

1 costs, as waste and unnecessary expenditures of public monies are no
2 longer tolerated.

3 (4) This Article is in the public interest and for the public benefit and
4 serves a secular public purpose.

5 **"§ 115C-585. Creation of Program; purpose.**

6 The Student Education Elections Program is created in the Department of Public
7 Instruction. The purpose of the Program is to provide children from low- and
8 middle-income families the option of attending the public or private schools of their
9 choice.

10 **"§ 115C-586. Definitions.**

11 As used in this Article, unless the context requires otherwise:

12 (1) "Department" means the Department of Public Instruction.

13 (2) "Eligible student" means a student who resides in North Carolina and
14 is a member of a household whose total annual income does not
15 exceed an amount equal to 3.0 times the income standard used to
16 qualify for a reduced-price lunch under the national Free or Reduced
17 Price Lunch Program established under 42 U.S.C. § 1751, et seq.

18 (3) "Parent" includes a guardian, legal custodian, or other person with the
19 authority to act on behalf of the child.

20 (4) "Participating school" means:

21 a. A public school outside of the local school administrative unit
22 in which the child resides or

23 b. A private school that (i) provides education to public school-age
24 students, (ii) has notified the Department of its intention to
25 participate in the Program and comply with the Program's
26 requirements, and (iii) has not been barred from participation in
27 the Program pursuant to G.S. 115C-588(4).

28 (5) "Program" means the "Student Education Elections Program" created
29 in this Article.

30 (6) "Resident school unit" means the local school administrative unit in
31 which the student resides.

32 **"§ 115C-587. Eligibility to participate in the Program.**

33 (a) A student is eligible to receive a grant under this Article if both:

34 (1) During the school year in which the scholarship is to be effective, the
35 pupil meets all of the following conditions:

36 a. Resides in this State;

37 b. Is under 22 years of age and has not graduated from high school
38 or obtained a general equivalency diploma; and

39 c. Enrolls as a full-time student in an election school, at a grade
40 level in which all qualifying students in that grade are entitled
41 to receive a grant pursuant to this Article; and

42 (2) During the year before qualifying for and accepting a grant, the student
43 was enrolled in and attending a public school in this State for at least
44 ninety percent (90%) of the school year. Students entering

1 kindergarten or first grade are exempt from the previous school year
2 attendance eligibility requirement.

3 (b) A qualifying student who receives a grant pursuant to this Article shall
4 continue to receive a grant each year if the qualifying pupil completed all necessary
5 coursework to be promoted to at least the next grade level in the election school, the
6 qualifying pupil is in good academic standing with the election school, and the
7 custodian completes all applications required by the election school and the Department.

8 (c) The Program shall be phased in over 13 years beginning with the
9 kindergarten level during the 2005-2006 school year and adding the next grade level
10 each subsequent school year through the addition of the twelfth-grade level during the
11 2018-2019 school year.

12 The maximum number of students participating in the Program shall be 25,000 at
13 each grade level at which the Program is implemented. For each school year beginning
14 with the 2005-2006 school year, a maximum of 25,000 eligible students shall be elected
15 to participate in the Program at the kindergarten level. For subsequent school years,
16 students may be added at each post-kindergarten grade level at which the Program is
17 implemented up to the maximum of 25,000 students at each such grade level.

18 If the number of eligible students exceeds the maximum number for a grade level,
19 the Department shall select participating students by random selection.

20 **"§ 115C-588. Election amounts.**

21 (a) The election is the entitlement of the eligible student under the supervision of
22 the student's parent and not that of any school.

23 (b) A student's election funds may only be used for educational purposes. A
24 participating school shall not refund, rebate, or share a student's election with a parent
25 or the student in any manner.

26 (c) The maximum election amount a student may receive shall be computed in
27 accordance with the following schedule as a percentage of the amount the resident
28 school unit would have received to serve and educate the eligible student from State
29 funds had the student enrolled there:

30 (1) For students from households qualifying for the federal free or
31 reduced-price lunch program: 100%.

32 (2) For students from households with an annual income greater than the
33 amount required to qualify for the free or reduced-price lunch program
34 but less than one and one-half times that amount: 80%.

35 (3) For students from households with an annual income of greater than or
36 equal to one and one-half times the amount required to qualify for the
37 free or reduced-price lunch program but less than two times that
38 amount: 60%.

39 (4) For students from households with an annual income of greater than or
40 equal to two times the amount required to qualify for the free or
41 reduced-price lunch program but less than two and one-half times that
42 amount: 40%.

43 (5) For students from households with an annual income of greater than or
44 equal to two and one-half times the amount required to qualify for the

1 free or reduced-price lunch program but less than three times that
2 amount: 20%.

3 (d) If a student elects to attend a participating school at which the actual annual
4 per pupil cost to that school, including operating and capital costs, is less than the
5 student's maximum election amount, the student shall receive only the actual annual
6 cost to the school.

7 (e) The student's resident school unit shall receive fifty percent (50%) of the
8 difference between the student's maximum election amount and the actual ADM or per
9 student allotment to the local school administrative unit in which the student would
10 have attended school. The student's resident school unit shall use these funds
11 exclusively for supplemental instructional compensation that is allocated on a
12 merit-based system.

13 **"§ 115C-589. Responsibilities of the Department.**

14 The Department of Public Instruction shall:

15 (1) Adopt rules and procedures as necessary for the administration of the
16 Program, including rules regarding and procedures regarding:

17 a. The eligibility and participation of private schools in the
18 Program. These rules and procedures shall include time lines
19 that will maximize student participation and public and private
20 school participation in the Program;

21 b. The calculation and distribution of elections to eligible students;
22 and

23 c. The application and approval procedures for participating
24 public and private schools and for elections for eligible
25 students.

26 (2) Ensure that eligible students and their parents are informed annually of
27 which schools will be participating in the Program. The Department
28 shall pay special attention to ensuring that lower-income families are
29 made aware of the Program and their options.

30 (3) Create a standard application that students interested in the Program
31 may submit to participating schools to establish their eligibility under
32 the Program and apply for admissions. The Department shall ensure
33 that the application is readily available to interested families through
34 various sources, including the Internet.

35 Participating schools may require supplemental information from
36 applicants.

37 (4) Immediately bar a participating school from the Program if the
38 Department finds that conditions at the school present an imminent
39 threat to the health and safety of eligible students. The Department
40 may also bar a school from future participation in the Program if the
41 Department finds that the participating school has:

42 a. Intentionally and substantially misrepresented information
43 required under G.S. 115C-589;

- 1 b. Routinely failed to comply with at least three of the
2 accountability standards established in G.S. 115C-289;
3 c. Failed to comply with G.S. 115C-587(b); or
4 d. Failed to refund to the State any election overpayments in a
5 timely manner.

6 If the Department decides to bar a participating school from the
7 Program, it shall notify eligible students and their parents of this
8 decision as soon as possible.

9 **§ 115C-590. Participating schools.**

10 (a) School's Decision to Participate in the Program. – A private school, whether
11 secular or sectarian, that maintains any grade in which a qualifying student enrolled is
12 entitled to receive a grant pursuant to this Article shall have the option each school year
13 of participating or not participating in the Program. A school that wishes to participate
14 in the Program as an election school must complete all applications with the Department
15 by February 15 of each calendar year for inclusion in the Program for the following
16 school year.

17 (b) Student Selection. – Participating schools that have more eligible students
18 applying than spaces available shall fill the available spaces by a random selection
19 process, except that participating schools may give preference to siblings of enrolled
20 students and previously enrolled election students under this Article.

21 If a student is denied admission to a participating school because it has too few
22 available spaces, the eligible student may transfer his election to a participating school
23 that has spaces available.

24 (c) Funds. – A private school that participates in the Program and that is entitled
25 to redeem a grant for a qualifying student who enrolls in that election school is not
26 required to accept the grant amount as full payment of the educational and related
27 services that the school provides to that student, and may charge the student an
28 additional amount representing the balance of the tuition and fees that remains payable
29 after crediting the grant amount. The school shall use the grant funds solely to provide
30 educational goods, services, and facilities for its qualifying students and is not entitled
31 to receive any amount in excess of the tuition and fees customarily charged by the
32 school.

33 (d) Administrative Accountability Standards. – To ensure that students are
34 treated fairly and kept safe, each participating school shall:

- 35 (1) Comply with all health and safety laws or codes that apply to private
36 schools;
37 (2) Hold a valid occupancy permit if required by the local government in
38 which the school is located;
39 (3) Certify that it will not discriminate in admissions on the basis of race,
40 color, national origin, religion, or disability; and
41 (4) Cooperate with the Department to conduct criminal background
42 checks of all personnel that come in contact with children and exclude
43 from employment any people that might reasonably pose a threat to the
44 safety of students.

1 (e) Academic Accountability Standards. – To ensure that schools provide
2 academic accountability to parents of students in the Program, all participating schools
3 shall annually administer either the State achievement tests or nationally recognized
4 norm-referenced tests in math and language arts or both to any student participating in
5 the Program in grades that require testing under the State's accountability testing laws.
6 Testing shall take place at a time comparable to when public schools conduct State
7 achievement tests. Participating schools shall provide the parents of each student with a
8 copy of the results and shall provide the results to the State evaluator described in
9 G.S. 115C-590 in a manner that protects the identity and privacy of individual students.

10 (f) Other Requirements. – Each participating school shall:

11 (1) Ensure the eligibility of each applicant for a grant issued pursuant to
12 this Article;

13 (2) By August 1 of each year, submit a list of qualifying students and the
14 contact information of each custodian of a qualifying student accepted
15 into the school for that school year to the Department;

16 (3) Submit a list of qualifying students enrolled in and attending the
17 school with a grant as of the date of the report to the Department on
18 August 15, October 15, and April 15 of each year. The report shall
19 constitute the base pupil level of qualifying students. The base pupil
20 level shall accurately reflect the number of qualifying students enrolled
21 in and attending the grant school; and

22 (4) Annually meet at least one of the following standards:

23 a. At least seventy percent (70%) of the qualifying students in the
24 Program advance at least one grade level each year;

25 b. The election school's average attendance rate for the students in
26 the Program is at least ninety percent (90%);

27 c. At least eighty percent (80%) of the qualifying students in the
28 Program demonstrate significant academic progress; or

29 d. At least seventy percent (70%) of the families of qualifying
30 students in the Program meet parent involvement criteria
31 established by the grant school.

32 (g) Participating School Autonomy. – A participating school is autonomous and
33 not an agent of the State or federal government and therefore:

34 (1) The Department or any other State agency shall not in any way
35 regulate the educational program of a participating school that accepts
36 a student education election funds;

37 (2) The creation of this Program does not expand the regulatory authority
38 of the State, its officers, or any school unit to impose any additional
39 regulation of private schools beyond those necessary to enforce the
40 requirements of the Program; and

41 (3) Participating schools shall be given the maximum freedom to provide
42 for the educational needs of their students without governmental
43 control.

44 **"§ 115C-591. Responsibilities of resident school units.**

1 The resident school unit shall provide to the participating school that has admitted an
2 eligible student under this Program with a complete copy of the student's school records
3 while complying with the Family Educational Rights and Privacy Act of 1974 (20
4 U.S.C. § 1232 g)."

5 **SECTION 2.(a)** The Legislative Research Commission may contract with
6 one or more qualified researchers who have previous experience evaluating school
7 choice programs to conduct a study of the Program with funds other than State funds.

8 **SECTION 2.(b)** The study shall assess:

- 9 (1) The level of parental satisfaction with the Program;
- 10 (2) The level of participating students' satisfaction with the Program;
- 11 (3) The impact of the Program and the resulting competition from private
12 schools on the resident school units, public school students, and
13 quality of life in a community;
- 14 (4) The impact of the Program on public and private school capacity,
15 availability, and quality; and
- 16 (5) Participating students' academic performance and graduation rates in
17 comparison to students who applied for a scholarship under this
18 Program but did not receive one because of random selection.

19 **SECTION 2.(c)** The researchers who conduct the study shall:

- 20 (1) Apply appropriate analytical and behavioral science methodologies to
21 ensure public confidence in the study.
- 22 (2) Protect the identity of participating schools and students by, among
23 other things, keeping anonymous all disaggregated data other than that
24 for the categories of grade level, gender, race, and ethnicity.
- 25 (3) Provide the General Assembly with a final copy of the evaluation of
26 the Program.

27 **SECTION 2.(d)** The relevant public and participating private schools shall
28 cooperate with the research effort by providing student assessment results and any other
29 data necessary to complete this study.

30 **SECTION 2.(e)** The Legislative Research Commission may accept grants to
31 assist in funding this study.

32 **SECTION 2.(f)** The study shall cover a period of 13 years. The General
33 Assembly may require periodic reports from the researchers. After publishing their
34 results, the researchers shall make their data and methodology available for public
35 review while complying with the requirements of FERPA (20 U.S.C. § 1232 g).

36 **SECTION 3.** This act is effective when it becomes law.