


(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R. _____

To amend the Elementary and Secondary Education Act of 1965 to allow parents of eligible military dependent children to establish Military Education Savings Accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. BANKS introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Elementary and Secondary Education Act of 1965 to allow parents of eligible military dependent children to establish Military Education Savings Accounts, 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 "Education Savings Ac-
5 counts for Military Families Act of 2023".

1 **SEC. 2. MILITARY EDUCATION SAVINGS ACCOUNTS.**

2 (a) IN GENERAL.—Title VII of the Elementary and
3 Secondary Education Act of 1965 (20 U.S.C. 7701 et
4 seq.) is amended by inserting after section 7012 the fol-
5 lowing:

6 **“SEC. 7012A. MILITARY EDUCATION SAVINGS ACCOUNTS.**

7 “(a) IN GENERAL.—The Secretary of Education, in
8 consultation with the Secretary of Defense, shall carry out
9 a program under which the Secretary of Education shall—

10 “(1) at the request of a parent of an eligible
11 military dependent child, establish an account on be-
12 half of such child (to be known as a ‘Military Edu-
13 cation Savings Account’) into which the Secretary
14 shall deposit funds in an amount determined under
15 subsection (d); and

16 “(2) establish a procedure under which the par-
17 ent of the child may use funds in the account to pay
18 for the educational expenses of the child in accord-
19 ance with this section.

20 “(b) APPLICATION.—

21 “(1) IN GENERAL.—To be eligible to participate
22 in the program under this section for a school year,
23 a parent of an eligible military dependent child shall
24 submit an application to the Secretary in accordance
25 with this subsection.

1 “(2) APPLICATION PROCESS.—In carrying out
2 paragraph (1), the Secretary shall—

3 “(A) accept applications on a year-round
4 basis and establish procedures for approving
5 applications in an expeditious manner; and

6 “(B) create a standardized form that par-
7 ents can use to apply for the program and en-
8 sure that such form is readily available in writ-
9 ten and electronic formats, including on a pub-
10 licly accessible website.

11 “(3) APPROVAL.—Subject to the availability of
12 funds to carry out this section, the Secretary shall
13 approve the application of a parent to establish a
14 Military Education Savings Account if—

15 “(A) the application is submitted in ac-
16 cordance with the application process estab-
17 lished by the Secretary pursuant to this sub-
18 section;

19 “(B) the application demonstrates that the
20 child on whose behalf the Military Education
21 Savings Account is to be established is an eligi-
22 ble military dependent child; and

23 “(C) the parent who submits the applica-
24 tion enters into a written agreement with the
25 Secretary under which the parent agrees—

1 “(i) to provide the child with instruc-
2 tion in, at minimum, the fields of reading,
3 language, mathematics, science, and social
4 studies;

5 “(ii) to not enroll the child in a public
6 elementary school or a public secondary
7 school, on a full-time basis while partici-
8 pating in the program;

9 “(iii) to use funds in the Military
10 Education Savings Account only for the
11 purposes authorized under this section;
12 and

13 “(iv) to comply with all other require-
14 ments of this section.

15 “(4) RENEWALS.—The Secretary shall establish
16 a process for the automatic renewal of a previously
17 established Military Education Savings Account ex-
18 cept in cases in which—

19 “(A) the parents of the child on whose be-
20 half the account was established choose not to
21 renew the account; or

22 “(B) the account was used to commit
23 fraud or was otherwise not used in accordance
24 with the requirements of this section.

1 “(c) PRIORITY IN THE EVENT OF INSUFFICIENT
2 FUNDS.—

3 “(1) IN GENERAL.—If the funds appropriated
4 to carry out this section are insufficient to enable
5 the Secretary to establish and fully fund a Military
6 Education Savings Account for each eligible military
7 dependent child whose parent has an application ap-
8 proved under subsection (b) for a school year, the
9 Secretary shall—

10 “(A) first renew and fully fund previously
11 established Military Education Savings Ac-
12 counts; and

13 “(B) if funds remain available after renew-
14 ing all accounts under subparagraph (A), con-
15 duct the lottery described in paragraph (3) to
16 select the children on whose behalf accounts will
17 be established using the remaining funds.

18 “(2) TRANSFER AUTHORITY.—Notwithstanding
19 any other provision of law, the Secretary may trans-
20 fer amounts from any account of the Department of
21 Education to renew and fully fund previously estab-
22 lished Military Education Savings Accounts under
23 paragraph (1)(A). The authority to transfer
24 amounts under the preceding sentence shall not be

1 subject to any transfer or reprogramming require-
2 ments under any other provision of law.

3 “(3) LOTTERY.—The lottery described in this
4 paragraph is a lottery in which—

5 “(A) siblings of children on whose behalf
6 Military Education Savings Accounts have pre-
7 viously been established have the highest prob-
8 ability of selection;

9 “(B) children of enlisted members have the
10 next-highest probability of selection after the
11 children described in subparagraph (A);

12 “(C) children of warrant officers have the
13 next-highest probability of selection after the
14 children described in subparagraph (B); and

15 “(D) children of commissioned officers
16 have the lowest probability of selection.

17 “(d) AMOUNT OF DEPOSITS.—

18 “(1) FIRST YEAR OF PROGRAM.—The amount
19 of funds deposited into each Military Education Sav-
20 ings Account for the first school year for which such
21 accounts are established under this section shall be
22 \$6,000 for each eligible military dependent child cov-
23 ered by the account.

24 “(2) SUBSEQUENT YEARS.—The amount of
25 funds deposited into each Military Education Sav-

1 ings Account for any school year after the year de-
2 scribed in paragraph (1), shall be the amount deter-
3 mined under this subsection for the previous school
4 year increased by a percentage equal to the percent-
5 age increase in the Chained Consumer Price Index
6 for All Urban Consumers (as published by the Bu-
7 reau of Labor Statistics of the Department of
8 Labor) over the period of such previous school year.

9 “(e) USE OF FUNDS.—Funds deposited into a Mili-
10 tary Education Savings Account for a school year may be
11 used by the parent of an eligible military dependent child
12 to make payments to a qualified educational service pro-
13 vider that is approved by the Secretary under subsection
14 (f)(1) for—

15 “(1) costs of attendance at a private elementary
16 school or secondary school recognized by the State,
17 which may include a private school that has a reli-
18 gious mission;

19 “(2) private online learning programs;

20 “(3) private tutoring;

21 “(4) services provided by a public elementary
22 school or secondary school attended by the child on
23 a less than full-time basis, including individual class-
24 es and extracurricular activities and programs;

1 “(5) textbooks, curriculum programs, or other
2 instructional materials, including any supplemental
3 materials required by a curriculum program, private
4 school, private online learning program, or a public
5 school, or any parent directed curriculum associated
6 with K–12 education;

7 “(6) computer hardware or other technological
8 devices that are used to help meet a child’s edu-
9 cational needs, except that such hardware or devices
10 may not be purchased by a parent more than once
11 in an 18-month period;

12 “(7) educational software and applications;

13 “(8) uniforms purchased from or through a pri-
14 vate school recognized by the State;

15 “(9) fees for nationally standardized assessment
16 exams, advanced placement exams, any exams re-
17 lated to college or university admission, or tuition or
18 fees for preparatory courses for such exams;

19 “(10) fees for summer education programs and
20 specialized after-school education programs (but not
21 including after-school childcare);

22 “(11) educational services and therapies, in-
23 cluding occupational, behavioral, physical, speech-
24 language, and audiology therapies;

1 “(12) fees for transportation paid to a fee-for-
2 service transportation provider for the child to travel
3 to and from the facilities of a qualified educational
4 service provider;

5 “(13) costs of attendance at an institution of
6 higher education;

7 “(14) costs associated with an apprenticeship or
8 other vocational training program;

9 “(15) fees for state-recognized industry certifi-
10 cation exams, and tuition or fees for preparatory
11 courses for such exams;

12 “(16) contributions to a college savings ac-
13 count, which may include contributions to a qualified
14 tuition program (as defined in section 529(b)(1)(A)
15 of the Internal Revenue Code of 1986) or other pre-
16 paid tuition plan offered by a State; or

17 “(17) any other educational expenses approved
18 by the Secretary.

19 “(f) REQUIREMENTS FOR QUALIFIED EDUCATIONAL
20 SERVICE PROVIDERS.—

21 “(1) REGISTRATION AND APPROVAL.—The Sec-
22 retary shall establish and maintain a registry of
23 qualified educational service providers that are ap-
24 proved to receive payments from a Military Edu-
25 cation Savings Account. The Secretary shall approve

1 a qualified educational service provider to receive
2 such payments if the provider demonstrates to the
3 Secretary that it is licensed in the State in which it
4 operates to provide one or more of the services for
5 which funds may be expended under subsection (e).

6 “(2) PARTICIPATION IN ONLINE MARKET-
7 PLACE.—As a condition of receiving funds from a
8 Military Education Savings Account, a qualified edu-
9 cational service provider shall make its services
10 available for purchase through the online market-
11 place described in subsection (g).

12 “(3) SURETY BOND.—

13 “(A) IN GENERAL.—The Secretary shall
14 require each qualified educational service pro-
15 vider that receives \$100,000 or more in funds
16 from Military Education Savings Accounts in a
17 school year to post a surety bond, in an amount
18 determined by the Secretary, for such school
19 year.

20 “(B) RETENTION.—The Secretary shall
21 prescribe the circumstances under which a sur-
22 ety bond under subparagraph (A) may be re-
23 tained by the Secretary.

24 “(g) ONLINE MARKETPLACE.—

1 “(1) IN GENERAL.—The Secretary shall seek to
2 enter into a contract with a private-sector entity
3 under which the entity shall—

4 “(A) establish and operate an online mar-
5 ketplace that enables the holder of a Military
6 Education Savings Account to make direct pur-
7 chases from qualified educational service pro-
8 viders using funds from such account;

9 “(B) ensure that each qualified educational
10 service provider on the registry maintained by
11 the Secretary under subsection (f)(1) has made
12 its services available for purchase through the
13 online marketplace;

14 “(C) ensure that all purchases made
15 through the online marketplace are for services
16 that are allowable uses of funds under sub-
17 section (e); and

18 “(D) develop and make available a stand-
19 dardized expense report form, in electronic and
20 hard copy formats, to be used by parents for re-
21 porting expenses in accordance with subsection
22 (h)(3).

23 “(2) RULE OF CONSTRUCTION.—Nothing in
24 this subsection shall be construed to require the
25 holder of a Military Education Savings Account to

1 make purchases using the online marketplace de-
2 scribed in paragraph (1).

3 “(h) TRANSFER SCHEDULE.—

4 “(1) IN GENERAL.—Subject to paragraph (2),
5 the Secretary shall make quarterly transfers of the
6 amount calculated pursuant to subsection (d) for de-
7 posit into the account of each eligible military de-
8 pendent child, except that the Secretary may make
9 transfers according to another transfer schedule if
10 the Secretary determines that a transfer schedule
11 other than quarterly transfers is necessary for the
12 operation of the education savings account.

13 “(2) CHOICE OF SCHEDULE.—The Secretary
14 shall establish a process under which the parent of
15 a child on whose behalf a Military Education Sav-
16 ings Account is established may choose a transfer
17 schedule other than a transfer schedule determined
18 under paragraph (1).

19 “(3) EXPENSE REPORTS.—

20 “(A) SUBMISSION REQUIRED.—Before re-
21 ceiving a transfer under paragraph (1) or (2),
22 the parent of an eligible military dependent
23 child on whose behalf a Military Education Sav-
24 ings Account is established shall submit to the
25 Secretary an expense report demonstrating how

1 funds from the most recent transfer were ex-
2 pended.

3 “(B) FORMAT.—Each such expense report
4 shall be submitted using the standardized ex-
5 pense report form developed under subsection
6 (g)(1)(D).

7 “(i) ROLLOVER.—Amounts remaining in the Military
8 Education Savings Account of an eligible military depend-
9 ent child at the end of a school year shall remain available
10 for use in accordance with subsection (e) until the date
11 on which such account terminates under subsection (j).

12 “(j) TERMINATION AND RETURN OF FUNDS.—

13 “(1) TERMINATION.—The Military Education
14 Savings Account of an eligible military dependent
15 child shall terminate on—

16 “(A) the date on which the child enrolls in
17 a public elementary school or secondary school
18 on a full-time basis;

19 “(B) in the case of a child who is pursuing
20 postsecondary education, the earlier of—

21 “(i) the date on which the child com-
22 pletes postsecondary education; or

23 “(ii) the date on which the child at-
24 tains the age of 22 years;

1 “(C) in the case of a child who is an indi-
2 vidual with a disability, the date on which the
3 child attains the age of 26 years; or

4 “(D) in the case of an individual not de-
5 scribed in subparagraphs (B) or (C), the earlier
6 of—

7 “(i) the date on which the child at-
8 tains the age of 22 years; or

9 “(ii) the expiration of any 2-year pe-
10 riod during which funds in the account are
11 not used in accordance with this section.

12 “(2) RETURN OF FUNDS.—Any funds remain-
13 ing in a Military Education Savings Account on the
14 date such account terminates under paragraph (1)
15 shall be returned to the Treasury of the United
16 States and shall be used to carry out the program
17 under this section.

18 “(k) COMPULSORY ATTENDANCE REQUIREMENTS.—
19 A State that receives funds under this title shall consider
20 a child with a Military Education Savings Account for a
21 school year as meeting the State’s compulsory school at-
22 tendance requirements for such school year.

23 “(l) SPECIAL RULE.—In the case of a child with a
24 Military Education Savings Account who attends a public
25 school on a less than full-time basis in a school year—

1 “(1) the child may not attend the public school
2 free of charge; and

3 “(2) funds in the account, in an amount deter-
4 mined pursuant to an agreement between the parent
5 of the child and the local educational agency con-
6 cerned, shall be used to pay for the child’s costs of
7 attendance at such school.

8 “(m) TAX TREATMENT OF ACCOUNTS.—

9 “(1) IN GENERAL.—A Military Education Sav-
10 ings Account is exempt from taxation under subtitle
11 A of the Internal Revenue Code of 1986.

12 “(2) CONTRIBUTIONS AND DISTRIBUTIONS.—
13 For purposes of subtitle A of the Internal Revenue
14 Code of 1986—

15 “(A) any contribution to a military edu-
16 cation savings account by the Secretary under
17 this Act shall not be includible in the gross in-
18 come of the individual for whose benefit such
19 account is maintained or the parent of such in-
20 dividual; and

21 “(B) any distribution from a military edu-
22 cation savings account which is permitted under
23 this Act shall not be includible in the gross in-
24 come of the individual for whose benefit such

1 account is maintained or the parent of such in-
2 dividual.

3 “(n) FRAUD PREVENTION AND REPORTING.—The
4 Secretary shall establish a website and a telephone hotline
5 that enable individuals to anonymously report suspected
6 fraud in the program under this section. The Secretary
7 also shall conduct or contract for random, quarterly, or
8 annual audits of accounts as needed to ensure compliance
9 with this section.

10 “(o) CONTRACT AUTHORITY.—The Secretary may
11 enter into one or more contracts for the purpose of ear-
12 nying out the responsibilities of the Secretary under this
13 section.

14 “(p) REFUNDS.—The Secretary shall establish a
15 process under which payments from a Military Education
16 Savings Accounts to a qualified educational service pro-
17 vider shall be refunded to the account in the event of fraud
18 or nonperformance by the provider.

19 “(q) RULES OF CONSTRUCTION.—

20 “(1) NONAGENCY.—A qualified educational
21 service provider that receives a payment from a Mili-
22 tary Education Savings Account pursuant to this
23 section shall not be considered an agent of the State
24 or the Federal Government solely because the pro-
25 vider received such payment.

1 “(2) PROHIBITION OF FEDERAL OR STATE SU-
2 PERVISION OR CONTROL OVER NONPUBLIC EDU-
3 CATION PROVIDERS.—

4 “(A) IN GENERAL.—Nothing in this sec-
5 tion shall be construed to permit, allow, encour-
6 age, or authorize any Federal or State control
7 or supervision over any aspect of any qualified
8 educational service provider, including a private,
9 religious, or home education provider (without
10 regard to whether a home education provider is
11 treated as a private school or home school
12 under State law). This section shall not be con-
13 strued to exclude private, religious, or home
14 education providers from participation in pro-
15 grams or services under this Act.

16 “(B) NO RELIGION-BASED DISCRIMINA-
17 TION.—The Secretary shall not exclude, dis-
18 criminate against, or otherwise disadvantage
19 any qualified educational service provider with
20 respect to programs or services under this sec-
21 tion based in whole or in part on the provider’s
22 religious education character or affiliation, in-
23 cluding religiously based or mission-based poli-
24 cies or practices.

1 “(3) IMPOSITION OF ADDITIONAL REQUIRE-
2 MENTS.—No Federal requirements shall apply to a
3 qualified educational service provider other than the
4 requirements specifically set forth in this section.
5 Nothing in this section shall be construed to require
6 a qualified educational service provider to alter its
7 creed, practices, admissions policy, or curriculum in
8 order to be eligible to receive payments from a Mili-
9 tary Education Savings Account.

10 “(4) TREATMENT OF ASSISTANCE.—For pur-
11 poses of any Federal law, assistance provided under
12 this section shall be considered assistance to the eli-
13 gible military dependent child or to the parents of a
14 child on whose behalf a Military Education Savings
15 Account is established and shall not be considered
16 assistance to the qualified educational service pro-
17 vider that uses or receives funds from a Military
18 Education Savings Account.

19 “(r) LEGAL PROCEEDINGS.—

20 “(1) BURDEN.—In any legal proceeding in
21 which a qualified educational service provider chal-
22 lenges a requirement imposed by the Department of
23 Education on the provider, the Department shall
24 have the burden of establishing that the requirement

1 is necessary and does not impose any undue burden
2 on the provider.

3 “(2) LIMITATION ON LIABILITY.—

4 “(A) IN GENERAL.—No liability shall arise
5 on the part of an entity described in subpara-
6 graph (B) solely because such entity awards,
7 uses, or receives funds from a Military Edu-
8 cation Savings Account.

9 “(B) ENTITY DESCRIBED.—The entities
10 described in this subparagraph are the fol-
11 lowing:

12 “(i) The Department of Education.

13 “(ii) An entity that enters into a con-
14 tract with the Secretary pursuant to sub-
15 section (g) or subsection (o).

16 “(iii) A qualified educational service
17 provider.

18 “(3) INTERVENTION.—

19 “(A) IN GENERAL.—Except as provided in
20 subparagraph (B), a parent of an eligible mili-
21 tary dependent child or a parent of a child on
22 whose behalf a Military Education Savings Ac-
23 count is established may intervene in any legal
24 proceeding in which the constitutionality of the
25 program under this section is challenged under

1 a State constitution or the United States Con-
2 stitution.

3 “(B) EXCEPTION.—For purposes of judi-
4 cial administration, a court may—

5 “(i) limit the number of parents al-
6 lowed to intervene in a proceeding under
7 subparagraph (A); or

8 “(ii) require all parents who have in-
9 tervened in a proceeding under subpara-
10 graph (A) to file a joint brief, except that
11 no parent shall be required to join any
12 brief filed on behalf of a State that is a de-
13 fendant in the proceeding.

14 “(s) ADMINISTRATIVE EXPENSES.—The Secretary
15 may use not more than 5 percent of the funds made avail-
16 able to carry out this section for the direct costs of admin-
17 istering Military Education Savings Accounts.

18 “(t) DEFINITIONS.—In this section:

19 “(1) The terms ‘commissioned officer’, ‘enlisted
20 member’, and ‘warrant officer’ have the meanings
21 given those terms in section 101(b) of title 10,
22 United States Code.

23 “(2) The term ‘eligible military dependent child’
24 means a child who—

1 “(A) has a parent on active duty in the
2 uniformed services (as that term is defined in
3 section 101 of title 37, United States Code, ex-
4 cept that such term does not include an officer
5 in the National Guard who has been activated);
6 and

7 “(B) in the case of a child seeking to es-
8 tablish a Military Education Savings account
9 for the first time, was enrolled in a public ele-
10 mentary school or a public secondary school for
11 not less than 100 consecutive days in the pre-
12 ceding school year.

13 “(3) The term ‘institution of higher education’
14 has the meaning given the term in section 102 of the
15 Higher Education Act of 1965 (20 U.S.C. 1002).

16 “(4) The term ‘qualified educational service
17 provider’ means an entity or person that is licensed
18 by a State to provide one or more of the educational
19 services for which funds may be expended under
20 subsection (e), including—

21 “(A) a private school;

22 “(B) a non-public online learning program
23 or course provider;

1 “(C) an institution of higher education,
2 which may include a community college or a
3 technical college;

4 “(D) a public school;

5 “(E) a private tutor or entity that operates
6 a tutoring facility;

7 “(F) a provider of educational materials or
8 curriculum;

9 “(G) a provider of education-related thera-
10 pies or services; or

11 “(H) any other provider of educational
12 services licensed by a State to provide such
13 services.”.

14 (b) TABLE OF CONTENTS.—The table of contents in
15 section 2 of the Elementary and Secondary Education Act
16 is amended by inserting after the item relating to section
17 7012 the following:

 “Sec. 7012A. Military education savings accounts.”.

18 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

19 Section 7014 of the Elementary and Secondary Edu-
20 cation Act of 1965 (20 U.S.C. 7714) is amended by add-
21 ing at the end the following:

22 “(f) MILITARY EDUCATION SAVINGS ACCOUNTS.—
23 For the purpose of carrying out section 7012A—

24 “(1) there are authorized to be appropriated
25 \$1,200,000,000 for fiscal year 2024; and

1 “(2) for each fiscal year beginning after fiscal
2 year 2024, the amount authorized to be appro-
3 priated shall be the amount authorized to be appro-
4 priated for the previous fiscal year increased by the
5 percentage increase in the Chained Consumer Price
6 Index for All Urban Consumers (as published by the
7 Bureau of Labor Statistics of the Department of
8 Labor) over the period of such previous fiscal year.”.