), may use for post-
23 secondary education; and

24 (2) in a case in which funds remain after being
25 used in accordance with paragraph (1)(A)(ii), ensure

1 that the funds from which will revert back to the
2 District of Columbia;

3 (3) ensure that the Department will deduct the
4 amount provided to such child safety account for
5 each year of the period described in paragraph
6 (1)(A)(i) in an amount equal to the average yearly
7 per pupil cost for qualified school of the student, ex-
8 cept that—

9 (A) the amount shall be prorated based on
10 the number of days remaining in the school
11 year if the safety incident occurs after the
12 school year has already started; and

13 (B) in the case of a student with an indi-
14 vidual education plan or an accommodation
15 plan issued under section 504 of the Rehabilita-
16 tion Act of 1973, such amount shall be in-
17 creased to equal the per pupil expenditure for
18 such a student;

19 (4) notify the Department and the qualified
20 school in which the student was previously enrolled
21 of the account creation, including the amount depos-
22 ited into the account; and

23 (5) provide the parent with a letter of account
24 creation until a debit card can be issued, which shall

1 be accepted at a qualified school until such time pay-
2 ment can be made with the use of a debit card.

3 (b) FUNDS FOR THE PROGRAM.—

4 (1) PRIVATE ENTITY REQUIREMENTS.—Not
5 later than August 1 of each year, the private entity
6 shall submit to the finance authority the amount of
7 funds necessary for child safety accounts. In deter-
8 mining the amount of funds to request—

9 (A) for each family living at not more than
10 185 percent of the poverty line, the amount of
11 funds for a child safety account shall be an
12 amount equal to 90 percent of the uniform per
13 student amount used by the District of Colum-
14 bia to determine the amount of annual pay-
15 ments to District of Columbia public schools
16 with respect to the academic year involved;

17 (B) for each family living at or greater
18 than 186 percent of the poverty line, but not
19 greater than 300 percent of the poverty line,
20 the amount of funds for a child safety account
21 shall be an amount equal to 85 percent of the
22 uniform per student amount used by the Dis-
23 trict of Columbia to determine the amount of
24 annual payments to District of Columbia public

1 schools with respect to the academic year in-
2 volved; and

3 (C) for each family living at greater than
4 300 percent of the poverty line, the amount of
5 funds for a child safety account shall be an
6 amount equal to 80 percent of the uniform per
7 student amount used by the District of Colum-
8 bia to determine the amount of annual pay-
9 ments to District of Columbia public schools
10 with respect to the academic year involved.

11 (2) FINANCE AUTHORITY REQUIREMENTS.—

12 The finance authority shall transfer to the private
13 entity the amount requested under paragraph (1)
14 from any funds or revenues available to the District
15 of Columbia public schools for purposes of the pro-
16 gram under this Act.

17 (3) ADMINISTRATIVE PURPOSES.—The private
18 entity shall use not more than 5 percent of the funds
19 received from the finance authority under paragraph
20 (2) for administrative purposes.

21 **SEC. 6. FRAUD.**

22 (a) IN GENERAL.—Not later than 60 days after the
23 date of enactment of this Act, the finance authority will
24 establish a committee to meet on a quarterly basis to re-
25 view any allegations of fraud found discovered as a result

1 of the audits of child safety accounts under section 4, and
2 which shall be composed of the following members:

3 (1) An employee of each type of qualified
4 school.

5 (2) A home education expert.

6 (3) A member of the finance authority staff.

7 (b) FIRST MEETING.—The commission will have its
8 first meeting following the first quarterly audit carried out
9 by the Office of the State Superintendent of Education
10 of the District of Columbia.

11 (c) SIMPLE MISTAKE.—If a disputed expenditure is
12 determined to be a simple mistake, the parent will be re-
13 quired to repay the expense.

14 (d) EXPENDITURE FRAUD.—If the finance authority
15 determines that the disputed expenditure was not a simple
16 mistake on the part of the parent—

17 (1) in a case in which the amount of such ex-
18 penditure may lead to a conviction of misdemeanor
19 fraud under District of Columbia law—

20 (A) for a parent with no previous disputed
21 expenditures in such an amount that was deter-
22 mined to be fraud by the finance authority, the
23 parent shall be required to repay the disputed
24 amount, the child safety account shall be frozen
25 until such time as the repayment is made, and

1 upon repayment, the parent may resume using
2 the child safety account; and

3 (B) for a parent with a previous expendi-
4 ture in such an amount that was determined to
5 be fraud by the finance authority, the child
6 safety account shall be frozen and the parent
7 shall not be eligible for any child safety ac-
8 counts in the District of Columbia on or after
9 such determination; and

10 (2) in a case in which the amount of such ex-
11 penditure may lead to a felony conviction under Dis-
12 trict of Columbia law, the child safety account in-
13 volved shall be frozen, the case shall be remanded to
14 the Attorney General of the District of Columbia,
15 and the parent shall not be eligible for any child
16 safety accounts in the District of Columbia on or
17 after such determination.

18 (e) SAFETY INCIDENT OR FALSIFYING RESIDENCY
19 FRAUD.—In a case where the parent is found to have fal-
20 sified the safety incident, or falsified residency in the Dis-
21 trict of Columbia, leading to creation of the account and
22 the amount of expenditures resulting from the falsified ac-
23 count may lead to a conviction of misdemeanor fraud
24 under District of Columbia law, the child safety account
25 shall be frozen, and the parent shall not be eligible for

1 any child safety accounts in the District of Columbia on
2 or after such determination, and the Attorney General of
3 the District of Columbia shall be notified.

4 **SEC. 7. SCHOLARSHIP GRANTING ORGANIZATIONS.**

5 (a) APPLICATIONS.—To be authorized as a scholar-
6 ship granting organization to accept donations and pay
7 out scholarships to students under this section, an organi-
8 zation shall submit an application to the finance authority
9 at such time, in such manner, and containing such infor-
10 mation as the authority may require, which shall include
11 an assurance that the organization—

12 (1) is an organization described in section
13 501(c)(3) of the Internal Revenue Code of 1986;
14 and

15 (2) will submit an independent yearly audit to
16 the finance authority not later than October 1 of
17 each year.

18 (b) DONATION PROCESS.—Not later than 60 days
19 after the date of enactment of this Act, the finance author-
20 ity shall create a process to—

21 (1) accept donation pledges and provide certifi-
22 cates to the donor and the scholarship granting or-
23 ganization, and to ensure donors are handled in an
24 equal manner across all donors;

1 (2) for the purpose of ensuring that a donation
2 does not exceed any limits imposed on donations by
3 the finance authority, ensure certificates of donor-al-
4 lowed amounts will be provided to the donor before
5 the amounts are given to the scholarship granting
6 organization;

7 (3) ensure that no donation is directed to a spe-
8 cific student or school, and authorize donations for
9 a specific type of qualified school (including a pri-
10 vate or religious school), or for students affected by
11 a specific type of safety issue;

12 (4) create a process for certifying donation
13 amounts for the topping off process;

14 (5) create a receipt to be used by the scholar-
15 ship granting organization to provide to the donor
16 that indicates the amount of the certified donation
17 amount for purposes of a tax credit; and

18 (6) in a case in which the total donations from
19 all donors for a tax year exceed the allowable tax
20 credits, pro-rate the certified donation amounts
21 across such donors for such tax year, and ensure
22 that any amount over such reduced amounts would
23 be uncertified and not eligible for a tax credit.

24 (c) SGO REQUIREMENTS.—Each scholarship grant-
25 ing organization shall carry out the following:

1 (1) CERTIFIED DONATIONS.—Accepting cer-
2 tified donations from individuals and corporations,
3 providing qualified donors of such donations with a
4 finance authority receipt, and certifying to the fi-
5 nance authority all revenue earned from interest and
6 investments on such donations are used for scholar-
7 ships described in paragraph (3).

8 (2) NONCERTIFIED DONATIONS.—Creating a
9 process for handling noncertified donations, which
10 includes—

11 (A) mailing a form to the donor, to—

12 (i) determine whether the donor would
13 like a refund of the noncertified portion of
14 the donation;

15 (ii) determine whether the donor
16 would like the noncertified portion for ad-
17 ditional scholarships;

18 (iii) notify the donor that such form
19 shall be returned within 15 business days
20 if the donor would like the noncertified do-
21 nations to be used for scholarships; and

22 (iv) notify the donor that if the non-
23 certified portion is used for scholarships,
24 these funds cannot be used as a tax credit,
25 and the donor would only be eligible to use

1 them as a charitable donation under Fed-
2 eral and State laws;

3 (B) keeping for 5 years returned forms for
4 auditing purposes;

5 (C) certifying to the finance authority all
6 revenue earned from interest and investments
7 on such donations are used for scholarships;
8 and

9 (D) ensuring noncertified donations are
10 used for scholarships and not for administration
11 purposes.

12 (3) SCHOLARSHIPS FOR STUDENTS.—

13 (A) APPLICATIONS.—Accepting applica-
14 tions from qualified students who have received
15 a child safety account and are seeking a schol-
16 arship to top off their eligible expenses not cov-
17 ered by such account.

18 (B) PAYMENT OF SCHOLARSHIPS.—Ensuring that each scholarship is—
19

20 (i) awarded not later than March 1 of
21 each year for the next school year;

22 (ii) has a payment schedule so that
23 scholarship payments are provided to the
24 parent of the student or to the qualified
25 school in which the student is enrolled;

- 1 (iii) not a multiyear scholarship; and
2 (iv) portable throughout the school
3 year if the student changes to another
4 qualified school, and may be prorated ac-
5 cording to the time frame left in the school
6 year.

7 (C) SUBMISSION OF DATA.—Submitting,
8 on an annual basis, the following data (which
9 contains no identifiable student information) to
10 the finance authority:

- 11 (i) Amount of scholarship provided.
12 (ii) Data on type of school.
13 (iii) Data on the safety issue.

14 (d) AUDITS.—The finance authority will review the
15 scholarship granting organization financial audits and ter-
16 minate the organization if proper guidelines are not fol-
17 lowed or remedied in a timely manner.

18 **SEC. 8. DC TAX CREDITS.**

19 (a) DC TAX CREDIT FOR CERTIFIED DONATIONS.—
20 There is established in the District of Columbia a program
21 to provide tax credits against income taxes imposed by the
22 District of Columbia for certified donations described in
23 section 5. Such program shall be administered by the
24 Mayor consistent with the following:

1 (1) The initial amount of the tax credit dona-
2 tions in the first year will be \$100 million dollars.

3 (2) Donors will be allowed to take a tax credit
4 of 100 percent of their certified donation up to their
5 tax liability. Any excess credit may be rolled over for
6 up to 5 years.

7 (3) Each year tax credit donations reach 90
8 percent of the yearly limit, the limit will be increased
9 by 25 percent the following year.

10 (4) A taxpayer may donate in excess of the cer-
11 tified amount to the scholarship granting organiza-
12 tion. This excess cannot be used in tax credit cal-
13 culations, but may be utilized as a normal charitable
14 donation on the taxpayer's income tax return.

15 (b) DC TAX CREDIT FOR CERTAIN EDUCATION EX-
16 PENSES.—There is established in the District of Columbia
17 a program to provide tax credits against income taxes im-
18 posed by the District of Columbia for eligible expenses
19 above the amount provided under a child safety account.
20 Such program shall be administered by the Mayor con-
21 sistent with the following:

22 (1) Parents will be allowed to top off tuition or
23 other eligible expenses.

1 (2) The parent may claim these expenses as a
2 personal income tax credit against income taxes im-
3 posed by the District of Columbia.

4 (3) This tax credit will not be limited by the
5 parent tax liability so as to ensure parents with
6 lower incomes to better afford to move their student
7 to a safe educational environment.

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