

**The Opportunity Scholarship Act
S-1872/A-2810 (Substitute introduced 5/13/10)**

6/1/10

Description

Under a 5-year pilot program, eligible low-income children attending a chronically failing public school or participating non-public school anywhere in NJ, could apply for a scholarship to attend participating public or non-public schools. Districts containing these failing public schools eligible to apply to the DOE for Educational Innovation grants to improve their failing public schools' student performance.

Assembly Sponsors

(D-5) Angel Fuentes, Brooklawn

Senate Sponsors (referred to Senate B&A 5-13-10)

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

Program features

- Scholarships valued at the lower of: participating eligible school's actual cost or (the greater of \$6,000 or 40% of average of all Failing District's comparative costs for grades K-8/\$9,000 or 59% for grades 9-12).
- For use at any NJ participating out-of-district public school or in-district or out-of-district 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 be enrolled in a chronically failing public school or participating non-public school to apply for a scholarship.
 - May use scholarship in 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 based on % of students enrolled in a district's failing public schools over all districts' failing enrollment.
- No more than 25% scholarships allocated to existing non-public students, at least 75% awarded to public school students. Unallocated funds to non-public students and public students residing in districts with failing schools with certain time constraints.
- 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 graduating 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.
 - Non-public schools must test scholarship students using 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 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 who are awarded innovation grants, reduces State's contribution for public school employees' benefits.

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