

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 916

Short Title: Personal Education Savings/Disabled Students. (Public)

Sponsors: Representatives Jones, Horn, Jordan, and Stam (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Appropriations.

April 20, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH THE PERSONAL EDUCATION SAVINGS SCHOLARSHIP  
3 PROGRAM.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 115C of the General Statutes is amended by adding a new  
6 Article to read:

7 "Article 39A.

8 "Personal Education Savings Scholarship Program.

9 **"§ 115C-567.5. Definitions.**

10 The following definitions apply in this Article:

- 11 (1) Authority. – The North Carolina State Education Assistance Authority.  
12 (2) Child with a disability. – As defined in G.S. 115C-106.3(1).  
13 (3) Disability. – As defined in G.S. 115C-106.3(2).  
14 (4) Educational technology. – As defined by the Authority, an item, piece of  
15 equipment, material, product, or system which may be purchased  
16 commercially off the shelf, modified, or customized and that is used  
17 primarily for educational purposes for a child with a disability.  
18 (5) Eligible postsecondary institution. – An institution of higher education as  
19 defined in G.S. 116-143.1 or an accredited private postsecondary institution.  
20 (6) Eligible student. – A child under the age of 22 who meets all of the  
21 following criteria:  
22 a. Is a child with a disability. An award by the Authority based on  
23 eligibility under this sub-subdivision shall be conditional. If  
24 documentation is not provided to the Authority that the child is a  
25 child with a disability, (i) no reimbursement shall be awarded and (ii)  
26 the child shall not qualify the following semester as an eligible  
27 student.  
28 b. Is eligible to attend a North Carolina public school pursuant to  
29 G.S. 115C-366.  
30 c. Has not been placed in a nonpublic school or facility by a public  
31 agency at public expense.  
32 d. Has not been enrolled in a postsecondary institution as a full-time  
33 student taking at least 12 hours of academic credit.  
34 e. Has not received a high school diploma.



- 1           (7)   Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3  
2           of Article 39 of this Chapter as identified by the Division of Nonpublic  
3           Education, Department of Administration.  
4           (8)   Parental Savings Trust Fund. – The trust fund established under  
5           G.S. 116-209.25.  
6           (9)   Related services. – As defined in G.S. 115C-106.3(18).  
7           (10) Scholarship. – Funds awarded by the Authority to eligible students to be  
8           used to receive special education on a daily basis while attending either a  
9           nonpublic school or a North Carolina public school for which payment of  
10           tuition is required.  
11          (11) Special education. – Specially designed instruction to meet the unique needs  
12           of a child with a disability. The term includes instruction in physical  
13           education and instruction conducted in a classroom, the home, a hospital or  
14           institution, and other settings.

15 **"§ 115C-567.6. Scholarships.**

16          (a)   Scholarship Applications. – The Authority shall make available no later than May 1  
17          annually applications to eligible students for the award of a scholarship. Information about  
18          scholarships and the application process shall be made available on the Authority's Web site.  
19          The Authority shall give priority in awarding funds for a scholarship to eligible students who  
20          received funds during the previous semester. Funds for scholarships shall be awarded to  
21          eligible students in the order in which the applications are received.

22          (b)   Web Site Availability. – Information about scholarships and the application process  
23          shall be made available on the Authority's Web site. The Authority shall also include  
24          information on the Web site notifying parents that federal regulations adopted under IDEA  
25          provide that no parentally placed private school child with a disability has an individual right to  
26          receive some or all of the special education and related services that the child would receive if  
27          enrolled in a public school.

28          (c)   Scholarship Awards. – Scholarships awarded to eligible students shall be in an  
29          amount equal to the statewide average per pupil allocation for average daily membership plus  
30          the per pupil allocation for a child with disabilities for the fiscal year in which the application is  
31          received. Eligible students awarded scholarships may not be enrolled in a public school to  
32          which that student has been assigned as provided in G.S. 115C-366. Scholarships shall be  
33          awarded only for the reimbursement of tuition, special education, related services, and  
34          educational technology, as provided in subsection (d) of this section. The Authority shall notify  
35          parents in writing of their eligibility to receive scholarships for costs incurred by July 1.

36          (d)   Disbursement of Scholarship Funds. – The Authority shall disburse scholarship  
37          funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student  
38          as follows:

- 39           (1)   Scholarship endorsement for tuition. – The Authority shall remit, at least two  
40           times each school year, scholarship funds awarded to eligible students for  
41           endorsement by at least one of the student's parents or guardians for tuition  
42           to attend (i) a North Carolina public school other than the public school to  
43           which that student has been assigned as provided in G.S. 115C-366 or (ii) a  
44           nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39  
45           of this Chapter as identified by the Department of Administration, Division  
46           of Nonpublic Education. Scholarship funds shall not be provided for tuition  
47           for home schooled students. If the student is attending a nonpublic school,  
48           the school must be deemed eligible by the Division of Nonpublic Education,  
49           pursuant to G.S. 115C-562.4, and the school shall be subject to the  
50           requirements of G.S. 115C-562.5. The parent or guardian shall restrictively  
51           endorse the scholarship funds awarded to the eligible student to the school

1 for deposit into the account of the school. The parent or guardian shall not  
2 designate any entity or individual associated with the school as the parent's  
3 attorney-in-fact to endorse the scholarship funds but shall endorse the  
4 scholarship funds in person at the site of the school. A parent's or guardian's  
5 failure to comply with this section shall result in forfeiture of the scholarship  
6 funds. A scholarship forfeited for failure to comply with this section shall be  
7 returned to the Authority to be awarded to another student.

8 (2) Scholarship reimbursements for costs. – Scholarship reimbursement for  
9 costs incurred shall be provided quarterly as follows:

10 a. Preapproval process. – At the beginning of each fiscal quarter, the  
11 parent of an eligible student may submit documentation of the special  
12 education, related services, or educational technology the parent  
13 anticipates incurring costs on in that quarter for preapproval by the  
14 Authority.

15 b. Reimbursement submissions. – Following the conclusion of each  
16 fiscal quarter, the parent of an eligible student shall submit to the  
17 Authority any receipts or other documentation approved by the  
18 Authority to demonstrate the costs incurred during the quarter. In  
19 addition, parents shall provide documentation of the following to  
20 seek reimbursement:

21 1. Special education reimbursement. – Parents may only receive  
22 reimbursement for special education if the parent provides  
23 documentation that the student received special education for  
24 no less than 35 days of the quarter for which the parent seeks  
25 reimbursement. Special education reimbursement shall not be  
26 provided for special education instruction provided to a home  
27 schooled student by a member of the household of a home  
28 school, as defined in G.S. 115C-563(a).

29 2. Related services reimbursement. – Parents may only receive  
30 reimbursement for related services if the parent provides  
31 documentation that the student also received special  
32 education for no less than 35 days of the quarter for which the  
33 parent seeks reimbursement for the related services. Related  
34 services reimbursement shall not be provided for related  
35 services provided to a home schooled student by a member of  
36 the household of a home school, as defined in  
37 G.S. 115C-563(a).

38 3. Educational technology reimbursement. – Parents may only  
39 receive reimbursement for educational technology if the  
40 parent provides documentation that the student used the  
41 educational technology for no less than 35 days of the quarter  
42 for which the parent seeks reimbursement.

43 (e) Contributions to the Parental Savings Trust Fund. – If the costs incurred by the  
44 parent do not meet the maximum amount in accordance with subsection (d) of this section, the  
45 Authority shall apply the remainder of those funds as a contribution towards the Parental  
46 Savings Trust Fund as provided in G.S. 116-209.25. Any contributions made to the Parental  
47 Savings Trust Fund under this subsection shall be eligible for disbursement for tuition or fees at  
48 an eligible postsecondary institution and any textbooks required by an eligible postsecondary  
49 institution. Upon the eligible student's graduation from a postsecondary institution or, if after  
50 four consecutive years after high school graduation, the student is not continuously enrolled in

1 an eligible postsecondary institution, any of the remaining funds from scholarships contributed  
2 to the Parental Savings Trust Fund shall be returned to the State.

3 (f) Student Reevaluation. – After an eligible student's initial receipt of a scholarship,  
4 the Authority shall ensure that the student is reevaluated at least every three years by the local  
5 educational agency in order to verify that the student continues to be a child with a disability.

6 (g) Limitations to Eligibility. – An otherwise eligible student shall not be eligible for a  
7 scholarship if the student is receiving State funds as a result of participation in the Special  
8 Education Scholarship Grants for Children with Disabilities established under Part 1H of  
9 Article 9 of this Chapter.

10 (h) Rule Making. – The Authority shall establish rules and regulations for the  
11 administration and awarding of scholarships. The Authority shall annually develop a list of  
12 educational technology for which scholarships may be used and shall provide scholarship  
13 recipients with information about the list.

14 (i) Public Records Exception. – Scholarship applications and personally identifiable  
15 information related to eligible students receiving scholarships shall not be a public record under  
16 Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable  
17 information means any information directly related to a student or members of a student's  
18 household, including the name, birthdate, address, Social Security number, telephone number,  
19 e-mail address, financial information, or any other information or identification number that  
20 would provide information about a specific student or members of a specific student's  
21 household.

22 **"§ 115C-567.7. Verification of eligibility.**

23 (a) The Authority may seek verification of information on any application for  
24 scholarships from eligible students. If a parent fails to cooperate with verification efforts, the  
25 Authority shall revoke the award of the scholarship to the eligible student.

26 (b) Parents of applicants for scholarships shall authorize the Authority to access any  
27 information held by the local educational agency that is needed for verification efforts.

28 **"§ 115C-567.8. Authority reporting requirements.**

29 (a) The Authority shall report annually, no later than October 1, to the Joint Legislative  
30 Education Oversight Committee on the Personal Education Savings Scholarship Program.

31 (b) The annual report shall include all of the following information:

32 (1) Total number, age, and grade level of eligible students receiving  
33 scholarships.

34 (2) Total amount of scholarship funding awarded.

35 (3) Nonpublic schools in which scholarship recipients are enrolled and the  
36 number of scholarship students at that school.

37 (4) The type of special education or related services for which scholarships were  
38 awarded.

39 **"§ 115C-567.9. Duties of State agencies.**

40 (a) The State Board, as part of its duty to monitor all local educational agencies to  
41 determine compliance with this Article and IDEA as provided in G.S. 115C-107.4, shall ensure  
42 that local educational agencies do the following:

43 (1) Conduct evaluations requested by a child's parent or guardian of suspected  
44 children with disabilities, as defined in G.S. 115C-107.3, in a timely manner  
45 as required by IDEA.

46 (2) Provide reevaluations to identified children with disabilities receiving  
47 scholarships as provided in Article 39A of this Chapter at the request of the  
48 parent or guardian to ensure compliance with G.S. 115C-567.6(f).

49 (b) The Authority shall analyze, in conjunction with the Department of Public  
50 Instruction, past trends in scholarship data on an annual basis to ensure that the amount of  
51 funds transferred each fiscal year by the Authority to the Department for reevaluations of

1 eligible students pursuant to subdivision (a)(2) of this section are sufficient and based on actual  
2 annual cost requirements."

3 **SECTION 2.(a)** There is appropriated from the General Fund to the Board of  
4 Governors of The University of North Carolina the sum of four hundred fifty thousand dollars  
5 (\$450,000) for the 2016-2017 fiscal year to allocate to the North Carolina State Education  
6 Assistance Authority (Authority) to administer the program in accordance with this act.

7 **SECTION 2.(b)** It is the intent of the General Assembly to appropriate from the  
8 General Fund to the Board of Governors of The University of North Carolina the sum of five  
9 million dollars (\$5,000,000) for the 2017-2018 fiscal year in recurring funds to allocate to the  
10 Authority for the following purposes:

11 (1) To award scholarship grants to eligible students. Any unexpended funds for  
12 this purpose shall not revert at the end of each fiscal year but shall remain  
13 available to award scholarship grants to eligible students.

14 (2) To transfer funds to the Department of Public Instruction for reevaluations  
15 of eligible students as required by G.S. 115C-567.6(f), as enacted by this act.  
16 The Authority shall transfer an amount each fiscal year to the Department in  
17 accordance with the analysis conducted pursuant to G.S. 115C-567.9(b), as  
18 enacted by this act.

19 (3) The Authority may retain up to five percent (5%) annually for administrative  
20 costs associated with the Personal Education Savings Scholarship Program.

21 **SECTION 3.** This act becomes effective July 1, 2016. Section 1 of this act applies  
22 to the award of scholarships beginning with the 2017-2018 school year.