

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

H.B. 217
Feb 28, 2023
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40073-MTa-15

Short Title: Higher Ed Savings Grant Pilot Program. (Public)

Sponsors: Representative Roberson.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS TO ESTABLISH A PILOT PROGRAM IN CERTAIN
3 COUNTIES TO PROVIDE SAVINGS FOR HIGHER EDUCATION.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.(a)** Program; Purpose. – There is established the Higher Education
6 Savings Grant Pilot Program (Program) to be administered by the State Education Assistance
7 Authority (Authority). The purpose of the Program is to invest funds to be awarded for the benefit
8 of qualifying students who enroll in eligible public or private postsecondary educational
9 institutions.

10 **SECTION 1.(b)** Definitions. – The following definitions shall apply in this section:

- 11 (1) Code. – As defined in G.S. 105-228.90.
12 (2) Eligible county. – The following counties, which are located in and represent
13 the diversity of the State of North Carolina:
14 a. Duplin County.
15 b. Guilford County.
16 c. Madison County.
17 d. Union County.
18 e. Wake County.
19 (3) Eligible public or private postsecondary educational institution. – Any of the
20 following:
21 a. A constituent institution of higher education of The University of
22 North Carolina, as defined in G.S. 116-2(4), excluding the constituent
23 high school, the North Carolina School of Science and Mathematics.
24 b. A community college as defined in G.S. 115D-2(2).
25 c. A private postsecondary institution located in North Carolina as
26 described in G.S. 116-280(3).
27 (4) Eligible resident. – A child born in an eligible county between July 1, 2022,
28 and June 30, 2023.
29 (5) North Carolina 529 Account. – A college savings account maintained by the
30 Authority that meets the requirements of section 529 of the Code and is
31 invested through the Parental Savings Trust Fund pursuant to
32 G.S. 116-209.25.
33 (6) Qualifying student. – A student who enrolls in an eligible public or private
34 postsecondary educational institution who meets all of the following
35 requirements:



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- a. Qualifies as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina.
- b. Is an eligible resident.
- c. The student has not previously benefitted from an award of funds pursuant to this section.

SECTION 1.(c) Trust Fund Established. – There is established the Higher Education Savings Trust Fund as an interest-bearing, nonreverting trust fund to be administered by the Authority. The Fund shall be used to provide grant awards to qualifying students pursuant to this section. The State Treasurer shall be the custodian of the Fund and invest its assets in accordance with the objectives of the Program. The Authority may use up to two and one-half percent (2.5%) of the monies available in the Fund each fiscal year for administrative costs related to operating the Fund and marketing for the Program, including identifying and reaching out to eligible residents and their parents or guardians.

SECTION 1.(d) G.S. 147-69.2 reads as rewritten:

"§ 147-69.2. Investments authorized for special funds held by State Treasurer.

(a) This section applies to funds held by the State Treasurer to the credit of each of the following:

...

(25) The Higher Education Savings Trust Fund.

...

(b9) In addition to the investments authorized under subdivisions (b)(1) through (6) of this section, the State Treasurer may invest funds deposited in the Higher Education Savings Trust Fund in any of the investments authorized under subdivision (b)(6c), (b)(8), or (b)(9a) of this section, notwithstanding the percentage limitations imposed on the Retirement Systems' investments therein.

...."

SECTION 1.(e) Vital Records Information; Notice of Eligibility. – Notwithstanding G.S. 130A-93 or any other provision of law to the contrary, the Department of Health and Human Services shall transmit to the Authority no later than December 31, 2023, the following information related to live births that occurred in eligible counties between July 1, 2022, and June 30, 2023:

- (1) Names of children born and their parents.
- (2) Addresses of the parents.
- (3) Total number of live births.

The Authority shall not publish information obtained pursuant to subdivisions (1) and (2) of this subsection. That information is not a public record pursuant to Chapter 132 of the General Statutes and shall be kept confidential. The Authority shall use the information only to identify eligible residents, notify persons that they are eligible residents, and determine the funds needed to be deposited into the Higher Education Savings Trust Fund pursuant to subsection (c) of this section.

SECTION 1.(f) Award of Funds. – Within 30 days of enrollment at an eligible public or private postsecondary educational institution, each student seeking to participate in the Program shall contact the Authority and provide any necessary information to identify the student as a qualifying student. Within 60 days of enrollment at an eligible public or private postsecondary educational institution, the Authority shall award one hundred dollars (\$100.00), plus any proportional interest accrued on those funds in the Higher Education Savings Trust Fund, for each qualifying student to defray his or her tuition costs at the eligible public or private postsecondary educational institution where the student is enrolled. To the extent the funds

1 appropriated for this purpose are insufficient or in excess of what is needed to award each
2 qualifying student one hundred dollars (\$100.00), the Authority may, in its discretion, reduce or
3 increase the award amount in order to expend the appropriated funds on a prorated basis as fully
4 and efficiently as possible. Funds awarded to a qualifying student pursuant to this section shall
5 be provided directly to the eligible institution and not to the qualifying student.

6 **SECTION 1.(g)** Report. – No later than November 1, 2024, and each year thereafter
7 in which funds are deposited in or awarded from the Higher Education Savings Trust Fund, the
8 Authority shall report at least the following information to the Joint Legislative Education
9 Oversight Committee:

- 10 (1) Number of eligible residents.
- 11 (2) Number of parents with a North Carolina 529 Account in each academic year
12 since the inception of the Program.
- 13 (3) Projected award amounts or actual amounts awarded for each qualifying
14 student, as appropriate.
- 15 (4) In consultation with the State Treasurer, recommendations on the
16 appropriations needed in future fiscal years to continue to award funds for the
17 benefit of qualifying students in accordance with the Program.
- 18 (5) The actual or expected impact of the Program, if any, on the overall amount
19 of funding set aside in a college savings account, including a North Carolina
20 529 Account, by parents or guardians of students in kindergarten through
21 twelfth grade, including parents of eligible residents as a separate category.

22 **SECTION 2.** There is appropriated from the General Fund to the Board of Governors
23 of The University of North Carolina for the 2023-2024 fiscal year the sum of two million four
24 hundred thousand dollars (\$2,400,000) in nonrecurring funds to be allocated to the Authority for
25 the Program. These funds shall be held by the Authority until it determines the number of eligible
26 residents who were born. At that time, the Authority shall deposit a sufficient amount of funds
27 to award one hundred dollars (\$100.00) to each eligible resident into the Higher Education
28 Savings Trust Fund. The Authority may deposit any remaining funds needed for the
29 administration of the Program in accordance with subsection (c) of Section 1 of this act. These
30 funds shall be invested and awarded in accordance with the requirements of the Program,
31 established by Section 1 of this act.

32 **SECTION 3.** This act becomes effective July 1, 2023.