



HOUSE BILL 259: 2023 Appropriations Act, Sec. 8A.6(a)-(j): Expand Eligibility for Opportunity Scholarships

2023-2024 General Assembly

Committee:		Date:	December 14, 2023
Introduced by:		Prepared by:	Brian Gwyn Staff Attorney
Analysis of:	Sec. 8A.6(a)-(j) of S.L. 2023-134		

OVERVIEW: Section 8A.6(a) – (j) of S.L. 2023-134 makes multiple changes to the Opportunity Scholarship Program, including expanding eligibility for scholarships.

Eligibility – A student is now eligible if the student meets the following requirements:

- Resides in North Carolina.
- Has not yet received a high school diploma.
- Is eligible to attend a North Carolina public school.
- Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
- Has not been placed in a nonpublic school or facility by a public agency at public expense.

The State Education Assistance Authority (SEAA) is required to create a domicile determination system to verify that domicile requirements are met for all applicants. In addition, SEAA is required to annually select and verify 4% of scholarship grant applications that qualify for an amount related to income eligibility, rather than the previous requirement of 6%.

For the 2024-2025 school year only, in lieu of submitting evidence electronically to SEAA through a domicile determination system, parents must certify that the domicile requirements are met. SEAA must select 6% of the applications for the 2024-2025 school year to verify the domicile requirements are met.

Scholarship Amount and Priority – Based on household income, students can receive a scholarship grant equal to a percentage of the average State per pupil allocation for average daily membership in the prior fiscal year. Eligible students will be awarded scholarship grant amounts as follows:

- 100% of the per pupil allocation for eligible students residing in households with an income level not in excess of the amount required for the student to qualify for free or reduced-price lunch.
- 90% of the per pupil allocation for eligible students residing in households with an income level between the amount required for the student to qualify for free or reduced-price lunch and not in excess of 200% of that amount.
- 60% of the per pupil allocation for eligible students residing in households with an income level between 200% of the amount required for the student to qualify for free or reduced-price lunch and not in excess of 450% of that amount.
- 45% of the per pupil allocation for all other eligible students.

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When awarding scholarship grants, SEAA must first prioritize eligible students who received a scholarship grant in the prior school year. Next, SEAA must prioritize eligible students based on their household income level.

Nationally Standardized Testing – Nonpublic schools receiving scholarship grants must administer a nationally standardized test designated by SEAA in 3rd and 8th grade, and the ACT in 11th grade. For all other grades four and higher, the school must continue to administer its choice of nationally standardized test that meets specified criteria. Schools must do the following for any grade in which more than 25 scholarship grant recipients are enrolled:

- *Report aggregate 3rd, 8th, and 11th grade scholarship grant recipient test performance data to SEAA.*
- *Retain test performance data for scholarship grant recipients in all other grades and certify to SEAA compliance with testing requirements.*

Additionally, SEAA must provide the nonpublic schools with funds for the cost of the required nationally standardized tests in 3rd, 8th, and 11th grade. SEAA must report annually by December 1 to the Joint Legislative Education Oversight Committee (JLEOC) on an analysis of the aggregate outcomes of students in grades 3, 8, and 11 as compared to national outcomes on the nationally standardized test.

Superintendent Study and Report – By March 1, 2024, the Superintendent of Public Instruction (Superintendent) must study and report on the following to JLEOC:

- *Recommendations for a nationally standardized test for use in 3rd and 8th grade to compare performance between students in nonpublic schools who are receiving Opportunity Scholarships and students attending schools in public school units.*
- *Alignment between the recommended nationally standardized test and the standard course of study for 3rd and 8th grade.*
- *Feasibility of developing a through-grade assessment for 3rd and 8th grade that would meet certain criteria.*

SEAA must designate the tests recommended by the Superintendent as the nationally standardized assessment to be administered in nonpublic schools for 3rd and 8th grade.

Opportunity Scholarship Grant Fund Reserve – This section makes the following changes related to the Opportunity Scholarship Grant Fund Reserve (Reserve):

- *For any fiscal year in which SEAA uses funds from the Reserve, requires SEAA to report certain information to JLEOC and the Fiscal Research Division by April 1.*
- *Beginning with the 2025-2026 fiscal year, increases statutory appropriations for the Reserve.*
- *Expands the amount that SEAA can use to contract with one or more nonprofit corporations for outreach and scholarship education and application assistance from \$500,000 to \$1 million.*
- *Authorizes SEAA to use up to 30% of the unencumbered cash balance in the Reserve if the funds required to award scholarship grants to eligible students for a school year exceed the funds available for distribution of the awards.*

This section became effective July 1, 2023, and applies to the application and award of scholarship grants beginning with the 2024-2025 school year.