

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE PRINCIPAL CLERK

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HOUSE DRH30436-TCa-1D (08/01)

Short Title: Opportunity Scholarship Act. (Public)

Sponsors: Representatives Bryan, B. Brown, Brandon, and Hanes (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE OPPORTUNITY SCHOLARSHIP GRANTS.

3 Whereas, the State has a constitutional obligation to fund the delivery of a sound
4 basic education to children; and

5 Whereas, children of families with limited financial resources need expanded
6 educational opportunities; and

7 Whereas, a solid educational foundation can help reduce the socioeconomic
8 achievement gap; and

9 Whereas, by creating educational environments that enable each child to learn, the
10 State can improve the quality of the education it funds; Now, therefore,

11 The General Assembly of North Carolina enacts:

12 **SECTION 1.** Article 39 of Chapter 115C of the General Statutes is amended by
13 adding a new Part to read:

14 "Part 2A. Scholarship Grants.

15 "§ 115C-562.1. Definitions.

16 The following definitions apply in this Part:

17 (1) Authority. – The State Education Assistance Authority.

18 (2) Eligible students. – A student who has not yet received a high school
19 diploma and who meets all of the following requirements:

20 a. Who meets one of the following criteria:

21 1. Was a full-time student assigned to and attending a public
22 school pursuant to G.S. 115C-366 during the previous
23 semester.

24 2. Received a scholarship grant during the previous school year.

25 3. Is entering either kindergarten or the first grade.

26 4. Is a child in foster care as defined in G.S. 131D-10.2(9).

27 5. Is a child in the household of an active duty member of the
28 uniformed service of the United States. For purposes of this
29 Part, an active duty member of the uniformed service of the
30 United States is a member on full-time duty status of one of
31 the following: the United States Air Force, Army, Coast
32 Guard, Marine Corps and Navy, the North Carolina National
33 Guard, and any reserve component of the foregoing.

34 6. Is a child whose adoption decree was entered not more than
35 one year prior to submission of the scholarship grant
36 application.



1 b. Resides in a household with an income level not in excess of three
2 hundred percent (300%) of the federal poverty level.

3 (3) Division. – The Division of Nonpublic Education, Department of
4 Administration.

5 (4) Local school administrative unit. – A local school administrative unit,
6 charter school, or regional school.

7 (5) Nonpublic school. – A school that meets the requirements of Part 1 or 2 of
8 this Article as identified by the Division.

9 (6) Scholarship grants. – Grants awarded annually by the Authority to eligible
10 students.

11 **§ 115C-562.2. Scholarship grants.**

12 (a) The Authority shall make available no later than June 1 annually applications to
13 eligible students for the award of scholarship grants to attend any nonpublic school.
14 Information about scholarship grants and the application process shall be made available on the
15 Authority's Web site. Scholarship grants shall be awarded to eligible students in the order in
16 which the applications are received. Notwithstanding this requirement, the Authority may give
17 priority in awarding scholarship grants to eligible students who received a scholarship grant
18 during the previous school year.

19 (b) Scholarship grants awarded to eligible students shall be for amounts of not more
20 than ninety percent (90%) of the required tuition and fees for the nonpublic school the eligible
21 child will attend. Tuition and fees for a nonpublic school may include tuition and fees for
22 books, transportation, equipment, or other items required by the nonpublic school. No
23 scholarship grant shall exceed four thousand two hundred dollars (\$4,200) per year per eligible
24 student.

25 (c) The Authority shall permit an eligible student receiving a scholarship grant to enroll
26 in a different nonpublic school and remain eligible. An eligible student receiving a scholarship
27 grant who transfers to another nonpublic school during the year may be eligible to receive a pro
28 rata share of any unexpended portion of the scholarship grant for tuition and fees at the
29 nonpublic school to which the student transfers.

30 (d) The Authority shall establish rules and regulations for the administration and
31 awarding of scholarship grants.

32 **§ 115C-562.3. Verification of eligibility.**

33 (a) The Authority may seek verification of information on any application for
34 scholarship grants from eligible students. The Authority shall select and verify a random
35 sample of no less than six percent (6%) of applications annually. The Authority shall establish
36 rules for the verification process and may use the federal verification requirements process for
37 free and reduced-price lunch applications as guidance for those rules. If a household fails to
38 cooperate with verification efforts, the Association shall revoke the award of the scholarship
39 grant to the eligible student.

40 (b) Household members of applicants for scholarship grants shall authorize the
41 Authority to access information needed for verification efforts held by other State agencies,
42 including the Department of Revenue, Department of Health and Human Services, and
43 Department of Public Instruction.

44 **§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant**
45 **information.**

46 (a) The Division shall provide annually by June 1 to the Authority a list of all nonpublic
47 schools operating in the State that meet the requirements of Part 1 or Part 2 of this Article. The
48 Division shall notify the Authority of any schools included in the list that the Division has
49 determined to be ineligible within five business days of the determination of ineligibility.

50 (b) The Authority shall provide information about the scholarship grant program to the
51 Division, including applications and the obligations of nonpublic schools accepting eligible

1 students receiving scholarship grants. The Division shall ensure that information about the
2 scholarship grant program is provided to all qualified nonpublic schools on an annual basis.

3 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
4 **scholarship grants.**

5 (a) A nonpublic school that accepts eligible students receiving scholarship grants shall
6 comply with the following:

- 7 (1) Provide to the Authority documentation for required tuition and fees charged
8 to the student by the nonpublic school.
- 9 (2) Conduct a criminal background check for the staff member with the highest
10 decision-making authority, as defined by the bylaws, articles of
11 incorporation, or other governing document to ensure that person has not
12 been convicted of any crime listed in G.S. 115C-239.29K.
- 13 (3) Provide to the parent or guardian of an eligible student whose tuition and
14 fees are paid in whole or in part with a scholarship grant an annual written
15 explanation of the student's progress, including the student's scores on any
16 standardized achievement tests.
- 17 (4) Submit to the Authority by July 15 of each year the test scores of any
18 nationally standardized achievement test administered to any student
19 receiving a scholarship grant. Test performance data reported to the
20 Authority is not a public record under Chapter 132 of the General Statutes.
- 21 (5) Provide to the Authority graduation rates of the students receiving
22 scholarship grants in a manner consistent with nationally recognized
23 standards.
- 24 (6) Contract with a certified public accountant to perform a financial review,
25 consistent with generally accepted accounting principles, for each school
26 year in which the school accepts students receiving more than three hundred
27 thousand dollars (\$300,000) in scholarship grants awarded under this Part.

28 (b) A nonpublic school that accepts students receiving scholarship grants shall not
29 require any additional fees based on the status of the student as a scholarship grant recipient.

30 (c) A nonpublic school enrolling more than 25 students whose tuition and fees are paid
31 in whole or in part with a scholarship grant shall report to the Authority on the aggregate
32 standardized test performance of eligible students. Test performance data reported to the
33 Authority is not a public record under Chapter 132 of the General Statutes. Test performance
34 data may be shared with public or private institutions of higher education located in North
35 Carolina and shall be provided to an independent research organization selected by the
36 Authority for research purposes as permitted by the Federal Education Rights and Privacy Act,
37 20 U.S.C. § 1232g.

38 (d) A nonpublic school accepting students receiving scholarship grants that fails to
39 comply with the requirements of this section shall be ineligible to receive future scholarship
40 grants if the Authority determines that the nonpublic school is not in compliance with the
41 requirements of this section. The nonpublic school shall notify the parent or guardian of any
42 enrolled student receiving a scholarship grant that the nonpublic school is no longer eligible to
43 receive future scholarship grants. A nonpublic school may appeal for reconsideration of
44 eligibility after one year.

45 **"§ 115C-562.6. Scholarship endorsement.**

46 The Authority shall remit, at least two times each school year, scholarship grant funds
47 awarded to eligible students to the nonpublic school for endorsement by at least one of the
48 student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship
49 grant funds awarded to the eligible student to the nonpublic school for deposit into the account
50 of the nonpublic school. The parent or guardian shall not designate any entity or individual
51 associated with the nonpublic school as the parent's attorney-in-fact to endorse the scholarship

1 grant funds but shall endorse the scholarship grant funds in person at the site of the nonpublic
2 school. A parent's or guardian's failure to comply with this section shall result in forfeit of the
3 scholarship grant. A scholarship grant forfeited for failure to comply with this section shall be
4 returned to the Authority to be awarded to another student.

5 **"§ 115C-562.7. Authority reporting requirements.**

6 (a) The Authority shall report to the Department of Public Instruction annually, no later
7 than August 1, the number of students who have received scholarship grants for the current
8 school year and who were enrolled the prior semester in a local school administrative unit or
9 charter school by the previously attended local school administrative unit or charter school. The
10 Department of Public Instruction shall adjust the allotments of local school administrative units
11 and charter schools based on the number of students awarded a scholarship grant who attended
12 a local school administrative unit or charter school during the prior semester. The amount of the
13 adjustment shall equal the average per pupil allocation for average daily membership from the
14 local school administrative unit or charter school.

15 (b) The Authority shall report annually, no later than March 1, to the Joint Legislative
16 Education Oversight Committee on the following:

- 17 (1) Total number, grade level, race, ethnicity, and sex of eligible students
18 receiving scholarship grants.
19 (2) Total amount of scholarship grant funding awarded.
20 (3) Number of students previously enrolled in local school administrative units
21 or charter schools in the prior semester, by the previously attended local
22 school administrative unit or charter school.
23 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
24 including numbers of scholarship grant students at each nonpublic school.
25 (5) Nonpublic schools deemed ineligible to receive scholarships.

26 (c) The Authority shall report annually, no later than December 1, to the Department of
27 Public Instruction and the Joint Legislative Education Oversight Committee on the learning
28 gains of students receiving scholarship grants. This report shall be conducted by an independent
29 research organization to be selected by the Authority, which may be a public or private entity
30 or university. The independent research organization shall report to the Authority on the
31 learning gains of participating students on a statewide basis and shall compare, to the extent
32 possible, the learning gains of eligible students by nonpublic school to the statewide learning
33 gains of public school students with similar socioeconomic backgrounds, using aggregate
34 standardized test performance data provided to the Authority by nonpublic schools and by the
35 Department of Public Instruction."

36 **SECTION 2.** G.S. 110-86(2) reads as rewritten:

37 "(2) Child care. – A program or arrangement where three or more children less
38 than 13 years old, who do not reside where the care is provided, receive care
39 on a regular basis of at least once per week for more than four hours but less
40 than 24 hours per day from persons other than their guardians or full-time
41 custodians, or from persons not related to them by birth, marriage, or
42 adoption. Child care does not include the following:

43 ...

- 44 f. Nonpublic schools described in Part 2 of Article 39 of Chapter 115C
45 of the General Statutes that are accredited by national or regional
46 accrediting agencies with early childhood standards ~~the Southern~~
47 ~~Association of Colleges and Schools~~ and that operate a child care
48 facility as defined in subdivision (3) of this section for less than six
49 and one-half hours per day either on or off the school site;

50"

51 **SECTION 3.** G.S. 115C-555 reads as rewritten:

1 **"§ 115C-555. Qualification of nonpublic schools.**

2 The provisions of this Part shall apply to any nonpublic school which has one or more of
3 the following characteristics:

- 4 (1) It is accredited by the State Board of Education.
5 (2) It is accredited by ~~the Southern Association of Colleges and Schools~~ a
6 national or regional accrediting agency.
7 (3) It is an active member of the North Carolina Association of Independent
8 Schools.
9 (4) It receives no funding from the State of North Carolina. For the purposes of
10 this Article, scholarship grant funds awarded pursuant to Part 2A of this
11 Article to eligible students attending a nonpublic school shall not be
12 considered funding from the State of North Carolina."

13 **SECTION 4.** G.S. 116-204 reads as rewritten:

14 **"§ 116-204. Powers of Authority.**

15 The Authority is hereby authorized and empowered:

16 ...

- 17 (11) To administer the awarding of scholarship grants to students attending
18 nonpublic schools as provided in Part 2A of Article 39 of Chapter 115 of the
19 General Statutes."

20 **SECTION 5.(a)** There is appropriated from the General Fund to the State
21 Education Assistance Authority the sum of forty million dollars (\$40,000,000) for the
22 2013-2014 fiscal year and the sum of fifty million dollars (\$50,000,000) for the 2014-2015
23 fiscal year in recurring funds to be awarded to eligible students as scholarship grants. The State
24 Education Assistance Authority may retain up to one percent (1%) annually for administrative
25 costs associated with the scholarship grant program.

26 **SECTION 5.(b)** This section becomes effective only if authorized by the General
27 Assembly in the Current Operations and Capital Improvements Appropriations Act of 2013.

28 **SECTION 6.** Notwithstanding the requirements of G.S. 115C-562.1(2)b., as
29 enacted by this act, for the 2013-2014 school year, a student must reside in a household with an
30 income level not in excess of two hundred twenty-five percent (225%) of the federal poverty
31 level to qualify as an eligible student. Notwithstanding the requirement to make applications
32 available by June 1 in G.S. 115C-562.2, as enacted by this act, applications for the 2013-2014
33 school year shall be made available no later than August 1, 2013. The State Education
34 Assistance Authority shall select an independent research organization, as required by
35 G.S. 115C-562.5, as enacted by this act, beginning with the 2016-2017 school year. The first
36 financial review for a nonpublic school that accepts scholarship grant funds, as required by
37 G.S. 115C-562.3, as enacted by this act, shall not be required until the 2014-2015 school year.
38 The first learning gains report required by G.S. 115C-562.7, as enacted by this act, shall not be
39 due until December 1, 2017.

40 **SECTION 7.** This act is effective when it becomes law and applies beginning with
41 the 2013-2014 school year. Nothing in this act shall require the General Assembly to
42 appropriate funds to implement it.