

# ASSEMBLY, No. 2810

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 10, 2010

**Sponsored by:**

**Assemblyman ANGEL FUENTES**

**District 5 (Camden and Gloucester)**

**Assemblyman ALEX DECROCE**

**District 26 (Morris and Passaic)**

**Assemblyman GARY S. SCHAER**

**District 36 (Bergen, Essex and Passaic)**

**Assemblyman JAY WEBBER**

**District 26 (Morris and Passaic)**

**Co-Sponsored by:**

**Assemblymen Dancer, Malone, Assemblywoman Casagrande,**

**Assemblymen DiCicco, A.M.Bucco, Assemblywoman N.Munoz,**

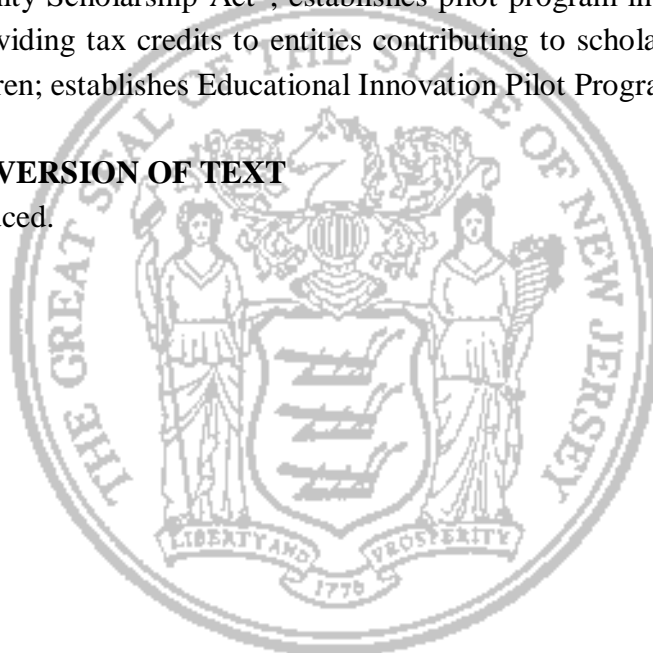
**Assemblymen Cryan, O'Scanlon and Bramnick**

**SYNOPSIS**

“Opportunity Scholarship Act”; establishes pilot program in Department of Treasury providing tax credits to entities contributing to scholarships for low-income children; establishes Educational Innovation Pilot Program in DOE.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/4/2011)**

1 AN ACT concerning educational opportunity scholarships for certain  
2 students and supplementing P.L.1945, c.162 (C.54:10A-1 et seq.)  
3 and Title 18A of the New Jersey Statutes.

4  
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

7  
8 1. Sections 1 through 8 of P.L. , c. (C. ) (pending  
9 before the Legislature as this bill) shall be known and may be cited  
10 as the "Opportunity Scholarship Act."

11  
12 2. The Legislature finds and declares that:

13 a. It is an undeniable fact that parents of limited means are less  
14 able to provide educational options for their children, even in those  
15 instances in which the public schools are failing their children, and  
16 to select the learning environment that might best meet the needs of  
17 their children;

18 b. The Appellate Division of the Superior Court of New Jersey  
19 in a 2009 decision, Crawford v. Davy, ruled that children enrolled  
20 in schools in which the majority of students failed at least one  
21 subject area of the State assessments in multiple consecutive years  
22 currently have no entitlement to better educational opportunities in  
23 another school district or nonpublic school;

24 c. Consequently, it is critical to provide a mechanism that will  
25 provide students enrolled in these failing schools the opportunity to  
26 receive a quality education;

27 d. The United States Supreme Court in its 2002 decision,  
28 Zelman v. Simmons-Harris, found that a program providing tuition  
29 aid in the form of scholarships for some students to attend public or  
30 nonpublic schools of a parent's choosing did not violate the  
31 Establishment Clause of the United States Constitution; and

32 e. In light of New Jersey's constitutional commitment to  
33 ensuring educational justice for every child, regardless of the  
34 relative wealth or poverty of a child's parents, it is appropriate that  
35 the State initiate a tax credit scholarship program on a pilot basis to  
36 assess its impact on the educational opportunity and achievement of  
37 children whose current education options are limited to a  
38 chronically failing school.

39  
40 3. As used in sections 1 through 8 of P.L. , c. (C. )  
41 (pending before the Legislature as this bill):

42 "Chronically failing school" means any school that meets the  
43 criteria of paragraph (1) or paragraph (2):

44 (1) among all students in that school to whom a State  
45 assessment was administered, the percent of students scoring in the  
46 partially proficient range in both the language arts and mathematics  
47 subject areas of the State assessments exceeded 40% in each of the  
48 prior two school years; or

1 (2) among all students in that school to whom a State  
2 assessment was administered, the percent of students scoring in the  
3 partially proficient range in either the language arts or mathematics  
4 subject area of the State assessment exceeded 65% in each of the  
5 prior two school years.

6 (3) A school shall continue to be designated a chronically failing  
7 school until such time that the percent of students scoring in the  
8 partially proficient range in both the language arts and mathematics  
9 subject areas of the State assessments is less than or equal to the  
10 Statewide percent of students scoring in the partially proficient  
11 range on the corresponding Statewide assessments.

12 "Eligible school" means an in-district or out-of-district public  
13 school or an in-district or out-of-district nonpublic school located in  
14 this State offering a program of instruction for kindergarten through  
15 12th grade, or any combination of those grades that:

16 (1) is open to all students who are eligible to participate in the  
17 pilot program established pursuant to section 4 of  
18 P.L. , c. (C. ) (pending before the Legislature as this bill) on  
19 a space-available basis and does not discriminate in its admission  
20 policies or practices for scholarship applicants enrolled in a public  
21 school on the date of the scholarship application on the basis of  
22 intellectual or athletic ability, measures of achievement or aptitude,  
23 status as a handicapped person, proficiency in the English language,  
24 or any other basis that would be illegal if used by a school district;  
25 however nothing shall prohibit a school from qualifying as an  
26 eligible school solely because the school limits admission to a  
27 particular grade level or to areas of concentration at the school,  
28 such as mathematics, science, or the arts;

29 (2) in the case of a nonpublic school, provides enrollment  
30 preference for new admissions to students who are enrolled in a  
31 chronically failing school and are eligible to participate in the pilot  
32 program established pursuant to P.L. , c. (C. ) (pending  
33 before the Legislature as this bill); and

34 (3) is in full compliance with all federal, State, and local laws.

35 "Household income" means income as defined for the purposes  
36 of determining eligibility for a free or reduced price lunch pursuant  
37 to the State School Lunch Program.

38 "Low-income child" means a child from a household with an  
39 income that does not exceed 2.50 times the official federal poverty  
40 level based on family size, established and adjusted under Section  
41 673(2) of Subtitle B, the "Community Services Block Grant Act,"  
42 Pub. L.97-35 (42 U.S.C. s.9902(2)), for the school year preceding  
43 the school year for which an educational scholarship is to be  
44 distributed.

45 "Scholarship organization" means an organization that has been  
46 determined by the federal Internal Revenue Service to be qualified  
47 as a tax-exempt organization pursuant to paragraph (3) of

1 subsection (c) of section 501 of the federal Internal Revenue Code  
2 of 1986 (26 U.S.C. s.501) and that:

3 (1) requires that any tax-creditable contributions accepted by it  
4 be designated by the contributor at the time of contribution as a  
5 contribution pursuant to P.L. , c. (C. ) (pending before the  
6 Legislature as this bill);

7 (2) distributes not less than 95% of the tax-creditable  
8 contributions that it accepts pursuant to P.L. , c. (C. )  
9 (pending before the Legislature as this bill) as educational  
10 scholarships to low-income students;

11 (3) distributes individual scholarships that:

12 (a) in the case of a scholarship student enrolled in grades  
13 kindergarten through 8, are equal to the lesser of:

14 (i) the actual cost per pupil of the eligible school enrolling a  
15 scholarship student, as determined by the Commissioner of  
16 Education; or

17 (ii) the greater of \$6,000 or 40% of the prior school year's actual  
18 average comparative cost per pupil, as reported in the Department  
19 of Education's Comparative Spending Guide, among all school  
20 districts in which a chronically failing school is located; and

21 (b) in the case of a scholarship student enrolled in grades 9  
22 through 12, are equal to the lesser of:

23 (i) the actual cost per pupil of the eligible school enrolling a  
24 scholarship student, as determined by the Commissioner of  
25 Education; or

26 (ii) the greater of \$9,000 or 59% of the prior school year's actual  
27 average comparative cost per pupil, as reported in the Department  
28 of Education's Comparative Spending Guide, among all school  
29 districts in which a chronically failing school is located;

30 (4) ensures that a child receives in any school year no more than  
31 one scholarship pursuant to the provisions of P.L. , c. (C. )  
32 (pending before the Legislature as this bill); and

33 (5) has complied with such other requirements as the Director of  
34 the Division of Taxation in the Department of the Treasury may  
35 require.

36  
37 4. a. Beginning in the first State fiscal year following the  
38 effective date of P.L. , c. (C. ) (pending before the  
39 Legislature as this bill), the Director of the Division of Taxation in  
40 the Department of the Treasury shall establish a five-year pilot  
41 program to provide tax credits to corporations which contribute  
42 funding to the lead scholarship organization designated pursuant to  
43 subsection b. of section 5 of P.L. , c. (C. ) (pending before the  
44 Legislature as this bill) to provide educational scholarships to help  
45 low-income children who, except as otherwise provided pursuant to  
46 paragraph (2) or paragraph (3) of subsection a. of section 6 of  
47 P.L. , c. (C. ) (pending before the Legislature as this bill),

1 are enrolled in a chronically failing school, pay tuition at an eligible  
2 school.

3 b. Subject to the restrictions established pursuant to subsection  
4 d. of this section, a taxpayer, upon application to the Director of the  
5 Division of Taxation in the Department of the Treasury, shall be  
6 allowed a credit against the tax imposed pursuant to section 5 of  
7 P.L.1945, c.162 (C.54:10A-5) for a privilege period, in an amount  
8 equal to 100% of the contributions made by the taxpayer to the lead  
9 scholarship organization designated pursuant to subsection b. of  
10 section 5 of P.L. , c. (C. ) (pending before the Legislature as  
11 this bill) during the privilege period; provided that the taxpayer  
12 shall designate at the time the contribution is made that the  
13 contribution is made pursuant to P.L. , c. (C. ) (pending  
14 before the Legislature as this bill).

15 c. The order of priority of the credit allowed under  
16 P.L. , c. (C. ) (pending before the Legislature as this bill)  
17 and any other credits allowed by law shall be as prescribed by the  
18 director. The amount of the credit applied under  
19 P.L. , c. (C. ) (pending before the Legislature as this bill)  
20 against the tax imposed pursuant to section 5 of P.L.1945, c.162  
21 (C.54:10A-5) for a privilege period shall not reduce the tax liability  
22 to an amount less than the statutory minimum provided in  
23 subsection (e) of section 5 of P.L.1945, c.162 (C.54:10A-5). An  
24 unused amount of credit shall expire at the end of the privilege  
25 period.

26 d. In aggregate, the total tax contribution of all participating  
27 corporations shall not exceed \$24,000,000 in the first State fiscal  
28 year, \$48,000,000 in the second State fiscal year, \$72,000,000 in  
29 the third State fiscal year, \$96,000,000 in the fourth State fiscal  
30 year, and \$120,000,000 in the fifth State fiscal year. If the sum of  
31 the amount of tax credits authorized pursuant to this section in a  
32 State fiscal year exceeds the aggregate annual limits established  
33 pursuant to this subsection, tax credits shall be allowed in the order  
34 in which contributions are made until the limit is reached.

35  
36 5. a. There is hereby established the Opportunity Scholarship  
37 Board. The board shall consist of three public members, one  
38 appointed by the Governor, one appointed by the President of the  
39 Senate, and one appointed by the Speaker of the General Assembly.  
40 Each of the members shall be a representative of an entity subject to  
41 the tax imposed pursuant to section 5 of P.L.1945, c.162  
42 (C.54:10A-5) or an employee of such entity.

43 b. The board shall select one scholarship organization in each  
44 of the north, central, and southern regions of the State to administer  
45 the scholarship funds made available through contributions received  
46 pursuant to section 4 of P.L. , c. (C. ) (pending before the  
47 Legislature as this bill). The board shall designate one of the  
48 scholarship organizations to be the lead scholarship organization.

1 c. The board shall publicize the pilot program to the parents of  
2 children who are enrolled in a chronically failing school.

3 d. The board shall commission an independent study of the  
4 pilot program. The study shall be conducted by an individual or  
5 entity primarily identified with expertise in the field of urban  
6 education. The individual or entity shall design a comprehensive  
7 study of the pilot program which shall include, but not be limited to,  
8 consideration of the following:

9 (1) the academic achievement of scholarship recipients based on  
10 test results and other educational indicators;

11 (2) the impact of the pilot program on achieving savings for  
12 State taxpayers;

13 (3) the impact of the program on student enrollment patterns;  
14 and

15 (4) parental satisfaction with the pilot program.

16 The board may raise funds privately for the purpose of  
17 commissioning the study and for the cost of publicizing the pilot  
18 program.

19 e. On or before January 1 of the fifth school year of the pilot  
20 program, the board shall submit a report to the Governor, and to the  
21 Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1),  
22 on the implementation and results of the pilot program. The report  
23 shall be based on the annual reports submitted by the scholarship  
24 organizations pursuant to subsection c. of section 6 of  
25 P.L. , c. (C. ) (pending before the Legislature as this bill)  
26 and the independent study conducted pursuant to subsection d. of  
27 this section. The report shall include a recommendation on whether  
28 the program should be reauthorized on a permanent basis.

29

30 6. a. (1) The lead scholarship organization shall allocate funds  
31 made available through contributions provided pursuant to section 4  
32 of P.L. , c. (C. ) (pending before the Legislature as this bill)  
33 to the selected scholarship organizations. The total funds available  
34 for scholarships for each school year shall be allocated to the  
35 scholarship organization selected in each region as follows: the  
36 total enrollment, excluding preschool students, of all chronically  
37 failing schools in the region divided by the total enrollment,  
38 excluding preschool students, of all chronically failing schools  
39 Statewide, and the result shall be multiplied by the total funds  
40 available for that school year.

41 (2) No more than 25% of a scholarship organization's  
42 scholarship allocation in any school year shall be used to provide  
43 scholarships to low-income students who reside in the State and are  
44 enrolled in nonpublic schools on the effective date of P.L. ,  
45 c. (C. ) (pending before the Legislature as this bill); except that  
46 if by August 1 of any school year, scholarship funds available for  
47 the scholarship organization remain unallocated, then the funds may  
48 be used to provide additional scholarships for that school year to

1 low-income students enrolled in nonpublic schools on the effective  
2 date of P.L. , c. (C. ) (pending before the Legislature as this  
3 bill).

4 (3) If by August 15 of any school year, scholarship funds  
5 available for the scholarship organization remain unallocated, then  
6 the unallocated funds shall be used to provide scholarships for that  
7 school year to low-income children residing in other regions.  
8 Priority shall be given to students in the following order:

9 (a) low-income children attending a chronically failing school;

10 (b) low-income children residing in a district in which a  
11 chronically failing school is located; and

12 (c) notwithstanding the provisions of paragraph (2) of this  
13 subsection, low-income children enrolled in a nonpublic school on  
14 the effective date of P.L. , c. (C. ) (pending before the  
15 Legislature as this bill).

16 The Opportunity Scholarship Board established pursuant to  
17 subsection b. of section 5 of P.L. , c. (C. ) (pending before  
18 the Legislature as this bill) shall determine the apportionment of  
19 unallocated funds to the other regions.

20 b. A scholarship organization selected by the board pursuant to  
21 subsection b. of section 5 of P.L. , c. (C. ) (pending before  
22 the Legislature as this bill) shall require that an eligible school  
23 which admits a child receiving an educational scholarship under the  
24 pilot program:

25 (1) accepts the scholarship as payment in full for a child's  
26 tuition and any other costs of attendance payable to the school;

27 (2) ensures that a child enrolled in an eligible school who  
28 received a scholarship under the program in the prior school year  
29 receives a scholarship in each school year of enrollment under the  
30 program provided that the child remains eligible; except that any  
31 child who received a scholarship under the program in the prior  
32 school year who is no longer considered a low-income child shall  
33 continue to remain eligible to receive a scholarship under the  
34 program until the child completes the eighth grade or the twelfth  
35 grade, whichever occurs first, provided that the child continues to  
36 meet all other eligibility requirements;

37 (3) in the event that more children apply for admission under the  
38 pilot program than there are openings at the eligible school,  
39 determines through a lottery which children are selected for  
40 admission, except that preference for enrollment may be given to  
41 siblings of students who are enrolled in the eligible school; and

42 (4) if the eligible school is a nonpublic school, administers the  
43 appropriate grade level State assessment to scholarship students.  
44 The Department of Education shall provide the necessary material  
45 to the nonpublic school at no cost.

46 c. A selected scholarship organization shall:

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1 (1) manage the scholarship application process for the school  
2 district in which students who are eligible to participate in the  
3 scholarship program reside;

4 (2) review and verify the income and residence of a scholarship  
5 applicant;

6 (3) compile an inventory of vacancies in eligible schools  
7 available for potential scholarship recipients;

8 (4) conduct necessary student selection lotteries in accordance  
9 with the requirements of paragraph (3) of subsection b. of this  
10 section;

11 (5) in the event that the number of eligible students applying for  
12 a scholarship exceeds the number of available scholarships, conduct  
13 lotteries to determine which students will receive a scholarship;

14 (6) monitor the enrollment of scholarship students in eligible  
15 schools and allocate scholarship funds to those schools; and,

16 (7) prepare a report to be submitted to the State Treasurer by  
17 December 1 of each year that includes, but is not limited to, the  
18 following information for the prior school year: the amount of  
19 scholarship funds received by the scholarship organization; the  
20 administrative costs of the scholarship organization; the amount of  
21 scholarship funds dispersed on behalf of scholarship recipients to  
22 eligible schools that are public schools, and a listing of those  
23 eligible schools; the amount of scholarship funds dispersed on  
24 behalf of scholarship recipients to eligible schools that are  
25 nonpublic schools, and a listing of those eligible schools; and the  
26 number of scholarship applications for which no scholarship funds  
27 were available.

28 The board shall make the annual report available to the parents  
29 or guardians of scholarship recipients and to members of the public.

30

31 7. The Department of Education shall annually provide a list of  
32 all chronically failing schools to the Opportunity Scholarship Board  
33 established pursuant to subsection a. of section 5 of  
34 P.L. , c. (C. ) (pending before the Legislature as this bill).  
35 The department shall coordinate with the board to determine the  
36 earliest feasible time that the list can be developed after the  
37 administration of the State assessments.

38

39 8. The Director of the Division of Taxation shall adopt rules  
40 and regulations in accordance with the "Administrative Procedure  
41 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to implement the  
42 provisions of sections 1 through 7 of P.L. , c. (C. ) (pending  
43 before the Legislature as this bill).

44

45 9. Notwithstanding any provision of subsection a. of section 16  
46 of P.L.2007, c.260 (C:18A:7F-58) or any other section of law to the  
47 contrary, for each scholarship student who was enrolled in a public  
48 school of the district at the time that the student first received an



1 educational scholarship pursuant to P.L. , c. (C. ) (pending  
2 before the Legislature as this bill), the amount of State school aid  
3 paid to the district pursuant to the provisions of P.L.2007, c.260  
4 (C.18A:7F-43 et al.) shall be reduced by an amount equal to the  
5 district's equalization aid, security categorical aid, special education  
6 categorical aid, transportation aid, and adjustment aid divided by  
7 the district's resident enrollment.

8  
9 10. There is hereby established in the Department of Education a  
10 fund entitled the "Educational Innovation Fund." The fund shall be  
11 credited with the amount of any per pupil State school aid reduction  
12 made pursuant to section 9 of P.L. , c. (C. ) (pending before  
13 the Legislature as this bill) that is in excess of the applicable  
14 educational scholarship awarded pursuant to P.L. , c. (C. )  
15 (pending before the Legislature as this bill) to a scholarship student  
16 who was enrolled in a public school of the district at the time that  
17 the student first received a scholarship. All interest or other income  
18 or earnings derived from the investment or reinvestment of moneys  
19 in the fund shall be credited to the fund. The moneys in the fund are  
20 specifically dedicated to fund the Educational Innovation Pilot  
21 Program established pursuant to section 11 of P.L. , c. (C. )  
22 (pending before the Legislature as this bill).

23  
24 11. a. As used in this section, "chronically failing school"  
25 means any school that meets the criteria of paragraph (1) or  
26 paragraph (2) of this subsection:

27 (1) among all students in that school to whom a State  
28 assessment was administered, the percent of students scoring in the  
29 partially proficient range in both the language arts and mathematics  
30 subject areas of the State assessments exceeded 40% in each of the  
31 prior two school years; or

32 (2) among all students in that school to whom a State  
33 assessment was administered, the percent of students scoring in the  
34 partially proficient range in either the language arts or mathematics  
35 subject area of the State assessment exceeded 65% in each of the  
36 prior two school years.

37 (3) A school shall continue to be designated a chronically failing  
38 school until such time that the percent of students scoring in the  
39 partially proficient range in both the language arts and mathematics  
40 subject areas of the State assessments is less than or equal to the  
41 Statewide percent of students scoring in the partially proficient  
42 range on the corresponding Statewide assessments.

43 b. The Commissioner of Education shall establish a five-year  
44 Educational Innovation Pilot Program. The program shall award  
45 competitive grants to chronically failing schools to finance the  
46 adoption of innovative educational practices with the objective of  
47 improving student performance. The grants shall be funded by  
48 moneys on deposit in the Educational Innovation Fund established

1 pursuant to section 10 of P.L. , c. (C. ) (pending before the  
2 Legislature as this bill).

3 c. The commissioner shall develop an application process to  
4 select the chronically failing schools which will receive an  
5 innovation grant. The application shall be prepared and submitted  
6 by the superintendent of the district in which the chronically failing  
7 school is located. The application shall include, but not be limited  
8 to, the following information:

9 (1) a description of the innovative programs or practices which  
10 would be implemented in the chronically failing schools;

11 (2) a budget proposal for the use of any grant award; and

12 (3) a list of program objectives and a description of how the  
13 district will assess the program's implementation and outcomes.

14 d. A superintendent may submit a grant application that does  
15 not include all chronically failing schools in the district.

16

17 12. The State Board of Education shall adopt regulations  
18 pursuant to the "Administrative Procedures Act," P.L.1968, c.410  
19 (C.52:14B-1 et seq.), to effectuate the provisions of sections 9  
20 through 11 of P.L. , c. (C. ) (pending before the Legislature  
21 as this bill).

22

23 13. This act shall take effect immediately.

24

25

26

#### STATEMENT

27

28 This bill directs the Director of the Division of Taxation to  
29 establish a five-year pilot program to provide tax credits to  
30 corporations which contribute funding to nonprofit organizations  
31 which provide scholarships to low-income children who attend a  
32 chronically failing school or nonpublic school to pay tuition at in-  
33 district or out-of-district public schools or in-district or out-of-  
34 district nonpublic schools located in the State. The bill defines a  
35 chronically failing school as one in which, for the past two school  
36 years: more than 40% of the school's students did not pass both the  
37 language arts and mathematics subject areas of the State  
38 assessments; or more than 65% of the students did not pass either  
39 the language arts or mathematics subject areas. A child is  
40 considered low-income if the child lives in a household in which the  
41 income does not exceed 250% of the federal poverty level.

42 Under the pilot program, a tax credit will be equal to 100% of  
43 the contribution a corporation makes to a qualified scholarship  
44 organization. While there is no limit on the amount that can be  
45 contributed for credit, a corporation may not apply the credits to  
46 reduce its tax liability to an amount less than the statutory minimum  
47 provided in subsection (e) of section 5 of P.L.1945, c.162; and the  
48 total tax credit of all participating corporations is capped at

1 \$24,000,000 the first State fiscal year, \$48,000,000 the second State  
2 fiscal year, \$72,000,000 the third State fiscal year, \$96,000,000 the  
3 fourth State fiscal year, and \$120,000,000 the fifth State fiscal year.  
4 If the sum of the amount of tax credits authorized in a State fiscal  
5 year exceeds the aggregate annual limits, tax credits will be allowed  
6 in the order in which contributions are made until the limit is  
7 reached.

8 The bill creates the Opportunity Scholarship Board and directs it  
9 to select one scholarship organization in each of the northern,  
10 central, and southern regions of the State to administer the  
11 scholarship funds. The board will designate one of the scholarship  
12 organizations to be the lead scholarship organization. The lead  
13 scholarship organization will receive the contributions made  
14 pursuant to this bill and distribute the funding to the other  
15 scholarship organizations.

16 The scholarship organizations selected under the bill must  
17 require that an eligible school which admits a child receiving a  
18 scholarship under the pilot program:

19 (1) accepts the scholarship as payment in full for the child's  
20 tuition and other costs of attendance;

21 (2) ensures that a child enrolled in an eligible school who  
22 received a scholarship under the program in the prior school year  
23 receives a scholarship in each school year of enrollment under the  
24 program provided that the child remains eligible; and

25 (3) in the event that more children apply for admission to that  
26 school under the pilot program than there are openings, selects  
27 students through a lottery.

28 In the event that the number of eligible students applying for a  
29 scholarship exceeds the number of available scholarships, the  
30 scholarship organization will conduct lotteries to determine which  
31 students will receive a scholarship.

32 In the case of an eligible school that is a nonpublic school, the  
33 school must also provide preference in new admissions to students  
34 enrolled in a chronically failing school who are eligible to  
35 participate in the pilot program and administer the State assessment  
36 appropriate for the scholarship students' grade level.

37 The scholarship organization selected in each region will manage  
38 the scholarship application process; review and verify the income of  
39 scholarship applicants; compile an inventory of vacancies in  
40 eligible schools; conduct necessary student selection lotteries;  
41 monitor the enrollment of scholarship students in eligible schools;  
42 and prepare an annual report to be submitted to the State Treasurer  
43 that provides information on the program for the prior school year.

44 The bill directs the board to commission an independent study on  
45 the implementation of the pilot program by an individual or entity  
46 with expertise in the field of urban education. The study will  
47 consider issues such as the academic achievement of scholarship  
48 recipients, the impact of the pilot program on achieving savings for

1 State taxpayers, the impact of the pilot program on student  
2 enrollment patterns, and parental satisfaction with the program.

3 On or before January 1 of the fifth school year of the pilot  
4 program, the board is directed to submit a report to the Governor  
5 and the Legislature on the implementation and results of the pilot  
6 program. The report will include a recommendation on whether the  
7 program should be reauthorized on a permanent basis.

8 Finally, the bill establishes a five-year Educational Innovation  
9 Pilot Program in the Department of Education. Under the program,  
10 the Commissioner of Education will develop a program to award  
11 competitive grants to chronically failing schools, with the objective  
12 of providing the schools with resources to implement innovative  
13 educational programs to improve student performance.

14 For each of a district's students who obtains a scholarship, the  
15 district's State school aid would be reduced by the per pupil amount  
16 awarded to the district pursuant to the "School Funding Reform Act  
17 of 2008." The portion of that reduction that exceeds the scholarship  
18 amount will be deposited into the Educational Innovation Fund and  
19 used to support the grant program.