# Senate Bill 19-074

**CONCERNING MONETARY SUPPORT TO PROVIDE LITERACY ENRICHMENT FOR EARLY-GRADE STUDENTS WHO ARE IDENTIFIED AS HAVING A SIGNIFICANT READING DEFICIENCY, AND, IN CONNECTION THEREWITH, CREATING THE LITERACY ENRICHMENT SCHOLARSHIP PROGRAM.**

## Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at [http://leg.colorado.gov](http://leg.colorado.gov).)

The bill creates the literacy enrichment scholarship program (program) for students in kindergarten or grades one through 3 who are...

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**Senate Sponsorship**

Lundeen,  

**House Sponsorship**

(None),

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<th>Senate Committees</th>
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identified as having a significant reading deficiency. The scholarship amount is limited to $500 per student per year and may be used by the student's parent to purchase literacy enrichment products and services for the student.

The department of education (department) must implement the program by contracting with a nonprofit entity to administer distribution of the scholarship money. The administering entity will accept applications and confirm that the applying student and his or her parents meet the eligibility requirements. The administering entity will then notify the department, and the department will forward the scholarship amount for the eligible student to the administering entity, which will deposit the money in the eligible student's account. The administering entity must establish a money transfer service by which the parent of an eligible student may withdraw money from the account. A parent may use the scholarship money only for literacy enrichment purposes and may not accept payments from literacy enrichment providers. The bill specifies procedures for enforcing these requirements.

By January 31, 2023, the department must evaluate whether the program is successful in assisting students to improve literacy skills. The department must submit the evaluation to the state board of education and the education committees of the general assembly.

The general assembly will appropriate money annually for the program to the literacy enrichment scholarship fund, which is created in the bill. The program is repealed, effective July 1, 2025.

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Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 22-7-1215 as follows:

22-7-1215. Literacy enrichment scholarships - created - evaluation - report - legislative declaration - definitions - repeal.

(1) The general assembly finds that the level of literacy support that parents can provide for their child outside of the classroom is a significant factor in determining whether the child is reading at or above grade level, especially in early grades. The general assembly further finds that parents' ability to provide this support is in many cases directly related to the
PARENTS' INCOME, LEADING TO A LITERACY ENRICHMENT GAP BETWEEN CHILDREN WHO COME FROM DIFFERING SOCIO-ECONOMIC LEVELS. THE GENERAL ASSEMBLY FINDS, THEREFORE, THAT IT IS NECESSARY TO PROVIDE A SCHOLARSHIP PROGRAM TO ENABLE LOWER-INCOME FAMILIES WHOSE CHILDREN HAVE SIGNIFICANT READING DEFICIENCIES IN KINDERGARTEN THROUGH THIRD GRADE TO PROVIDE LITERACY ENRICHMENT OPPORTUNITIES FOR THEIR CHILDREN TO ENABLE THEM TO MEET AND EXCEED THE MINIMUM SKILL LEVELS FOR READING COMPETENCY APPROPRIATE TO THEIR GRADE LEVELS.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "ACCOUNT" MEANS A LITERACY ENRICHMENT ACCOUNT CREATED FOR AN ELIGIBLE STUDENT AS PROVIDED IN SUBSECTION (7)(a) OF THIS SECTION.

(b) "ADMINISTERING ENTITY" MEANS THE NONPROFIT ENTITY SELECTED BY THE DEPARTMENT PURSUANT TO SUBSECTION (3) OF THIS SECTION TO ADMINISTER THE LITERACY ENRICHMENT SCHOLARSHIP PROGRAM.

(c) "ELIGIBLE STUDENT" MEANS A STUDENT WHO MEETS THE CRITERIA SPECIFIED IN SUBSECTION (5) OF THIS SECTION.

(d) "FUND" MEANS THE LITERACY ENRICHMENT SCHOLARSHIP FUND CREATED IN SUBSECTION (11) OF THIS SECTION.

(e) "PROGRAM" MEANS THE LITERACY ENRICHMENT SCHOLARSHIP PROGRAM CREATED IN THIS SECTION.

(f) "SCHOLARSHIP" MEANS A LITERACY ENRICHMENT SCHOLARSHIP AWARDED AS PROVIDED IN THIS SECTION.

(3) (a) THERE IS CREATED IN THE DEPARTMENT THE LITERACY
ENRICHMENT SCHOLARSHIP PROGRAM. DURING THE 2019-20 BUDGET YEAR, THE DEPARTMENT SHALL CONTRACT WITH A NONPROFIT ENTITY TO ADMINISTER THE PROGRAM IN ACCORDANCE WITH THE REQUIREMENTS OF THIS SECTION. THE ADMINISTERING ENTITY SHALL BEGIN AWARDING THE LITERACY ENRICHMENT SCHOLARSHIPS BEGINNING IN THE 2020-21 BUDGET YEAR.

(b) The department shall select the administering entity through a request for proposals process. The state board shall contract with the selected entity to act as the administering entity. The department shall select an entity that has demonstrated success in administering financial accounts and is capable of efficiently implementing a system for payment by electronic funds transfer of money from literacy enrichment accounts. The state board shall select the administering entity and enter into a contract with the administering entity no later than January 1, 2020, which contract is subject to annual review and renewal.

(c) In administering the program, the administering entity shall:

(I) Maintain clear accounting and separate accounts for operational and scholarship money;

(II) Complete and submit to the department an annual independent financial audit in accordance with timelines set by the department; and

(III) Comply with any rules or procedures adopted by the state board or the department for implementing the program.

(4) By September 30, 2020, and by September 30 each year
THEREAFTER, EACH LOCAL EDUCATION PROVIDER SHALL PROVIDE NOTICE OF THE ELIGIBILITY REQUIREMENTS AND THE APPLICATION PROCESS FOR A LITERACY ENRICHMENT SCHOLARSHIP TO THE PARENT OF EACH STUDENT WHO IS ENROLLED BY THE LOCAL EDUCATION PROVIDER IN KINDERGARTEN OR FIRST, SECOND, OR THIRD GRADE AND IS IDENTIFIED AS HAVING A SIGNIFICANT READING DEFICIENCY. THE DEPARTMENT SHALL PROVIDE THE INFORMATION TO LOCAL EDUCATION PROVIDERS TO INCLUDE IN THE NOTICE TO PARENTS.

(5) A STUDENT IS ELIGIBLE TO RECEIVE A LITERACY ENRICHMENT SCHOLARSHIP IF THE STUDENT:

(a) IS ENROLLED IN A PUBLIC SCHOOL IN KINDERGARTEN OR FIRST, SECOND, OR THIRD GRADE AND IS IDENTIFIED AS HAVING A SIGNIFICANT READING DEFICIENCY PURSUANT TO SECTION 22-7-1205; AND

(b) THE STUDENT'S ANNUAL FAMILY INCOME DOES NOT EXCEED THREE HUNDRED PERCENT OF THE FEDERAL POVERTY GUIDELINES FOR THE CALENDAR YEAR PRECEDING THE YEAR IN WHICH THE PARENT INITIALLY APPLIES FOR A SCHOLARSHIP. A STUDENT REMAINS ELIGIBLE TO RECEIVE A LITERACY ENRICHMENT SCHOLARSHIP IN SUBSEQUENT YEARS REGARDLESS OF WHETHER THE STUDENT'S ANNUAL FAMILY INCOME INCREASES.

(6) (a) TO INITIALLY RECEIVE A SCHOLARSHIP, AN ELIGIBLE STUDENT'S PARENT MUST APPLY TO THE ADMINISTERING ENTITY. AT A MINIMUM, THE APPLICATION MUST:

(I) SPECIFY THE ELIGIBLE STUDENT'S NAME, ADDRESS, SCHOOL OF ENROLLMENT, AND GRADE LEVEL AND DEMONSTRATE THAT THE ELIGIBLE STUDENT IS IDENTIFIED AS HAVING A SIGNIFICANT READING DEFICIENCY; AND
(II) Provide evidence of the amount of the eligible student’s family income for the calendar year preceding the application date.

(b) To receive a scholarship for a second or subsequent school year, an eligible student’s parent must submit a renewal application to the administering entity that includes at a minimum the information described in subsection (6)(a)(I) of this section.

(7) (a) The administering entity shall review the applications received pursuant to subsection (6) of this section and confirm that the applying parent’s student is eligible to receive a scholarship. The administering entity shall notify the department that an applying student has been confirmed to be eligible to receive a scholarship, and the department shall transmit the eligible student’s scholarship in the amount of five hundred dollars to the administering entity to be deposited into the eligible student’s literacy enrichment account created by the administering entity. In notifying the department, the administering entity shall provide to the department the identifying student information described in subsection (6)(a)(I) of this section. The amount of the scholarship is five hundred dollars each school year for each student whose parent applies for a scholarship and who is confirmed to be eligible to receive the scholarship. The scholarships are awarded subject to available appropriations.

(b) Any accrued interest in an eligible student’s account is in addition to, and not part of, the awarded scholarship.
MONEY, AND ACCOUNTS INCLUDE BOTH THE SCHOLARSHIP MONEY AND
ACCRUED INTEREST. THE SCHOLARSHIP MONEY DEPOSITED INTO AN
ELIGIBLE STUDENT’S ACCOUNT AND ANY INTEREST EARNED ON MONEY IN
THE ACCOUNT DO NOT CONSTITUTE TAXABLE INCOME TO THE PARENT.

(c) Any unexpended amount in a student’s account at the
end of a school year remains in the account, and the student’s
parent may expend it in the next school year; except that the
administering entity shall not allow a parent to expend more
than one thousand dollars from an account in a single school
year, plus any interest accrued to the account.

(d) At the end of the school year in which an eligible
student who has an account successfully completes third
grade, the administering entity shall close the eligible
student’s account and transfer any money remaining in the
eligible student’s account to the state treasurer for deposit
into the fund.

(8) (a) The administering entity shall develop a system for
payment of scholarship money by money transfer, which system
may include debit cards, electronic payment cards, or another
means that the administering entity deems to be commercially
viable or cost-effective. An eligible student’s scholarship
amount may not be reduced for debit card or electronic
payment fees. If the administering entity does not use a system
of payment that automatically reports to the administering
entity the amount and purpose of expenditures from each
account, the administering entity shall require each
participating student’s parent to submit receipts for all
EXPENDITURES FROM THE STUDENT'S ACCOUNT. THE ADMINISTERING ENTITY MUST VERIFY THAT ALL EXPENDITURES FROM ACCOUNTS ARE FOR LITERACY ENRICHMENT PRODUCTS OR SERVICES DESCRIBED IN SUBSECTION (8)(b) OF THIS SECTION.

(b) A STUDENT'S PARENT MAY EXPEND MONEY FROM THE STUDENT'S ACCOUNT FOR LITERACY ENRICHMENT PRODUCTS OR SERVICES, WHICH MAY INCLUDE:

(I) INSTRUCTIONAL MATERIALS;

(II) TUITION AND FEES FOR PART-TIME TUTORIAL SERVICES PROVIDED BY A PERSON WHO HOLDS A VALID EDUCATOR LICENSE ISSUED PURSUANT TO ARTICLE 60.5 OF THIS TITLE 22 OR A PERSON WHO HOLDS AT LEAST A BACCALAUREATE DEGREE IN LITERACY INSTRUCTION;

(III) FEES FOR PROGRAMS PROVIDED BY A LOCAL EDUCATION PROVIDER OR OTHER PUBLIC OR PRIVATE ENTITY, WHICH PROGRAMS ARE DESIGNED TO IMPROVE READING OR LITERACY SKILLS; AND

(IV) OTHER LITERACY ENRICHMENT PRODUCTS OR SERVICES IDENTIFIED BY THE STATE BOARD IN RULE, INCLUDING PRODUCTS OR SERVICES PROVIDED BY A LOCAL EDUCATION PROVIDER.

(c) THE PARENT OF AN ELIGIBLE STUDENT WHO RECEIVES A SCHOLARSHIP SHALL NOT:

(I) EXPEND ANY AMOUNT FROM THE ELIGIBLE STUDENT'S ACCOUNT FOR A PRODUCT OR SERVICE THAT IS NOT DESCRIBED IN SUBSECTION (8)(b) OF THIS SECTION; OR

(II) ACCEPT ANY PAYMENT, REFUND, OR REBATE, IN ANY MANNER OR FORM, FROM A PROVIDER'S PRODUCTS OR SERVICES.

(d) IF THE ADMINISTERING ENTITY HAS REASONABLE CAUSE TO SUSPECT THAT A PARENT HAS VIOLATED THE PROVISIONS OF SUBSECTION
(8)(c) of this section, the administering entity shall refer the matter to the department for investigation. Based on the results of the investigation, and after providing to the parent notice and an opportunity to be heard in person or in writing, if the state board determines that:

(I) a parent has violated subsection (8)(c)(I) of this section for the first time, the department shall notify the administering entity, and the administering entity shall require the parent to repay the amount expended for the unauthorized purpose; or

(II) a parent has violated subsection (8)(c)(I) of this section for a second time or has violated subsection (8)(c)(II) of this section, the department shall notify the administering entity, and the administering entity shall immediately close the eligible student’s account and require the parent to repay any amount expended by the parent from the account. The administering entity shall transfer any repaid amount and any amount remaining in the eligible student’s account to the state treasurer for deposit into the fund.

(9) on or before January 1, 2022, and on or before January 1 each year thereafter, the administering entity shall submit to the department an accounting for the school year that ended on the preceding June 30 of the number of active accounts, the amount disbursed from the eligible students' accounts, and the literacy enrichment products and services that the parents of eligible students purchased using money in the eligible students' accounts.
(10) No later than January 31, 2023, the Department shall evaluate the success of the program in raising the level of literacy attained by the students who received scholarships. The Department shall submit the evaluation to the State Board and the Education Committees of the House of Representatives and the Senate, or any successor committees.

(11) (a) The literacy enrichment scholarship fund is hereby created in the State treasury. The fund consists of money that the General Assembly may appropriate or transfer to the fund and money credited to the fund by the State Treasurer pursuant to subsections (7)(d) and (8)(d)(II) of this section.

(b) The State Treasurer shall credit all interest and income derived from the deposit and investment of money in the fund to the fund.

(c) Subject to annual appropriation by the General Assembly, the Department may expend money from the fund for the literacy enrichment scholarship program as described in this section. The Department may expend up to one percent of the amount annually appropriated from the fund for the costs incurred in implementing the program, including the costs incurred in contracting with the administering entity.

(d) The State Treasurer shall transfer all unexpended and unencumbered money in the fund on July 1, 2025, to the General Fund.

(12) This section is repealed, effective July 1, 2025.

SECTION 2. Act subject to petition - effective date. This act
takes effect at 12:01 a.m. on the day following the expiration of the
ninety-day period after final adjournment of the general assembly (August
2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
referendum petition is filed pursuant to section 1 (3) of article V of the
state constitution against this act or an item, section, or part of this act
within such period, then the act, item, section, or part will not take effect
unless approved by the people at the general election to be held in
November 2020 and, in such case, will take effect on the date of the
official declaration of the vote thereon by the governor.