

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

S

1

SENATE BILL 645

Short Title: Add Homeschools to Opportunity Scholarship. (Public)

Sponsors: Senator Burgin (Primary Sponsor).

Referred to: Rules and Operations of the Senate

April 6, 2023

A BILL TO BE ENTITLED

AN ACT TO PERMIT OPPORTUNITY SCHOLARSHIPS TO BE AWARDED TO STUDENTS IN HOME SCHOOL, TO PHASE IN INCREASED AWARD AMOUNTS FOR HOME SCHOOLERS OVER TIME, AND TO APPROPRIATE FUNDS FOR THAT PURPOSE.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 115C-562.1 reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

- (1) Authority. – The State Education Assistance Authority.
- (2) Division. – The Division of Nonpublic Education, Department of Administration.
- (3) Eligible students. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
 - a. Meets one of the following criteria:
 1. Was a student (i) assigned to and attending a public school full time pursuant to G.S. 115C-366 or (ii) enrolled full time in a Department of Defense Elementary and Secondary School, established pursuant to 10 U.S.C. § 2164 and located in North Carolina, during the spring semester prior to the school year for which the student is applying.
 2. Received a scholarship grant for the school year prior to the school year for which the student is applying.
 3. Is eligible to enter kindergarten, first grade, or second grade pursuant to Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements established by the Authority pursuant to G.S. 115C-562.2(d) and those findings are submitted to the Authority with the child's application.
 4. Is a child in foster care as defined in G.S. 131D-10.2(9).
 5. Is a child whose adoption decree was entered not more than one year prior to submission of the scholarship grant application.



- 1 6. Is a child whose parent or legal guardian (i) is on full-time duty
2 status in the active uniformed service of the United States,
3 including members of the National Guard and Reserve on
4 active duty orders pursuant to 10 U.S.C. § 12301, et seq., and
5 10 U.S.C. § 12401, et seq., or (ii) receives an honorable
6 discharge as an active duty member from the uniformed service
7 of the United States within 12 months prior to application.
- 8 7. Is a child who meets both of the following:
- 9 I. Was enrolled in a nonpublic school ~~that meets the~~
10 ~~requirements of Part 1 and Part 2 of this Article~~ during
11 the spring semester prior to the school year for which
12 the student is applying.
- 13 II. Was enrolled for the entire school year immediately
14 prior to the school year in which the student enrolled in
15 the nonpublic school in one of the following:
- 16 A. A North Carolina public school.
- 17 B. A Department of Defense Elementary and
18 Secondary School established pursuant to 10
19 U.S.C. § 2164 and located in North Carolina.
- 20 a1. Has not enrolled in a postsecondary institution in a matriculated status
21 eligible for enrollment for 12 hours of academic credit.
- 22 b. Meets one of the following criteria:
- 23 1. Resides in a household with an income level not in excess of
24 two hundred percent (200%) of the amount required for the
25 student to qualify for the federal free or reduced-price lunch
26 program. The Authority shall not count any distribution from
27 the estate of a decedent in calculating the income level of the
28 applicant's household for the purposes of determining
29 eligibility for a scholarship under this sub-sub-subdivision.
- 30 2. Is a child in foster care as defined in G.S. 131D-10.2. The
31 Authority shall not consider the household income of the foster
32 parent, as defined in G.S. 131D-10.2, in determining the
33 eligibility of a foster care child.
- 34 (3c) Full-time student. – A student enrolled exclusively in a ~~nonpublic-private~~
35 school for elementary or secondary education whose parents have released the
36 local school administrative unit the student is eligible to attend under
37 G.S. 115C-366 of all obligations to educate the eligible student while the
38 eligible student is receiving a scholarship grant under this Part.
- 39 (3d) Home school. – A nonpublic school that meets the requirements of Part 3 of
40 Article 39 of this Chapter, as identified by the Division.
- 41 (4) Local school administrative unit. – A local school administrative unit, charter
42 school, or regional school.
- 43 (5) Nonpublic school. – A school that meets the requirements of ~~Part 1 or Part 2~~
44 Part 1, Part 2, or Part 3 of this Article as identified by the Division.
- 45 (5c) Part-time student. – A student enrolled part time in a public school and part
46 time in a ~~nonpublic-private~~ school.
- 47 (5d) Private school. – A school that meets the requirements of Part 1 or Part 2 of
48 this Article as identified by the Division.
- 49 (5e) Reserve. – The Opportunity Scholarship Grant Fund Reserve established
50 under G.S. 115C-562.8.

(6) Scholarship grants. – Grants awarded annually by the Authority to eligible students."

SECTION 1.(b) G.S. 115C-562.2 reads as rewritten:

"§ 115C-562.2. Scholarship grants.

...

(b) Scholarship grants ~~awarded to~~ shall be awarded, as follows:

(1) For eligible students in nonpublic schools residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program-program, the award amounts shall be, per year per eligible student, as follows:

a. For eligible students in private schools, in an amount of up to ninety percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year.

b. For eligible students in home schools, in an amount of up to one thousand dollars (\$1,000).

(2) Scholarship grants awarded to eligible students in nonpublic schools residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a part-time student for the nonpublic school the eligible child will attend.

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

(4) No scholarship grant shall exceed, per year per eligible student, any of the following:

a. For students in private school, an amount equal to ninety percent (90%) for a full-time student or forty-five percent (45%) for a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year, and no year.

b. For students in home school, an amount equal to one thousand dollars (\$1,000).

(5) No scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.

...."

SECTION 1.(c) G.S. 115C-562.4 reads as rewritten:

"§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant information.

(a) The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the ~~State that meet the requirements of Part 1 or Part 2 of this Article.~~ State. The Division shall notify the Authority of any schools included in the list that the Division has determined to be ineligible within five business days of the determination of ineligibility.

(b) The Authority shall provide information about the scholarship grant program to the Division, including applications and the obligations of ~~nonpublic-private~~ schools accepting eligible students receiving scholarship grants. The Division shall ensure that information about the scholarship grant program is provided to all qualified nonpublic schools on an annual basis."

SECTION 1.(d) G.S. 115C-562.5 reads as rewritten:

"§ 115C-562.5. Obligations of ~~nonpublic-private~~ schools accepting eligible students receiving scholarship grants.

- 1 (a) A ~~nonpublic-private~~ school that accepts eligible students receiving scholarship grants
2 shall comply with the following:
- 3 (1) Provide to the Authority documentation for required tuition and fees charged
4 to the student by the ~~nonpublic-private~~ school.
 - 5 (2) Provide to the Authority a criminal background check conducted for the staff
6 member with the highest decision-making authority, as defined by the bylaws,
7 articles of incorporation, or other governing document. Information provided
8 to the Authority in accordance with this subdivision is privileged information
9 and is not a public record but is for the exclusive use of the Authority.
 - 10 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
11 are paid in whole or in part with a scholarship grant, an annual written
12 explanation of the student's progress, including the student's scores on
13 standardized achievement tests.
 - 14 (4) Administer, at least once in each school year, a nationally standardized test or
15 other nationally standardized equivalent measurement selected by the chief
16 administrative officer of the ~~nonpublic-private~~ school to all eligible students
17 whose tuition and fees are paid in whole or in part with a scholarship grant
18 enrolled in grades three and higher. For grades three through eight, the
19 nationally standardized test or other equivalent measurement selected must
20 measure achievement in the areas of English grammar, reading, spelling, and
21 mathematics. For grades nine through 12, the nationally standardized test or
22 other equivalent measurement selected must measure either (i) achievement
23 in the areas of English grammar, reading, spelling, and mathematics or (ii)
24 competencies in the verbal and quantitative areas. Test performance data shall
25 be submitted to the Authority by July 15 of each year. Test performance data
26 reported to the Authority under this subdivision is not a public record under
27 Chapter 132 of the General Statutes.
 - 28 (5) Provide to the Authority graduation rates of the students receiving scholarship
29 grants in a manner consistent with nationally recognized standards.
 - 30 (6) Contract with a certified public accountant to perform a financial review,
31 consistent with generally accepted accounting principles, for each school year
32 in which the school enrolls 70 or more students receiving scholarship grants
33 or scholarship funds awarded by the Authority.
- 34 (b) A ~~nonpublic-private~~ school that accepts students receiving scholarship grants shall
35 not require any additional fees based on the status of the student as a scholarship grant recipient.
- 36 (c) A ~~nonpublic-private~~ school enrolling more than 25 students whose tuition and fees
37 are paid in whole or in part with a scholarship grant shall report to the Authority on the aggregate
38 standardized test performance of eligible students. Aggregate test performance data reported to
39 the Authority which does not contain personally identifiable student data shall be a public record
40 under Chapter 132 of the General Statutes. Test performance data may be shared with public or
41 private institutions of higher education located in North Carolina and shall be provided to an
42 independent research organization selected by the Authority for research purposes as permitted
43 by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.
- 44 (c1) A ~~nonpublic-private~~ school shall not discriminate with respect to the categories listed
45 in 42 U.S.C. § 2000d, as that statute read on January 1, 2014.
- 46 (d) If the Authority determines that a ~~nonpublic-private~~ school is not in compliance with
47 the requirements of this section, the ~~nonpublic-private~~ school shall be ineligible to receive future
48 scholarship funds. The ~~nonpublic-private~~ school shall notify the parent or guardian of any
49 enrolled student receiving a scholarship grant that the ~~nonpublic-private~~ school is no longer
50 eligible to receive future scholarship grants. The Authority shall establish by rule a process for a
51 ~~nonpublic-private~~ school to appeal for reconsideration of eligibility after one year. To ensure

1 compliance, the Board of Directors of the Authority shall review the criminal history provided
2 under subdivision (2) of subsection (a) of this section to ensure that the person has not been
3 convicted of any crime listed in G.S. 115C-332. The Board shall determine through this review
4 whether the ~~nonpublic-private~~ school is noncompliant with this section. The Board shall make
5 written findings with regard to how the criminal history information was used when making the
6 compliance determination. The Board of Directors may delegate any of the duties in this
7 subsection to the Executive Director of the Authority. As part of its review, the Board shall
8 determine whether the results indicate that the staff member has any of the following
9 disqualifying characteristics:

- 10 (1) Poses a threat to the physical safety of students or personnel.
- 11 (2) Demonstrates that he or she does not have the integrity or honesty to fulfill his
12 or her duties in overseeing State funds and the requirements of the scholarship
13 grant program.
- 14 (3) Has not fully satisfied the criminal sentencing obligations imposed following
15 his or her conviction by a court of competent jurisdiction."

16 **SECTION 1.(e)** G.S. 115C-562.6 reads as rewritten:

17 **"§ 115C-562.6. Scholarship endorsement.**

18 The Authority shall remit, at least two times each school year, scholarship grant funds
19 awarded to eligible students to the nonpublic ~~school-school~~. Scholarship grant funds awarded to
20 eligible students to a private school shall be remitted for endorsement by at least one of the
21 student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship
22 grant funds awarded to the eligible student for deposit into the account of the ~~nonpublic-private~~
23 school to the credit of the eligible student. The parent or guardian shall not designate any entity
24 or individual associated with the ~~nonpublic-private~~ school as the parent's attorney-in-fact to
25 endorse the scholarship grant funds. A parent's or guardian's failure to comply with this section
26 shall result in forfeit of the scholarship grant. A scholarship grant forfeited for failure to comply
27 with this section shall be returned to the Authority to be awarded to another student."

28 **SECTION 1.(f)** G.S. 115C-562.7 reads as rewritten:

29 **"§ 115C-562.7. Authority reporting requirements.**

- 30 (a) Repealed by Session Laws 2014-100, s. 8.25(e), effective August 7, 2014.
- 31 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative
32 Education Oversight Committee on the following information from the prior school year:
 - 33 (1) Total number, grade level, race, ethnicity, and sex of eligible students
34 receiving scholarship grants.
 - 35 (2) Total amount of scholarship grant funding awarded.
 - 36 (3) Number of students previously enrolled in local school administrative units or
37 charter schools in the prior semester by the previously attended local school
38 administrative unit or charter school.
 - 39 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
40 including numbers of scholarship grant students at each nonpublic school.
 - 41 (5) ~~Nonpublic-Private~~ schools deemed ineligible to receive scholarships.
- 42 (c) The Authority shall report annually, no later than December 1, to the Department of
43 Public Instruction and the Joint Legislative Education Oversight Committee on the following:
 - 44 (1) Learning gains or losses of students receiving scholarship grants. The report
45 shall include learning gains of participating students on a statewide basis and
46 shall compare, to the extent possible, the learning gains or losses of eligible
47 students by ~~nonpublic-private~~ school to the statewide learning gains or losses
48 of public school students with similar socioeconomic backgrounds, using
49 aggregate standardized test performance data provided to the Authority by
50 ~~nonpublic-private~~ schools and by the Department of Public Instruction.

- 1 (2) Competitive effects on public school performance on standardized tests as a
2 result of the scholarship grant program. The report shall analyze the impact of
3 the availability of scholarship grants on public school performance on
4 standardized tests by local school administrative units to the extent possible,
5 and shall provide comparisons of the impact by geographic region and
6 between rural and urban local school administrative units.

7 This report shall be conducted by an independent research organization to be selected by the
8 Authority, which may be a public or private entity or university. The independent research
9 organization shall report to the Authority on the results of its research. The Joint Legislative
10 Education Oversight Committee shall review reports from the Authority and shall make ongoing
11 recommendations to the General Assembly as needed regarding improving administration and
12 accountability for ~~nonpublic-private~~ schools accepting students receiving scholarship grants."

13 **SECTION 2.** Effective July 1, 2024, G.S. 115C-562.2(b), as amended by Section 1
14 of this act, reads as rewritten:

15 "(b) Scholarship grants shall be awarded, as follows:

- 16 (1) For eligible students in nonpublic schools residing in households with an
17 income level not in excess of the amount required for the student to qualify
18 for the federal free or reduced-price lunch program, the award amounts shall
19 be, per year per eligible student, as follows:
20 a. For eligible students in private schools, in an amount of up to ninety
21 percent (90%) as a full-time student or up to forty-five percent (45%)
22 as a part-time student of the average State per pupil allocation for
23 average daily membership in the prior fiscal year.
24 b. For eligible students in home schools, in an amount of up to ~~one~~
25 ~~thousand dollars (\$1,000)~~ two thousand dollars (\$2,000).
26 (2) Scholarship grants awarded to eligible students in nonpublic schools residing
27 in households with an income level in excess of the amount required for the
28 student to qualify for the federal free or reduced-price lunch program shall be
29 for amounts of not more than ninety percent (90%) of the required tuition and
30 fees as a full-time student or forty-five percent (45%) of the required tuition
31 and fees as a part-time student for the nonpublic school the eligible child will
32 attend.
33 (3) Tuition and fees for a nonpublic school may include tuition and fees for books,
34 transportation, equipment, or other items required by the nonpublic school.
35 (4) No scholarship grant shall exceed, per year per eligible student, any of the
36 following:
37 a. For students in private school, an amount equal to ninety percent
38 (90%) for a full-time student or forty-five percent (45%) for a
39 part-time student of the average State per pupil allocation for average
40 daily membership in the prior fiscal year.
41 b. For students in home school, an amount equal to ~~one thousand dollars~~
42 ~~(\$1,000)~~ two thousand dollars (\$2,000).
43 (5) No scholarship grant shall exceed the required tuition and fees for the
44 nonpublic school the eligible student will attend."

45 **SECTION 3.** Effective July 1, 2025, G.S. 115C-562.2(b), as amended by Section 2
46 of this act, reads as rewritten:

47 "(b) Scholarship grants shall be awarded, as follows:

- 48 (1) For eligible students in nonpublic schools residing in households with an
49 income level not in excess of the amount required for the student to qualify
50 for the federal free or reduced-price lunch program, the award amounts shall
51 be, per year per eligible student, as follows:

- 1 a. For eligible students in private schools, in an amount of up to ninety
2 percent (90%) as a full-time student or up to forty-five percent (45%)
3 as a part-time student of the average State per pupil allocation for
4 average daily membership in the prior fiscal year.
- 5 b. For eligible students in home schools, in an amount of up to ~~two~~
6 ~~thousand dollars (\$2,000)~~, three thousand dollars (\$3,000).
- 7 (2) Scholarship grants awarded to eligible students in nonpublic schools residing
8 in households with an income level in excess of the amount required for the
9 student to qualify for the federal free or reduced-price lunch program shall be
10 for amounts of not more than ninety percent (90%) of the required tuition and
11 fees as a full-time student or forty-five percent (45%) of the required tuition
12 and fees as a part-time student for the nonpublic school the eligible child will
13 attend.
- 14 (3) Tuition and fees for a nonpublic school may include tuition and fees for books,
15 transportation, equipment, or other items required by the nonpublic school.
- 16 (4) No scholarship grant shall exceed, per year per eligible student, any of the
17 following:
- 18 a. For students in private school, an amount equal to ninety percent
19 (90%) for a full-time student or forty-five percent (45%) for a
20 part-time student of the average State per pupil allocation for average
21 daily membership in the prior fiscal year.
- 22 b. For students in home school, an amount equal to ~~two thousand dollars~~
23 ~~(\$2,000)~~, three thousand dollars (\$3,000).
- 24 (5) No scholarship grant shall exceed the required tuition and fees for the
25 nonpublic school the eligible student will attend."

26 **SECTION 4.** Effective July 1, 2026, G.S. 115C-562.2(b), as amended by Section 3
27 of this act, reads as rewritten:

28 "(b) Scholarship grants shall be awarded, as follows:

- 29 (1) For eligible students in nonpublic schools residing in households with an
30 income level not in excess of the amount required for the student to qualify
31 for the federal free or reduced-price lunch program, the award amounts shall
32 be, per year per eligible student, as follows:
- 33 a. For eligible students in private schools, in an amount of up to ninety
34 percent (90%) as a full-time student or up to forty-five percent (45%)
35 as a part-time student of the average State per pupil allocation for
36 average daily membership in the prior fiscal year.
- 37 b. For eligible students in home schools, in an amount of up to ~~three~~
38 ~~thousand dollars (\$3,000)~~, forty-five percent (45%) of the average
39 State per pupil allocation for average daily membership in the prior
40 fiscal year.
- 41 (2) Scholarship grants awarded to eligible students in nonpublic schools residing
42 in households with an income level in excess of the amount required for the
43 student to qualify for the federal free or reduced-price lunch program shall be
44 for amounts of not more than ninety percent (90%) of the required tuition and
45 fees as a full-time student or forty-five percent (45%) of the required tuition
46 and fees as a part-time student for the nonpublic school the eligible child will
47 attend.
- 48 (3) Tuition and fees for a nonpublic school may include tuition and fees for books,
49 transportation, equipment, or other items required by the nonpublic school.
- 50 (4) No scholarship grant shall exceed, per year per eligible student, any of the
51 following:

a. For students in private school, an amount equal to ninety percent (90%) for a full-time student or forty-five percent (45%) for a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year.

b. For students in home school, an amount equal to ~~three thousand dollars (\$3,000)~~ forty-five percent (45%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

(5) No scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend."

SECTION 5.(a) There is appropriated the following amounts from the General Fund in the following years to be used for the purposes set forth in this act:

- (1) To the Board of Governors to be allocated to the State Education Assistance Authority, the sum of one hundred thirteen million dollars (\$113,000,000) in nonrecurring funds for the 2023-2024 fiscal year.
- (2) To the Opportunity Scholarship Grant Fund Reserve, the following amounts in additional recurring dollars for each of the following fiscal years:

Fiscal Year	Appropriation
2023-2024	\$225,000,000
2024-2025	\$337,000,000

SECTION 5.(b) G.S. 115C-562.8(b) reads as rewritten:

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

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	\$206,540,000 \$572,540,000
2026-2027	\$221,540,000 \$586,540,000
2027-2028	\$236,540,000 \$601,540,000
2028-2029	\$251,540,000 \$616,540,000
2029-2030	\$266,540,000 \$631,540,000
2030-2031	\$281,540,000 \$646,540,000
2031-2032	\$296,540,000 \$661,540,000

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand dollars (\$311,540,000)~~ six hundred seventy-six million five hundred forty thousand dollars (\$676,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

SECTION 6. Section 1 of this act becomes effective June 30, 2023, and applies to applications for scholarship grants beginning with the 2023-2024 school year. Section 5 of this

1 act becomes effective July 1, 2023. Except as otherwise provided, this act is effective when it
2 becomes law.