

**The Opportunity Scholarship Act
S-1872**

3/28/10

Description

Under a 5-year pilot program, eligible low-income children attending a chronically failing public school anywhere in New Jersey, would receive scholarships to attend participating public or non-public schools. Districts containing these failing schools eligible to apply to the DOE for Educational Innovation funds to improve their public schools.

Assembly Sponsors

Senate Sponsors (introduced 3/22/10)

(D-20) Raymond Lesniak, Union
(R-21) Tom Kean, Westfield
(R-13) Joe Kyrillos, Middletown

Program features

- Scholarships estimated \$6,000 for each eligible student in grades K-8 (based on 40% of average of all Pilot District's comparative cost), \$9,000 for grades 9-12 (based on 59%).
- For use at any participating out-of-district public school or in-district or out-of-district non-public school.
- A chronically failing school is defined as one where 40% or more of students have failed both the math and language arts assessments for two years consecutively, or 65% or more have failed either of these during the same time.
- Modeled on the successful Pennsylvania Educational Improvement Tax Credit program, adjusted for NJ pilot.
- Qualifications for children to receive scholarship:
 - Family earns less than 2.5 times the current Federal Poverty Level, e.g. \$55,000 for family of 4.
 - Must reside in a district where a chronically failing school is located
 - May attend any participating public or non public school in N.J. (grades K-12).
- Program initially funded by 100% tax credit for contributions on NJ Corporate Business Tax filings, then offset by State allocated aid to Public School Districts containing failing schools: Scholarship Funds allocated to Scholarship Organizations (SO) to be distributed to participating schools. Educational Innovation Funds allocated to the DOE for grants awarded to districts with failing schools.
- Total credit/contributions limited to \$24 million in year 1, \$48 million in year 2, \$72 million in year 3, \$96 million in year 4, and \$120 million in year 5. Allocations to pilot districts based on percent of students enrolled in or eligible to enroll in failing public schools.
- No more than 25% scholarships allocated to existing non-public students, therefore, at least 75% awarded to public school students. Unallocated funds may be reallocated to non-public students and other county districts based on certain time constraints in bill.
- Participating Public or Non-Public School Requirements
 - Scholarship must be accepted as payment in full for tuition and any other costs of attendance.
 - All scholarship eligible children who apply are accepted. If more students apply than seats available, a lottery is held. Siblings of enrolled students get preference. Once accepted, student receives scholarship until graduates 8th or 12th grade.
 - Non-public schools participating shall not discriminate on the basis of: intellectual or athletic ability, measures of achievement or aptitude, status as a handicapped person, or proficiency in the English language.
 - Must test scholarship students aligned with NJ core curriculum content standards.
- Scholarship Organizations(SO) Requirements
 - Must be 501(c)3 tax exempt organization.
 - SO must distribute no less than 95% of tax credit contributions as scholarships.
 - One SO per county chosen by NJ Opportunity Scholarship Authority, SO can serve more than one county.
- Reporting: Annual reports to parents by SO's; after 4th year, independent study reports academic achievement, savings to NJ taxpayers, enrollment patterns, and parental satisfaction.
- Reduces class size in pilot districts' public schools, may reduce the need to build new public schools in pilot districts, and, average scholarship costs are one third the per pupil costs of failing public schools' districts.

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