

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 823
Committee Substitute Favorable 5/2/23

Short Title: Choose Your School, Choose Your Future. (Public)

Sponsors:

Referred to:

April 19, 2023

1 A BILL TO BE ENTITLED
2 AN ACT TO EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS.
3 The General Assembly of North Carolina enacts:
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5 **PART I. EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS**

6 **SECTION 1.(a)** G.S. 115C-562.1(3), (3c), (5c), and (5e) are repealed.

7 **SECTION 1.(b)** G.S. 115C-562.1 is amended by adding a new subdivision to read:

8 "(3a) Eligible student. – A student residing in North Carolina who has not yet
9 received a high school diploma and who meets all of the following
10 requirements:

11 a. Is eligible to attend a North Carolina public school pursuant to Article
12 25 of this Chapter. A child who is the age of 4 on or before April 16 is
13 eligible to attend the following school year if the principal, or
14 equivalent, of the school in which the child seeks to enroll finds that
15 the student meets the requirements established by the Authority
16 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the
17 Authority.

18 b. Has not been enrolled in a postsecondary institution as a full-time
19 student taking at least 12 hours of academic credit.

20 c. Has not been placed in a nonpublic school or facility by a public
21 agency at public expense."

22 **SECTION 1.(c)** G.S. 115C-562.2 reads as rewritten:

23 **"§ 115C-562.2. Scholarship grants.**

24 (a) The Authority shall make available no later than February 1 annually applications to
25 eligible students for the award of scholarship grants to attend any nonpublic ~~school~~ school on a
26 full- or part-time basis. Information about scholarship grants and the application process shall be
27 made available on the Authority's Web site. Beginning March 15, the Authority shall begin
28 awarding scholarship grants according to the following criteria:

29 (1) First priority shall be given to eligible students who received a scholarship
30 grant for the school year prior to the school year for which the students are
31 applying if those students have applied by March 1.

32 (2) After scholarship grants have been awarded to prior recipients as provided in
33 subdivision (1) of this subsection, scholarships shall be awarded with
34 remaining funds as follows:

35 a. At least fifty percent (50%) of the remaining funds shall be used to
36 award scholarship grants to eligible students residing in households



1 with an income level not in excess of the amount required for the
2 student to qualify for the federal free or reduced-price lunch program.

3 b. Repealed by Session Laws 2020-97, s. 3.3(a), effective September 4,
4 2020.

5 c. Any remaining funds shall be used to award scholarship grants to all
6 other eligible students.

7 ~~(b) Scholarship grants awarded to eligible students residing in households with an income
8 level not in excess of the amount required for the student to qualify for the federal free or
9 reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety
10 percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of
11 the average State per pupil allocation for average daily membership in the prior fiscal year.
12 Scholarship grants awarded to eligible students residing in households with an income level in
13 excess of the amount required for the student to qualify for the federal free or reduced-price lunch
14 program shall be for amounts of not more than ninety percent (90%) of the required tuition and
15 fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a
16 part-time student for the nonpublic school the eligible child will attend. Tuition and fees for a
17 nonpublic school may include tuition and fees for books, transportation, equipment, or other
18 items required by the nonpublic school. No scholarship grant shall exceed, per year per eligible
19 student, an amount equal to ninety percent (90%) for a full-time student or forty-five percent
20 (45%) for a part-time student of the average State per pupil allocation for average daily
21 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
22 and fees for the nonpublic school the eligible student will attend.~~

23 (b1) Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.

24 (b2) Beginning with the 2024-2025 school year, scholarship grants shall be awarded to
25 eligible students as follows:

26 (1) For students residing in households with an income level not in excess of the
27 amount required for the student to qualify for the federal free or reduced-price
28 lunch program, per year per eligible student, an amount of up to one hundred
29 percent (100%) of the average State per pupil allocation for average daily
30 membership in the prior fiscal year.

31 (2) For students residing in households with an income level between the amount
32 required for the student to qualify for the federal free or reduced-price lunch
33 program and not in excess of two hundred percent (200%) of that amount, per
34 year per eligible student, an amount of up to ninety percent (90%) of the
35 average State per pupil allocation for average daily membership in the prior
36 fiscal year.

37 (3) For students residing in households with an income level of between two
38 hundred percent (200%) of the amount required for the student to qualify for
39 the federal free or reduced-price lunch program and not in excess of four
40 hundred fifty percent (450%) of that amount, per year per eligible student, an
41 amount of up to sixty percent (60%) of the average State per pupil allocation
42 for average daily membership in the prior fiscal year.

43 (4) For all students, per year per eligible student, an amount of up to forty-five
44 percent (45%) of the average State per pupil allocation for average daily
45 membership in the prior fiscal year, unless the student qualifies for a higher
46 amount under this subsection.

47 (b3) Tuition and fees for a nonpublic school may include tuition and fees for books,
48 transportation, equipment, or other items required by the nonpublic school.

49 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to
50 one hundred percent (100%) of the average State per pupil allocation for average daily

1 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
2 and fees for the nonpublic school the eligible student will attend.

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4 **SECTION 1.(d)** G.S. 115C-562.3 reads as rewritten:

5 "**§ 115C-562.3. Verification of eligibility; information from other State agencies.**

6 (a) To verify that the domicile requirements of G.S. 115C-366 are met for State
7 residency, the Authority shall establish a domicile determination system and shall establish rules
8 for determination of domicile within the State in accordance with this subsection. The Division
9 of Motor Vehicles of the Department of Transportation, the Department of Public Instruction,
10 the Department of Commerce, the Department of Health and Human Services, the Department
11 of Revenue, the State Board of Elections, and the State Chief Information Officer each shall
12 expeditiously cooperate with the Authority in verifying electronically, or by other similarly
13 effective and efficient means, evidence submitted to the Authority for the purposes of
14 establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall
15 accept any of the following as evidence of domicile within the State:

- 16 (1) Verified unexpired State drivers license or unexpired State identification card.
- 17 (2) Verified current State voter registration.
- 18 (3) Verified current receipt of public benefits from a State agency.
- 19 (4) Verified filing of State income taxes for the year prior to application.
- 20 (5) Verified enrollment in a North Carolina public school at the time of
21 application.
- 22 (6) An electronically submitted copy of one of the following current documents
23 that show the name of the parent and an address within the State:
 - 24 a. A utility bill.
 - 25 b. A bank statement.
 - 26 c. A government check.
 - 27 d. A paycheck.
 - 28 e. Any other government document.

29 (a1) ~~The~~ In addition to the requirements of subsection (a) of this section, the Authority
30 may seek verification of information on any application for scholarship grants from eligible
31 students. The Authority shall select and verify ~~six percent (6%)~~ four percent (4%) of applications
32 for scholarship grant funds awarded under G.S. 115C-562.2(b2)(1) through (b2)(3) annually,
33 including those with apparent errors on the face of the application. The Authority shall establish
34 rules for the verification process and may use the federal verification requirements process for
35 free and reduced-price lunch applications as guidance for those rules. If a household fails to
36 cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant
37 to the eligible student.

38 (b) Household members of applicants for scholarship grants shall authorize the Authority
39 to access information needed for verification efforts conducted under this section held by other
40 State agencies, including the Department of Revenue, the Department of Health and Human
41 Services, and the Department of Public Instruction. ~~The Department of Public Instruction shall~~
42 ~~provide the Authority with public school enrollment information to establish eligibility pursuant~~
43 ~~to G.S. 115C-562.1(3)a., as needed.~~

44 (c) By December 1 of each year, the Department of Public Instruction shall provide the
45 Authority the average State per pupil allocation for that fiscal year to determine the maximum
46 scholarship amount for eligible students to be awarded in the following fiscal year in accordance
47 with G.S. 115C-562.2(b)."

48 **SECTION 1.(e)** G.S. 115C-562.8 reads as rewritten:

49 "**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

50 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
51 administered by the Board of Governors of The University of North Carolina for the purpose of

1 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
 2 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
 3 General Assembly and any interest accrued to it thereon. These funds shall be used to award
 4 scholarship grants to eligible students for the school year that begins in the fiscal year following
 5 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall
 6 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds
 7 appropriated in a particular fiscal year to be used for the award of scholarships in the following
 8 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds
 9 were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d)
 10 of this section, if applicable. After funds are used for this purpose, any unexpended funds from
 11 the funds appropriated in a particular fiscal year to be used for the award of scholarships in the
 12 following fiscal year shall be carried forward for one fiscal year and may be used for the purposes
 13 set forth in this section. Funds carried forward pursuant to this section that have not been spent
 14 within one fiscal year shall revert to the General Fund.

15 (b) The General Assembly finds that, due to the critical need in this State to provide
 16 opportunity for school choice for North Carolina students, it is imperative that the State provide
 17 an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,
 18 there is appropriated from the General Fund to the Reserve the following amounts for each fiscal
 19 year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
20 2017-2018	\$44,840,000
21 2018-2019	\$54,840,000
22 2019-2020	\$64,840,000
23 2020-2021	\$74,840,000
24 2021-2022	\$84,840,000
25 2022-2023	\$94,840,000
26 2023-2024	\$176,540,000
27 2024-2025	\$191,540,000
28 2025-2026	\$206,540,000 \$415,540,000
29 2026-2027	\$221,540,000 \$430,540,000
30 2027-2028	\$236,540,000 \$445,540,000
31 2028-2029	\$251,540,000 \$460,540,000
32 2029-2030	\$266,540,000 \$475,540,000
33 2030-2031	\$281,540,000 \$490,540,000
34 2031-2032	\$296,540,000 \$505,540,000

36 For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the
 37 General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand~~
 38 ~~dollars (\$311,540,000)~~ five hundred twenty million five hundred forty thousand dollars
 39 (\$520,540,000) to be used for the purposes set forth in this section. When developing the base
 40 budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director
 41 of the Budget shall include the appropriated amount specified in this subsection for that fiscal
 42 year.

43 (c) Of the funds allocated to the Authority to award scholarship grants under this Part,
 44 the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each
 45 fiscal year for administrative costs associated with the scholarship grant program.

46 (d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a
 47 particular fiscal year to be used for the award of scholarships in the following fiscal year shall be
 48 used as follows:

- 49 (1) Up to five hundred thousand dollars (\$500,000) may be used by the Authority
 50 to contract with a nonprofit corporation representing parents and families for

1 outreach and scholarship education and application assistance for parents and
2 students pursuant to Part 4A of this Article.

- 3 (2) Any remaining funds shall be carried forward for one fiscal year pursuant to
4 subsection (a) of this section."

5 **SECTION 1.(f)** Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as part
6 of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter
7 115C of the General Statutes for the 2024-2025 school year, a parent shall certify to the State
8 Education Assistance Authority that the domicile requirements of G.S. 115C-562.1(3a), as
9 enacted by this act, are met for eligibility purposes in lieu of submitting evidence electronically
10 to the State Education Assistance Authority through a domicile determination system. The State
11 Education Assistance Authority shall select six percent (6%) of the applications for the
12 2024-2025 school year to verify the domicile requirements are met for the award of a scholarship
13 grant to an eligible student. As evidence of domicile, the State Education Assistance Authority
14 may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a
15 parent fails to cooperate with verification efforts under this section, the State Education
16 Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In
17 addition, if the State Education Assistance Authority determines that the certification of the
18 parent contains falsified information, the parent may be subject to administrative, civil, or
19 criminal penalties. The State Education Assistance Authority shall include a notice of the
20 potential for the imposition of penalties when requesting certification as part of the application
21 process.

22 **SECTION 1.(g)** There is appropriated from the General Fund to the Opportunity
23 Scholarship Grant Fund Reserve the sum of eighty-seven million dollars (\$87,000,000) in
24 nonrecurring funds for the 2023-2024 fiscal year. There is appropriated from the General Fund
25 to the Opportunity Scholarship Grant Fund Reserve the sum of one hundred sixty-three million
26 dollars (\$163,000,000) in nonrecurring funds for the 2024-2025 fiscal year.

27 **SECTION 1.(h)** This section is effective July 1, 2023, and applies to applications
28 for scholarship grants beginning with the 2024-2025 school year.

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30 **PART II. EFFECTIVE DATE**

31 **SECTION 2.** Except as otherwise provided, this act is effective when it becomes
32 law.