

2021 Major Changes to Eligibility and Funding for Vouchers Pending (Overview of School Vouchers in NC below.)

Both SB671 and HB32 were introduced in the 2021 legislative session. They both will substantially expand eligibility for the NC voucher program, funneling millions of taxpayer dollars to increasingly subsidize payments to families with children in private schools. This [expansion is estimated](#) to cost taxpayers a minimum of \$159 million over the next nine years on top of the already [billions of dollars](#) allocated to the current voucher programs without the new proposed changes.

This proposed bill would divert even more money to private schools at a time when cash strapped traditional public schools are struggling to meet the many needs the pandemic has amplified. Even before the pandemic began, the [movement to privatize education](#) in NC has been decimating our traditional public schools and harming our academic at-risk students. Now, COVID-19 has added more risks to these vulnerable students. Opening our schools safely during COVID will require considerable investment to adequately support students as they return to school buildings. This should be our primary goal, not expanding funding to unaccountable, private, religious schools.

SB671 will go even further than HB32. This bill will increase eligibility to 324% of poverty (\$85,794 for a family of four). Further the bills propose increasing the voucher payments from \$4,200 a year to as much \$6,586 (100% of the per pupil spending in public schools) without the ACCOUNTABILITY that our taxpayers deserve. This violates all reasonable business practices. Moving our state even further in the wrong direction at a time our public schools are struggling.

[HB 32](#), would, according to detailed analysis by [NC Policy Watch](#), make the following expansions (all require increased funding) to the voucher program (Opportunity Scholarship Program).

- No prior public school enrollment requirement for entering second graders
- Increase value of the voucher
- Loosening of prior public school enrollment requirement in grades 3-12
- Diversion of funds to marketing efforts.
- Increase of administration funding

[HB32](#) makes the following changes to North Carolina's two other voucher programs: the Disabilities Grant voucher and Personal Education Savings Accounts vouchers. The bill would:

- Merge the two programs and changes the name
- Expand eligibility for the vouchers
- Enact different awards and carry-forward rules
- Relax eligibility verification to receive the vouchers
- Forward-funds the program and creates guaranteed funding increases through FY 2031-32

[SB671](#) seeks to do much the same on points that matter like family income eligibility and voucher payment amount. Without the millions of dollars these changes would cost, the legislative changes from last year alone to the voucher program expansion are estimated at \$272 million over the next 10 years. [SB 671](#) also eliminates the eligibility requirements and supports changes that could increase fraud in how the funds are used.

Other Pending Proposed Changes: Disabilities Grant and Personal Education Savings Account Programs

Currently, the Disabilities Grant program is a traditional voucher covering up to \$8,000 per year for students with disabilities, and the Personal Education Savings Accounts program gives parents of qualifying children a debit card with \$9,000 to spend on education-related expenses.

Three significant changes proposed by HB32 are the merger of Disabilities Grants and Personal Education Savings Accounts, changing the name to Personal Education Student Account, and expanding the eligibility for the vouchers. Currently, students must have an Individualized Education Plan (IEP) to qualify for either program. HB32 would also include students with a [504 plan](#). This would increase the allowable disabilities and even cover these identified students enrolled in college if they are taking less than 12 credits per year. Other details are explained [here](#).

Overview of School Vouchers in NC

“The moral imperative to support deep and lasting change in urban communities and reclaim public schools cannot be driven by vouchers, for-profit charters, mayoral control, Teach for America, and other billionaire-funded schemes.” from the [PDK poll report](#).

While Opportunity Scholarships have been presented as providing “equity” for students, they are really about religiosity and the privatization of education. Taking money from our public schools is not good for current or future students. Vouchers drain much needed resources from our “free, open to all students” public schools. School vouchers are tax dollars paid directly to private schools as tuition for students who opt out of public schools. Traditional public schools consistently get high marks from parents. According to the recent 2019 PDK report, 76 percent of parents surveyed [give their own child’s school an A or B grade](#), up a slight 6 percentage points from last year.

Vouchers were originally [created in response to Brown v. Board of Education](#). White families who wanted to keep their children in segregated schools were granted vouchers to attend private schools. Today, vouchers are often sold as means for minority and low income children to opt-out of their local, high-poverty, under-resourced schools. Voucher programs siphon money from local public schools and exacerbate existing problems with school performance and funding. In many areas of the country, this has resulted in school closures.

North Carolina Opportunity Scholarships

The North Carolina General Assembly created a voucher program called Opportunity Scholarships in 2013. The Opportunity Scholarship program awards up to \$4,200 per year for qualifying students to attend participating nonpublic schools. The state issued tax money to private schools for the first time in the 2014-2015 school year. After a lawsuit, the NC Supreme Court upheld the constitutionality of the program in July 2015. In 2016, the NCGA greatly expanded the program as part of the budget passed in the short session. The budget raised the percentage of funding available to K-1st grade students, and it established an Opportunity Scholarship reserve fund to be augmented by \$10 million every year until 2027-28, when it will plateau at \$144.8 million in annual funding. Future legislatures cannot be compelled to provide this funding, yet it represents a commitment to dramatically expanding this program without reviewing academic outcomes for students or increasing accountability for the taxpayers who fund it.

In the [2019-2020 school year](#), 12,285 students received Opportunity Scholarships. There were 456 private schools with recipients enrolled. The total cost of these scholarships was over \$48 million. The largest cohort of Opportunity Scholarship recipients attended a single religious school in Fayetteville, Trinity Christian School, with those 309 students making up more than half of its student population. Trinity Christian School received \$1.2 million in disbursements during the 2019-2020 school year. The 2018-2019 Budget Adjustments bill increased funding for the Opportunity Scholarship program from \$45 to \$55 million. In 2020, the General Assembly expanded the program’s income eligibility requirements and removed limits on the number of vouchers that could be given to students entering kindergarten and first grade. This expansion and removal on award limits are estimated to cost North Carolina approximately \$272 million over the next 10 years.

As of April 14, 2021 16,030 students received Opportunity Scholarships for the 2020-2021 school year. The total amount of Scholarships for 2020-21 was \$61,241,959 There were 480 Participating Nonpublic Schools with recipients enrolled. Trinity Christian School of Fayetteville, Inc. in Fayetteville NC enrolled 350 students, making it the school with the largest cohort of scholarship recipients. These scholarships amounted to \$1,409,100. Cumberland County had the most students receive Opportunity Scholarships with 1,587 students receiving scholarships. Opportunity Scholarship Program Recipients by race were: 57% White, 23% Black or African American, 10% two or more Races, 2% American Indian or Alaskan Native, 2% Asian, and 0.2% Native Hawaiian or other Pacific Islander. The remainder of Opportunity Scholarship recipients did not offer racial information. Opportunity Scholarship Program Recipients by ethnicity were 14% Hispanic, 68% Not Hispanic with 19% choosing not to answer.

The [NC State Education Assistance Authority](#) administers NC's voucher program. Funding for the Program is contingent each year upon appropriations made available to the Authority by the General Assembly. The voucher can be used for "tuition and fees for books, transportation, equipment, or other items required" by the private school. Other provisions of the legislation include:

- Aggregated standardized test performance data of voucher recipients is not part of the public record. It is only reported if a private school has more than 25 students receiving vouchers.
- The only measure of student learning gains or losses required for voucher recipients is aggregated standardized test performance.
- Only the highest decision-making staff member at a participating private school is subject to a background check.
- A private school is only required to conduct a financial review if it receives more than \$300,000 in scholarship grants.

Current Qualification Criteria

To qualify for an Opportunity Scholarship, a student must meet one of the following criteria:

- Was a full-time student attending a NC public school or Department of Defense school in North Carolina last spring semester.
- Received a voucher in the previous school year.
- Be entering kindergarten or first grade.
- Live in foster care or be an adopted child whose decree was entered not more than a year before applying for the grant.
- Has a parent in full-time active duty in the military

In addition, the student must live in a household with an income level not in excess of 133% of the amount required for the student to qualify for the federal free or reduced-price lunch program. A family of 4, for example, can't exceed \$46,435 to receive \$4,200 (the largest grant), or \$61,759 to get 90% of tuition or \$3,780, whichever is lower.

The NCSEAA relies on applicants to report all income. Only "a percentage" of applicants are "randomly selected to be verified, requiring families to provide documentation for items such as income, school enrollment, and household members." Meaning, only applicants selected for verification have to submit tax returns as proof of income.

Legal History of NC's Voucher Program

In December 2013, two lawsuits challenging the constitutionality of the voucher program were filed. The NC Association of Educators and the NC Justice Center filed a suit on behalf of 25 plaintiffs. The NC School Boards Association filed the other lawsuit on behalf of four individual plaintiffs; 72 of NC's 115 school districts also adopted resolutions supporting the second suit.

In August 2014, Judge Hobgood found school vouchers to be unconstitutional “beyond a reasonable doubt.” Further, he stated: “The General Assembly fails the children of North Carolina when they are sent with public, taxpayer money to private schools that have no legal obligation to teach them anything.”

On July 23, 2015, the NC Supreme Court ruled in a rare partisan split that the voucher program is constitutional. Our press release read, “Today is a very sad day in the history of our state. Our long-standing tradition of commitment to excellence in public education has made North Carolina a jewel among southern states.” Many believe that this decision does not uphold North Carolina’s constitutional promise that all children receive a sound, basic education within the public school system.

Concerns about Vouchers for Private Education:

- Loss of funds for public schools- The loss of tax dollars may reduce academic programs and teaching staff at traditional public schools.
- Student success- There is no evidence that private or religious schools offer a higher quality education for students than public schools.
- Student safety- Private schools do not have to conduct background checks on employees and volunteers the way public schools do.
- Financial accountability- Voucher programs divert tax dollars to largely unregulated private entities that run private schools. Taxpayers do not see how students are performing or how the money is spent.
- Academic accountability- Private schools do not have to hire licensed teachers, and are not subject to the academic standards imposed on public schools.
- Admissions- Private schools are not required to serve free/reduced lunch, offer transportation, or provide special education services—and they can select the students they admit.
- Tuition Gap- Even with a taxpayer-funded subsidy, most middle class families cannot afford to pay the difference between the subsidy and the high cost of a private school education.
- Enrollment- The vast majority of our students— about 1.45 million are educated in our public schools. [Private school enrollment](#) for the 2016-2017 term was 100,585 students.
- Oversight- The use of public tax dollars to fund private school education demands careful monitoring to ensure standards for schools accepting voucher funds are met. The price to develop and administer such standards is significant and is an additional cost to taxpayers.

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