

119TH CONGRESS
1ST SESSION

S. 1244

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 SENATE OF THE UNITED STATES

APRIL 1 (legislative day, MARCH 31), 2025

Mr. CRUZ (for himself and Mr. BANKS) introduced the following bill; which was read twice and referred to the Committee on Finance

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 2025”.

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

7 (a) IN GENERAL.—Title VII of the Elementary and
8 Secondary Education Act of 1965 (20 U.S.C. 7701 et

1 seq.) is amended by inserting after section 7012 the fol-
 2 lowing:

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

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

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

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

17 “(b) APPLICATION.—

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

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

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

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

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

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

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

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

24 “(i) to provide the child with instruc-
25 tion in, at minimum, the fields of reading,

1 language, mathematics, science, and social
2 studies;

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

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

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

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

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

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

23 “(c) PRIORITY IN THE EVENT OF INSUFFICIENT
24 FUNDS.—

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

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

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

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

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

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

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

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

13 “(D) children of commissioned officers
14 have the lowest probability of selection.

15 “(d) AMOUNT OF DEPOSITS.—

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

22 “(2) SUBSEQUENT YEARS.—The amount of
23 funds deposited into each Military Education Sav-
24 ings Account for any school year after the year de-
25 scribed in paragraph (1), shall be the amount deter-

1 mined under this subsection for the previous school
 2 year increased by a percentage equal to the percent-
 3 age increase in the Chained Consumer Price Index
 4 for All Urban Consumers (as published by the Bu-
 5 reau of Labor Statistics of the Department of
 6 Labor) over the period of such previous school year.

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

13 “(1) costs of attendance at a private elementary
 14 school or private secondary school, educational co-op,
 15 micro-school, learning pod, or hybrid school, which
 16 may include a school of any kind that has a religious
 17 mission;

18 “(2) private online learning programs;

19 “(3) private tutoring or educational instruction
 20 outside the home;

21 “(4) individual classes, extracurricular activities
 22 and programs, athletic programs, and educational
 23 trips provided by a school of any kind or as part of
 24 a parent-directed curriculum;

1 “(5) summer camps and academic camps that
2 take place at times other than the summer;

3 “(6) ancillary materials as prescribed by a stu-
4 dent’s educational therapist or a medical profes-
5 sional to complete academic work;

6 “(7) textbooks, curriculum programs, or other
7 instructional materials, including any supplemental
8 materials required by a curriculum program, private
9 school, private online learning program, or a public
10 school, or any parent-directed curriculum associated
11 with kindergarten through grade 12 education;

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

17 “(9) educational software and applications;

18 “(10) uniforms purchased from or through a
19 private school;

20 “(11) fees for nationally standardized assess-
21 ment exams, advanced placement exams, any exams
22 related to college or university admission, or tuition
23 or fees for preparatory courses for such exams;

1 “(12) fees for summer education programs and
2 specialized after-school education programs (but not
3 including after-school childcare);

4 “(13) educational services and therapies, in-
5 cluding occupational, behavioral, physical, speech-
6 language, and audiology therapies;

7 “(14) fees for transportation paid to a fee-for-
8 service transportation provider for the child to travel
9 to and from the facilities of a provider of qualified
10 educational services;

11 “(15) costs of attendance at an institution of
12 higher education;

13 “(16) costs associated with an apprenticeship or
14 other vocational training program;

15 “(17) fees for State-recognized industry certifi-
16 cation exams, and tuition or fees for preparatory
17 courses for such exams;

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

23 “(19) any other educational services approved
24 by the Secretary.

1 “(f) REQUIREMENTS FOR PROVIDERS OF QUALIFIED
2 EDUCATIONAL SERVICES.—

3 “(1) REGISTRATION AND APPROVAL.—The Sec-
4 retary shall establish and maintain a registry of pro-
5 viders of qualified educational services that are ap-
6 proved to receive payments from a Military Edu-
7 cation Savings Account. The Secretary shall approve
8 a provider of a qualified educational service under
9 subsection (e) to receive such payments if the pro-
10 vider demonstrates to the Secretary that it is li-
11 censed in the State in which it operates to provide
12 one or more of the services for which funds may be
13 expended under subsection (e).

14 “(2) SURETY BOND.—

15 “(A) IN GENERAL.—The Secretary shall
16 require each provider of a qualified educational
17 service under subsection (e) that receives
18 \$100,000 or more in funds from Military Edu-
19 cation Savings Accounts in a school year to
20 post a surety bond, in an amount determined by
21 the Secretary, for such school year.

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

1 “(g) TRANSFER SCHEDULE.—

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

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

17 “(3) EXPENSE REPORTS.—Before receiving a
18 transfer under paragraph (1) or (2), the parent of
19 an eligible military dependent child on whose behalf
20 a Military Education Savings Account is established
21 shall submit to the Secretary an expense report dem-
22 onstrating how funds from the most recent transfer
23 were expended.

24 “(h) ROLLOVER.—Amounts remaining in the Mili-
25 tary Education Savings Account of an eligible military de-

1 pendent child at the end of a school year shall remain
 2 available for use in accordance with subsection (e) until
 3 the date on which such account terminates under sub-
 4 section (i).

5 “(i) TERMINATION AND RETURN OF FUNDS.—

6 “(1) TERMINATION.—The Military Education
 7 Savings Account of an eligible military dependent
 8 child shall terminate on—

9 “(A) the date on which the child enrolls in
 10 a public elementary school or secondary school
 11 on a full-time basis;

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

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

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

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

21 “(D) in the case of an individual not de-
 22 scribed in subparagraph (B) or (C), the earlier
 23 of—

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

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

4 “(2) RETURN OF FUNDS.—Any funds remain-
5 ing in a Military Education Savings Account on the
6 date such account terminates under paragraph (1)
7 shall be returned to the Treasury of the United
8 States and shall be used to carry out the program
9 under this section.

10 “(j) COMPULSORY ATTENDANCE REQUIREMENTS.—
11 A State that receives funds under this title shall consider
12 a child with a Military Education Savings Account for a
13 school year as meeting the State’s compulsory school at-
14 tendance requirements for such school year.

15 “(k) SPECIAL RULE.—In the case of a child with a
16 Military Education Savings Account who attends a public
17 school on a less than full-time basis in a school year—

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

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

25 “(l) TAX TREATMENT OF ACCOUNTS.—

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

4 “(2) CONTRIBUTIONS AND DISTRIBUTIONS.—
5 For purposes of subtitle A of the Internal Revenue
6 Code of 1986—

7 “(A) any contribution to a military edu-
8 cation savings account by the Secretary under
9 this Act shall not be includible in the gross in-
10 come of the individual for whose benefit such
11 account is maintained or the parent of such in-
12 dividual; and

13 “(B) any distribution from a military edu-
14 cation savings account which is permitted under
15 this Act shall not be includible in the gross in-
16 come of the individual for whose benefit such
17 account is maintained or the parent of such in-
18 dividual.

19 “(m) FRAUD PREVENTION AND REPORTING.—The
20 Secretary shall establish a website and a telephone hotline
21 that enable individuals to anonymously report suspected
22 fraud in the program under this section. The Secretary
23 also shall conduct or contract for random, quarterly, or
24 annual audits of accounts as needed to ensure compliance
25 with this section.

1 “(n) CONTRACT AUTHORITY.—The Secretary may
2 enter into one or more contracts for the purpose of car-
3 rying out the responsibilities of the Secretary under this
4 section.

5 “(o) REFUNDS.—The Secretary shall establish a
6 process under which payments from a Military Education
7 Savings Accounts to a provider of a qualified educational
8 service under subsection (e) shall be refunded to the ac-
9 count in the event of fraud or nonperformance by the pro-
10 vider.

11 “(p) RULES OF CONSTRUCTION.—

12 “(1) NONAGENCY.—A provider of a qualified
13 educational service under subsection (e) that receives
14 a payment from a Military Education Savings Ac-
15 count pursuant to this section shall not be consid-
16 ered an agent of the State or the Federal Govern-
17 ment solely because the provider received such pay-
18 ment.

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

22 “(A) IN GENERAL.—Nothing in this sec-
23 tion shall be construed to permit, allow, encour-
24 age, or authorize any Federal or State control
25 or supervision over any aspect of any provider

1 of a qualified educational service, including a
2 private, religious, or home education provider
3 (without regard to whether a home education
4 provider is treated as a private school or home
5 school under State law). This section shall not
6 be construed to exclude private, religious, or
7 home education providers from participation in
8 programs or services under this Act.

9 “(B) NO RELIGION-BASED DISCRIMINA-
10 TION.—The Secretary shall not exclude, dis-
11 criminate against, or otherwise disadvantage
12 any provider of a qualified educational service
13 with respect to programs or services under this
14 section based in whole or in part on the pro-
15 vider’s religious education character or affili-
16 ation, including religiously based or mission-
17 based policies or practices.

18 “(3) IMPOSITION OF ADDITIONAL REQUIRE-
19 MENTS.—No Federal requirements shall apply to a
20 provider of a qualified educational service under sub-
21 section (e) other than the requirements specifically
22 set forth in this section. Nothing in this section shall
23 be construed to require a provider of a qualified edu-
24 cational service under subsection (e) to alter its
25 creed, practices, admissions policy, or curriculum in

1 order to be eligible to receive payments from a Military Education Savings Account.

3 “(4) TREATMENT OF ASSISTANCE.—For purposes of any Federal law, assistance provided under
4 this section shall be considered assistance to the eligible military dependent child or to the parents of a
5 child on whose behalf a Military Education Savings Account is established and shall not be considered
6 assistance to the provider of a qualified educational service under subsection (e) that uses or receives
7 funds from a Military Education Savings Account.

12 “(q) LEGAL PROCEEDINGS.—

13 “(1) BURDEN.—In any legal proceeding in
14 which a provider of a qualified educational service under subsection (e) challenges a requirement imposed by the Department of Education on the provider, the Department shall have the burden of establishing that the requirement is necessary and
15 does not impose any undue burden on the provider.

20 “(2) LIMITATION ON LIABILITY.—

21 “(A) IN GENERAL.—No liability shall arise
22 on the part of an entity described in subparagraph (B) solely because such entity awards,
23 uses, or receives funds from a Military Education Savings Account.

“(B) ENTITY DESCRIBED.—The entities described in this subparagraph are the following:

“(i) The Department of Education.

“(ii) An entity that enters into a contract with the Secretary pursuant to subsection (n).

“(iii) An entity that provides a qualified educational service as described in subsection (e).

“(3) INTERVENTION.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a parent of an eligible military dependent child or a parent of a child on whose behalf a Military Education Savings Account is established may intervene in any legal proceeding in which the constitutionality of the program under this section is challenged under a State constitution or the United States Constitution.

“(B) EXCEPTION.—For purposes of judicial administration, a court may—

“(i) limit the number of parents allowed to intervene in a proceeding under subparagraph (A); or

1 “(ii) require all parents who have in-
 2 tervened in a proceeding under subpara-
 3 graph (A) to file a joint brief, except that
 4 no parent shall be required to join any
 5 brief filed on behalf of a State that is a de-
 6 fendant in the proceeding.

7 “(r) ADMINISTRATIVE EXPENSES.—The Secretary
 8 may use not more than 5 percent of the funds made avail-
 9 able to carry out this section for the direct costs of admin-
 10 istering Military Education Savings Accounts.

11 “(s) DEFINITIONS.—In this section:

12 “(1) The terms ‘commissioned officer’, ‘enlisted
 13 member’, and ‘warrant officer’ have the meanings
 14 given those terms in section 101(b) of title 10,
 15 United States Code.

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

18 “(A) has a parent on active duty in the
 19 uniformed services (as that term is defined in
 20 section 101 of title 37, United States Code, ex-
 21 cept that such term does not include an officer
 22 in the National Guard who has been activated);
 23 and

24 “(B) in the case of a child seeking to es-
 25 tablish a Military Education Savings account

1 for the first time, was enrolled in a public ele-
 2 mentary school or a public secondary school for
 3 not less than 100 consecutive days in the pre-
 4 ceding school year.

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

8 (b) TABLE OF CONTENTS.—The table of contents in
 9 section 2 of the Elementary and Secondary Education Act
 10 is amended by inserting after the item relating to section
 11 7012 the following:

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

12 **SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

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

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

18 “(1) there are authorized to be appropriated
 19 \$1,200,000,000 for fiscal year 2026; and

20 “(2) for each fiscal year beginning after fiscal
 21 year 2026, the amount authorized to be appro-
 22 priated shall be the amount authorized to be appro-
 23 priated for the previous fiscal year increased by the
 24 percentage increase in the Chained Consumer Price
 25 Index for All Urban Consumers (as published by the

- 1 Bureau of Labor Statistics of the Department of
- 2 Labor) over the period of such previous fiscal year.”.

