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SENATE BILL DRS15305-MT-45

Short Title: Voucher School Accountability Act. (Public)

Sponsors: Senators Meyer and Chaudhuri (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE ACCOUNTABILITY AND REPORTING STANDARDS FOR
3 NONPUBLIC SCHOOLS RECEIVING OPPORTUNITY SCHOLARSHIP FUNDS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1.(a) G.S. 115C-12(39) reads as rewritten:

6 "(39) Power to Accredite Schools. – Upon ~~the request of a local board of education,~~
7 request, the State Board of Education shall evaluate schools in local school
8 administrative units and nonpublic school receiving funds from scholarship
9 grants pursuant to Part 2A of Article 39 of this Chapter to determine whether
10 the education provided by those schools meets acceptable levels of quality.
11 The State Board shall adopt rigorous and appropriate academic standards for
12 accreditation after consideration of (i) the standards of regional and national
13 accrediting agencies, (ii) the academic standards adopted in accordance with
14 subdivision (9c) of this section, and (iii) other information it deems
15 appropriate. For the nonpublic schools, as a minimum requirement of
16 accreditation, the State Board shall verify that a nonpublic school is
17 complying with subdivisions (3a), (10), and (11) of subsection (a) of
18 G.S. 115C-562.5.

19 The local school administrative unit or nonpublic school shall compensate
20 the State Board for the actual costs of the accreditation process."

21 SECTION 1.(b) G.S. 115C-562.2 read as rewritten:

22 "§ 115C-562.2. Scholarship grants.

23 ...

24 (b2) Scholarship grants shall be awarded in monthly installments to eligible students as
25 follows:

26 ...

27 (b5) In addition to the amount of the scholarship grant, for any student receiving a
28 scholarship grant in grades ~~three, eight, or 11,~~ three through 12, the Authority shall provide to
29 the nonpublic school an amount equal to the cost of the ~~nationally standardized~~ test required to
30 be administered as provided in G.S. 115C-562.5.

31"

32 SECTION 1.(c) G.S. 115C-562.5 reads as rewritten:

33 "§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving
34 scholarship grants.

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



- 1 (1) ~~Provide~~ Annually provide to the Authority and the Division of Nonpublic
2 education documentation for required tuition and fees charged to the student
3 by the nonpublic school. The Division shall collect this information and
4 publish it on its website.
- 5 (1a) Limit increases to the costs of tuition and fees by no more than five percent
6 (5%) each school year.
- 7 (2) Provide to the Authority a criminal background check conducted for the staff
8 member with the highest decision-making authority, as defined by the bylaws,
9 articles of incorporation, or other governing document. For all other
10 employees, if the nonpublic school is located in a local school administrative
11 unit that has adopted a policy requiring criminal history checks under
12 G.S. 115C-332, then the nonpublic school shall adopt a policy mirroring the
13 local board of education policy. Each nonpublic school shall apply its policy
14 uniformly in requiring applicants for employment to be checked for a criminal
15 history before the applicant is given an unconditional job offer. A nonpublic
16 school may employ an applicant conditionally while the board is checking the
17 person's criminal history and making a decision based on the results of the
18 check. If the local school administrative unit adopts a policy providing for
19 periodic checks of criminal history of employees, then the nonpublic school
20 located in that local school administrative unit shall adopt a policy mirroring
21 that local board of education policy. A nonpublic school shall indicate, upon
22 the inquiry by any other public school unit or nonpublic school in the State,
23 as to the reason for an employee's resignation or dismissal, if an employee's
24 criminal history was relevant to the employee's resignation or dismissal.
25 Information provided to the Authority in accordance with this subdivision is
26 otherwise privileged information and is not a public record but is for the
27 exclusive use of the Authority.
- 28 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
29 are paid in whole or in part with a scholarship grant, an annual written
30 explanation of the student's progress, including the student's scores on
31 standardized achievement tests.
- 32 (3a) Comply with the standard course of study in accordance with Part 1 of Article
33 8 of this Chapter and related rules adopted by the State Board of Education.
- 34 (4) ~~Administer, at least once in each school year, tests as provided in this~~
35 ~~subdivision.~~ Administer each school year all tests required by the State Board
36 of Education pursuant to G.S. 115C-174.11(c) for students in grades three and
37 higher in a local school administrative unit. Test performance data for students
38 shall be submitted to the Authority by July 15 of each year. Test performance
39 data reported to the Authority or collected by the Authority under this
40 subdivision is not a public record under Chapter 132 of the General Statutes.
41 ~~Tests shall be administered to all eligible students enrolled in grades three and~~
42 ~~higher whose tuition and fees are paid in whole or in part with a scholarship~~
43 ~~grant as follows:~~ Statutes, to the extent the data contains personally identifiable
44 information.
- 45 a. ~~The nationally standardized test designated by the Authority in grades~~
46 ~~three and eight.~~
- 47 b. ~~The ACT in grade 11.~~
- 48 e. ~~A nationally standardized test or other nationally standardized~~
49 ~~equivalent measurement selected by the chief administrative officer of~~
50 ~~the nonpublic school in all other grades four and higher. For grades~~
51 ~~four through seven, the nationally standardized test or other equivalent~~

- 1 measurement selected must measure achievement in the areas of
2 English grammar, reading, spelling, and mathematics. For grades nine,
3 10, and 12, the nationally standardized test or other equivalent
4 measurement selected must measure either (i) achievement in the areas
5 of English grammar, reading, spelling, and mathematics or (ii)
6 competencies in the verbal and quantitative areas. Nothing in this
7 subdivision shall prohibit a nonpublic school from administering
8 additional tests to its students.
- 9 (5) Provide to the Authority graduation rates of the students receiving scholarship
10 grants in a manner consistent with nationally recognized standards.
- 11 (6) Contract with a certified public accountant to perform ~~a financial review, an~~
12 audit, consistent with generally accepted methods of accounting or any other
13 comprehensive basis of accounting recognized by the American Institute of
14 Certified Public Accountants (AICPA) for each school year ~~in which the~~
15 ~~school enrolls 70 or more students receiving scholarship grants or scholarship~~
16 ~~funds awarded by the Authority year.~~ A nonpublic school shall report the
17 results of an audit to the Joint Legislative Education Oversight Committee by
18 December 31 of the year in which the audit is conducted.
- 19 (6a) If a school receives more than two hundred fifty thousand dollars (\$250,000)
20 in grant funds under this Part, it shall publish its expenditures in the Uniform
21 Education Reporting System.
- 22 (7) Maintain a school facility within the State where in-person instruction is
23 provided. This subdivision does not prohibit a school from offering
24 remote-only courses of instruction in addition to in-person instruction.
- 25 (8) Provide the following information annually to the Division:
26 a. Name and address of the school, including physical location address.
27 A school with more than one physical location shall establish a
28 separate notice of intent for each physical location and shall provide
29 all information required by this subdivision for each physical location.
30 b. The name of the owners and chief administrator.
31 c. Number of students in attendance at the school as of October 1.
32 d. All attendance records of students receiving scholarship grants from
33 the previous school year to ensure compliance with compulsory
34 attendance in accordance with Part 1 of Article 26 of this Chapter.
- 35 (9) Maintain accreditation from the State Board of Education in accordance with
36 G.S. 115C-12(39).
- 37 (10) At least fifty percent (50%) of the teachers in the nonpublic school shall hold
38 teacher licenses.
- 39 (11) Provide instruction each school year for at least 185 days or 1,025
40 instructional hours during nine calendar months.
- 41 (12) Maintain an operating reserve of four months' worth of expenses.
- 42 (13) Maintain a student population that reasonably reflects the racial and ethnic
43 composition of the general population residing within the local school
44 administrative unit in which the nonpublic school is located or the racial and
45 ethnic composition of the special population that the nonpublic school seeks
46 to serve residing within the local school administrative unit in which the
47 nonpublic school is located. The nonpublic school shall be subject to any
48 court-ordered desegregation plan in effect for the local school administrative
49 unit. The State Board of Education may notify the Authority of a nonpublic
50 school is in violation of this subdivision.

- 1 (14) Report to the Division of Nonpublic Education by September 1 of each year
2 the identity of the highest paid employee in the nonpublic school.
- 3 (15) During each period of enrollment, the nonpublic shall enroll an eligible
4 student who submits a timely application, unless the number of applications
5 exceeds the capacity of a program, class, grade level, or building. In this case,
6 students shall be accepted by lot. Once enrolled, students are not required to
7 reapply in subsequent enrollment periods.
- 8 (16) Comply with all applicable State laws related to the expulsion of students in
9 local school administrative units, including G.S. 115C-390.11.
- 10 (17) Report to the Authority on any expulsions from the nonpublic school,
11 including the reason for the expulsion and the identity of the expelled student.
12 This information is not a public record under Chapter 132 of the General
13 Statutes.
- 14 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
15 any additional fees based on the status of the student as a scholarship grant recipient.
- 16 (c) A nonpublic school enrolling more than 25 students in any grade whose tuition and
17 fees are paid in whole or in part with a scholarship grant shall provide and retain information on
18 student test performance in each grade with more than 25 students, as follows:
- 19 (1) Report to the Authority on the aggregate standardized test performance of
20 eligible students in grades ~~three, eight, and 11~~ three and higher pursuant to
21 subdivision (4) of subsection (a) of this section. Aggregate test performance
22 data reported to the Authority which does not contain personally identifiable
23 student data shall be a public record under Chapter 132 of the General
24 ~~Statutes.~~ Statutes, and the Authority shall post this data on its website. Test
25 performance data may be shared with public or private institutions of higher
26 education located in North Carolina and shall be provided to an independent
27 research organization selected by the Authority for research purposes as
28 permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. §
29 1232g.
- 30 (2) Retain standardized test performance data for eligible students in all other
31 grades and annually certify to the Authority compliance with the requirements
32 of subdivision (4) of subsection (a) of this section.
- 33 (c1) A nonpublic school shall not discriminate with respect to ~~the categories listed in 42~~
34 ~~U.S.C. § 2000d, as that statute read on January 1, 2014.~~ the race, color, national origin, sex, sexual
35 orientation, disability, or religion of any student or their family members.
- 36 (d) If the Authority or the State Board of Education determines that a nonpublic school
37 is not in compliance with the requirements of this section, the nonpublic school shall be ineligible
38 to receive future scholarship funds. The nonpublic school shall notify the parent or guardian of
39 any enrolled student receiving a scholarship grant that the nonpublic school is no longer eligible
40 to receive future scholarship grants. The Authority shall establish by rule a process for a
41 nonpublic school to appeal for reconsideration of eligibility after one year. To ensure compliance,
42 the Board of Directors of the Authority shall review the criminal history provided under
43 subdivision (2) of subsection (a) of this section to ensure that the person has not been convicted
44 of any crime listed in G.S. 115C-332. The Board shall determine through this review whether the
45 nonpublic school is noncompliant with this section. The Board shall make written findings with
46 regard to how the criminal history information was used when making the compliance
47 determination. The Board of Directors may delegate any of the duties in this subsection to the
48 Executive Director of the Authority. As part of its review, the Board shall determine whether the
49 results indicate that the staff member has any of the following disqualifying characteristics:
- 50 (1) Poses a threat to the physical safety of students or personnel.

- 1 (2) Demonstrates that he or she does not have the integrity or honesty to fulfill his
 2 or her duties in overseeing State funds and the requirements of the scholarship
 3 grant program.
 4 (3) Has not fully satisfied the criminal sentencing obligations imposed following
 5 his or her conviction by a court of competent jurisdiction.

6"

7 **SECTION 1.(d)** G.S. 115C-562.7 reads as rewritten:

8 "**§ 115C-562.7. Reporting requirements.**

9 ...

10 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative
 11 Education Oversight Committee on the following information from the prior school year:

- 12 (1) Total number, grade level, race, ethnicity, and sex of eligible students
 13 receiving scholarship grants.
 14 (2) Total amount of scholarship grant funding awarded.
 15 (3) Repealed by Session Laws 2023-134, s. 8A.6(f), effective July 1, 2023.
 16 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
 17 including numbers of scholarship grant students at each nonpublic school.
 18 (5) Nonpublic schools deemed ineligible to receive scholarships.
 19 (6) The percentage of scholarship grant fund recipients who have never attended
 20 a public school in North Carolina.
 21 (7) Trends in expulsions from nonpublic schools, including any trends at a
 22 nonpublic school that might reflect a pattern of bias across race, religion,
 23 sexual orientation, or class.

24 (c) The Authority shall report annually, no later than December 1, to the Department of
 25 Public Instruction and the Joint Legislative Education Oversight Committee on the following:

- 26 (1) Learning gains or losses of students receiving scholarship grants. The report
 27 shall include learning gains or losses of participating students on a statewide
 28 basis and shall compare, to the extent possible, (i) the learning gains or losses
 29 of eligible students by nonpublic school to the statewide learning gains or
 30 losses of public school students with similar socioeconomic backgrounds,
 31 using aggregate standardized test performance data provided to the Authority
 32 by nonpublic schools and by the Department of Public ~~Instruction~~-Instruction
 33 and (ii) over the past five years, the performance of students receiving grant
 34 funds who were previously enrolled in public school and the performance of
 35 students who applied for grant funds, but ultimately remained in public school.
 36 The report shall, at a minimum, analyze the aggregate performance of students
 37 receiving scholarship grants in grades three, eight, and 11 on the designated
 38 nationally standardized test in comparison to national outcomes for that test.
 39 (2) Competitive effects on public school performance as a result of the
 40 scholarship grant program. The report shall analyze the impact of the
 41 availability of scholarship grants on public school performance by local
 42 school administrative units to the extent possible, and shall provide
 43 comparisons of the impact by geographic region and between rural and urban
 44 local school administrative units.

45 This report shall be conducted by an independent research organization to be selected by the
 46 Authority, which may be a public or private entity or university. The independent research
 47 organization shall report to the Authority on the results of its research. The Joint Legislative
 48 Education Oversight Committee shall review reports from the Authority and shall make ongoing
 49 recommendations to the General Assembly as needed regarding improving administration and
 50 accountability for nonpublic schools accepting students receiving scholarship grants.

51 ...

(f) The Department of Public Instruction shall report no later than April 1 of each year to the Joint Legislative Education Oversight Committee on the cumulative difference in the current school year between the scholarship grant award amount for each prior public school attendee enrolled in a nonpublic school and the average State per pupil allocation for average daily membership for a student in a public school unit. For purposes of this subsection, a "prior public school attendee" is any scholarship grant recipient who was in membership in a public school unit for a majority of the first or second month of the school year immediately prior to enrollment in a nonpublic school, beginning with students enrolled in a public school unit the 2023-2024 school year or subsequent school years.

(g) The Division of Nonpublic Education shall report to the Joint Legislative Education Oversight Committee no later than October 1 of each year on all political donations from the highest paid official and the official's spouse, if applicable.

**SECTION 1.(e) G.S. 115C-562.8 reads as rewritten:
"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

~~(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal year to be used for the purposes set forth in this section:~~

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	\$625,000,000
2026-2027	\$675,000,000
2027-2028	\$700,000,000
2028-2029	\$725,000,000
2029-2030	\$750,000,000
2030-2031	\$775,000,000
2031-2032	\$800,000,000

For the ~~2032-2033~~2027-2028 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~eight hundred twenty five million dollars (\$825,000,000)~~five hundred forty-one million five hundred forty thousand dollars (\$541,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

(d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year ~~shall be used as follows:~~

(1) ~~Up to one million dollars (\$1,000,000) may be used by the Authority to contract with one or more nonprofit corporations representing parents and families for outreach and scholarship education and application assistance for parents and students pursuant to Part 4A of this Article.~~

1 (2) ~~Any remaining funds~~ shall be carried forward for one fiscal year pursuant to
2 subsection (a) of this section.
3 "

4 **SECTION 2.** Notwithstanding any other provision of law to the contrary, funds
5 appropriated for the award of opportunity scholarship grants pursuant to Part 2A of Article 39 of
6 Chapter 115C of the General Statutes are reduced as follows:

7 (1) Of the recurring funds appropriated to the Board of Governors of The
8 University of North Carolina for the opportunity scholarship program
9 pursuant to S.L. 2021-180, by the sum of thirty million dollars (\$30,000,000)
10 for the 2025-2026 fiscal year.

11 (2) Of the funds appropriated to the Opportunity Scholarship Grant Fund Reserve
12 for the 2024-2025 fiscal year and allocated from the Reserve for the award of
13 scholarship grants in the 2025-2026 fiscal year, by the sum of twenty-eight
14 million four hundred sixty thousand dollars (\$28,460,000) in nonrecurring
15 funds for the 2025-2026 fiscal year.

16 (3) Of the funds appropriated to the Opportunity Scholarship Grant Fund Reserve,
17 as follows:

18 a. By the sum of eighty-three million four hundred sixty thousand dollars
19 (\$83,460,000) in recurring funds for the 2025-2026 fiscal year.

20 b. By the sum of an additional fifty million dollars (\$50,000,000) in
21 recurring funds for the 2026-2027 fiscal year.

22 **SECTION 3.** This act becomes effective July 1, 2025, and applies beginning with
23 the 2025-2026 school year.