

**The Opportunity Scholarship Act (OSA)
A-2810 and S-1872**

1/24/10

Description

Under a 5-year pilot program, eligible low-income children attending a chronically failing public school or non-public school located in 13 pilot districts: Asbury Park, Camden, East Orange, Elizabeth, Jersey City, Lakewood, Newark, Orange, Passaic, Paterson, Perth Amboy, Plainfield and Trenton.

Assembly Sponsors (referred to Commerce & Economic Development Committee 6-24-10)	Senate Sponsors (passed in Budget & Appropriations Committee 1-20-11)
(D-5) Angel Fuentes, Brooklawn (R-26) Alex DeCroce, Whippany (D-36) Gary Schaer, Passaic (R-12) Caroline Casagrande, Freehold (R-4) Domenick DiCicco, Sewell	(R-26) Jay Webber, Whippany (R-30) Joe Malone, Bordentown (R-30) Ron Dancer, Jackson (R-25) Anthony M. Bucco, Randolph (R-21) Nancy Munoz, Summit (D-20) Joseph Cryan, Union (D-20) Raymond Lesniak, Union (R-21) Tom Kean, Westfield (R-13) Joe Kyrillos, Middletown (R-24) Steven Oroho, Sparta (R-30) Robert Singer, Jackson (R-25) Anthony Bucco, Denville

Program features

- Scholarships valued at the lower of: participating eligible school's actual cost or (the greater of \$8,000 or 40% of average of all Failing District's comparative costs for grades K-8/\$11,000 or 59% for grades 9-12).
- For use at any NJ participating out-of-district public school or in-district or out-of-district nonpublic 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. Charter Schools are excluded because parents/guardians already choose them.
- Maximum scholarships granted: 3,900 (yr. 1), 7,800 (yr. 2), 15,000 (yr. 3), 25,000 (yr. 4), and 40,000 (yr. 5).
- 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.
 - Enrolled in a chronically failing non-charter public school or nonpublic school in the 13 pilot districts.
 - May use scholarship in any participating non-pilot public or nonpublic 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 13 pilot Public School Districts containing failing schools: Scholarship Funds allocated to Scholarship Organizations (SO) to be distributed to parents/guardians of scholarship students.
- Allocations based on: for Public Schools(PS), % of students enrolled in a district's failing PS over all 13 districts' failing PS enrollment; for nonpublic, % NPS district's enrollment over sum of all 13 NPS enrollment.
- No more than 25% scholarships allocated to existing nonpublic students enrolled in pilot districts, at least 75% awarded to public school students in 13 districts. Unallocated funds to non-public students and public students residing in districts with failing schools with certain time constraints.
- NJDOE approves all Participating Nonpublic School and Requires that:
 - 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 enrolled for at least 2 years (unless safety/health threat) and receives scholarship until graduating 8th or 12th grade.
 - 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.
 - Opt-out provision for religious classes.
 - Parent acknowledges Special Ed services provided.
 - Funds cannot be used for capital improvements.
 - Test scholarship students twice yearly using the appropriate grade level State assessment.
- 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.
 - 3 SO's (North, Central, South) chosen by Opportunity Scholarship Board & designate 1 lead SO to allocate funds received by corporations.
- 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 districts' failing public schools, reduces need to build new public schools, increases per pupil aid to failing schools, reduces State's contribution for public school employees' benefits. Reduces state aid to pilot districts to cover the scholarship/program costs leaving remainder of state aid in the district without the child to educate. Therefore, OSA program is "Revenue Neutral" to the State of NJ.

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