

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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.

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IN THE SENATE OF THE UNITED STATES

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

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**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 of provider of a qualified edu-  
17 cational service under subsection (e) that re-  
18 ceives \$100,000 or more in funds from Military  
19 Education 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  
2 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  
6 Account is established and shall not be considered  
7 assistance to the provider of a qualified educational  
8 service under subsection (e) that uses or receives  
9 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  
15 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  
16 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.

1           “(B) ENTITY DESCRIBED.—The entities  
2 described in this subparagraph are the fol-  
3 lowing:

4                   “(i) The Department of Education.

5                   “(ii) An entity that enters into a con-  
6 tract with the Secretary pursuant to sub-  
7 section (n).

8                   “(iii) An entity that provides a quali-  
9 fied educational service as described in  
10 subsection (e).

11           “(3) INTERVENTION.—

12                   “(A) IN GENERAL.—Except as provided in  
13 subparagraph (B), a parent of an eligible mili-  
14 tary dependent child or a parent of a child on  
15 whose behalf a Military Education Savings Ac-  
16 count is established may intervene in any legal  
17 proceeding in which the constitutionality of the  
18 program under this section is challenged under  
19 a State constitution or the United States Con-  
20 stitution.

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

23                           “(i) limit the number of parents al-  
24 lowed to intervene in a proceeding under  
25 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.”.