

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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HOUSE BILL 2694

Short Title: Phase in Grants for Private Sch. Students/K. (Public)

Sponsors: Representatives Allred; Blust, Brubaker, Dockham, Johnson, and Stiller.

Referred to: Appropriations.

May 28, 2008

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A LEGISLATIVE TUITION GRANT PROGRAM FOR  
3 PRIVATE SCHOOL STUDENTS.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Subchapter X of Chapter 115C of the General Statutes is  
6 amended by adding a new Article to read:

7 "Article 39A.

8 "Legislative Tuition Grant Program for Private School Students.

9 **"§ 115C-567.1. Legislative tuition grant program.**

10 (a) Administration of Program. – The Legislative Tuition Grant Program for  
11 Private School Students is established in the Department of Administration. The  
12 Division of Nonpublic Education, Department of Administration, shall administer the  
13 program.

14 (b) Purpose. – The purpose of the program is to provide tuition grants to public  
15 school-aged children who attend participating private schools. The grant program shall  
16 be phased in beginning with the 2008-2009 kindergarten class and subsequent  
17 kindergarten classes.

18 (c) Definitions. – As used in this Article:

19 (1) An "eligible student" is a student who (i) enters or entered  
20 kindergarten during the 2008-2009 school year or a subsequent school  
21 year and (ii) is eligible to attend a public school in the State.

22 (2) A "participating private school" is a private church school, a school of  
23 religious charter, or a qualified nonpublic school that elects to  
24 participate in the program and that complies with the requirements of  
25 the program and the provisions of Article 39 of this Chapter.

26 (d) Grants. – An eligible student shall receive a tuition grant of one thousand  
27 eight hundred dollars (\$1,800) per year for each year the eligible student attends a  
28 participating private school. The tuition grant is the entitlement of the eligible student  
29 under the supervision of the student's parent or guardian and not that of any school.

1 A participating school shall not refund, rebate, or share a student's tuition grant with  
2 a parent, guardian, or student. A student's tuition grant shall only be used for  
3 educational purposes.

4 (e) Admission to Participating Schools. – Participating schools that have more  
5 eligible students applying than spaces available shall fill the available spaces by a  
6 random selection process, except that participating schools may give preference to  
7 siblings of enrolled students and previously enrolled tuition grant students under this  
8 Subchapter.

9 If a student is denied admission to a participating school because it has too few  
10 available spaces, the eligible student may transfer his or her tuition grant to a  
11 participating school that has spaces available.

12 (f) Responsibilities of Participating Schools. – All participating schools shall:

13 (1) Certify that they will not discriminate in admissions on the basis of  
14 race, color, national origin, religion, or disability;

15 (2) Demonstrate their financial accountability by:

16 a. Submitting a financial information report for the school that  
17 complies with accounting standards established by the  
18 Department and that was conducted by an accountant; and

19 b. Having the auditor certify that the report is free of material  
20 misstatements. The auditor's report shall be limited in scope to  
21 those records that are necessary for the Department to make  
22 payments to participating schools on behalf of parents for  
23 tuition grants;

24 (3) Demonstrate their financial viability by showing they can repay any  
25 funds that might be owed the State, if they are to receive fifty thousand  
26 dollars (\$50,000) or more during the school year by:

27 a. Filing with the Department prior to the start of the school year a  
28 surety bond payable to the State in an amount equal to the  
29 aggregate amount of the tuition grants expected to be paid  
30 during the school year to students admitted; or

31 b. Filing with the Department prior to the start of the school year  
32 financial information that demonstrates the school has the  
33 ability to pay an aggregate amount equal to the tuition grants  
34 expected to be paid for students admitted at the participating  
35 school; and

36 (4) Regularly report to the parent on the student's academic progress at the  
37 school.

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

40 (1) No State agency shall in any way regulate the educational program of  
41 a participating school;

42 (2) The creation of this program does not expand the regulatory authority  
43 of the State or any unit of local government to impose any additional

1 regulation of private schools beyond those necessary to enforce the  
2 requirements of the program; and  
3 (3) Participating schools shall be given the maximum freedom to provide  
4 an educational program to their students without governmental control.  
5 (h) Responsibilities of the Department. – The Department shall:  
6 (1) Ensure that eligible students and their parents are informed annually of  
7 which schools will be participating in the tuition grant program.  
8 (2) Create a standard application that students interested in the tuition  
9 grant program can use to submit to participating schools to establish  
10 their eligibility and apply for admissions. Participating schools may  
11 require supplemental information from applicants. The Department  
12 shall ensure that the application is readily available to interested  
13 families through various sources, including the Internet.

14 (i) Disqualification of Participating Schools. – The Department may bar a school  
15 from participation in the program if the Department establishes that the participating  
16 school has:

17 (1) Intentionally and substantially misrepresented information required  
18 under this section;  
19 (2) Routinely failed to comply with requirements of this section; or  
20 (3) Failed to refund to the State any tuition grant overpayments in a timely  
21 manner.

22 If the Department decides to bar a participating school from the program, it shall notify  
23 eligible students and their parents of this decision as quickly as possible.

24 (j) Rule Making. – The Department shall adopt rules and procedures as  
25 necessary for the administration of the program, including rules regarding:

26 (1) The eligibility and participation of private schools, including time lines  
27 that will maximize student and private school participation;  
28 (2) The distribution of tuition grants to eligible students; and  
29 (3) The application and approval procedures for tuition grants for eligible  
30 students and participating schools.

31 (k) Responsibility of Local School Administrative Units. – Local school  
32 administrative units shall provide to participating schools that have admitted eligible  
33 students under this program with a complete copy of the students' school records while  
34 complying with the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. §  
35 1232(g))."

36 **SECTION 2.(a)** The Legislative Services Commission may contract with  
37 one or more qualified researchers who have previous experience evaluating school  
38 choice programs to conduct a study of the program if nonpublic funds are available for  
39 this purpose. The Legislative Services Commission may accept private funds to conduct  
40 this study.

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

42 (1) The level of parental satisfaction with the program;  
43 (2) The level of participating students' satisfaction with the program;

- 1           (3)    The impact of the program and the resulting competition from private  
2           schools on the resident school districts, public school students, and  
3           quality of life in a community;
- 4           (4)    The impact of the program on public and private school capacity,  
5           availability, and quality; and
- 6           (5)    Participating students' academic performance and graduation rates in  
7           comparison to students who applied for a tuition grant under this  
8           program but did not receive one because of random selection.

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

- 10          (1)    Apply appropriate analytical and behavioral science methodologies to  
11          ensure public confidence in the study.
- 12          (2)    Protect the identity of participating schools and students by, among  
13          other things, keeping anonymous all disaggregated data other than that  
14          for the categories of grade level, gender, race, and ethnicity.
- 15          (3)    Provide the General Assembly with a final copy of the evaluation of  
16          the program.

17          **SECTION 2.(d)** The participating private schools shall cooperate with the  
18          research effort by providing student assessment results and any other data necessary to  
19          complete this study.

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

24          **SECTION 3.** There is appropriated from the General Fund to the  
25          Department of Administration the sum of twenty-two million one hundred eighty  
26          thousand sixty-two dollars (\$22,180,062) for the 2008-2009 fiscal year to implement the  
27          provisions of this act.

28          **SECTION 4.** This act becomes effective July 1, 2008.