

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 389

Short Title: Add Home Schools to Opportunity Scholarships. (Public)

Sponsors: Senator Burgin (Primary Sponsor).

Referred to: Rules and Operations of the Senate

March 25, 2025

A BILL TO BE ENTITLED
AN ACT TO PERMIT OPPORTUNITY SCHOLARSHIPS TO BE AWARDED TO
STUDENTS IN HOME SCHOOLS 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- (3) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
- (3a) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
 - a. Is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter. A child who is the age of 4 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.
 - b. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
 - c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
- (3c) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
- (3d) Home school. – A nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter, as identified by the Division.
- (4) Local school administrative unit. – A local school administrative unit, charter school, or regional school.
- (5) Nonpublic school. – A school that meets the requirements of ~~Part 1 or Part 2~~ Part 1, Part 2, or Part 3 of this Article as identified by the Division.
- (5c) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
- (5d) Private school. – A school that meets the requirements of Part 1 or Part 2 of this Article as identified by the Division.



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(5e) Reserve. – The Opportunity Scholarship Grant Fund Reserve established 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.

(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic school on a full- or part-time basis. Information about scholarship grants and the application process shall be made available on the Authority's Web site. Beginning March 15, the Authority shall begin awarding scholarship grants to students who have applied by March 1 in the following order:

(1) Eligible students who received a scholarship grant for the school year prior to the school year for which the students are applying.

(2) Eligible students ~~qualifying for a scholarship grant in the amount provided under subdivision (1) of subsection (b2) of this section.~~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.

(3) Eligible students ~~qualifying for a scholarship grant in the amount provided under subdivision (2) of subsection (b2) of this section.~~residing in households with an income level between the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of two hundred percent (200%) of that amount.

(4) Eligible students ~~qualifying for a scholarship grant in the amount provided under subdivision (3) of subsection (b2) of this section.~~residing in households with an income level of between two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of four hundred fifty percent (450%) of that amount.

(5) All other students.

...

(b2) Scholarship grants shall be awarded to eligible students as follows:

(1) For students enrolled in private schools:

~~(1)a.~~ For students 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, per year per eligible student, an amount of up to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

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

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

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

(2) For students enrolled in home schools, per year per eligible student, an amount of up to twenty-five percent (25%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

(b3) Tuition-Scholarship grant funds may be used for tuition and fees for a nonpublic school of a private school and required costs of a home school. Tuition and fees of a private school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic-private school. Required costs of a home school include costs for books, equipment, and other required items, but do not include tuition, fees, or transportation.

(b4) No scholarship grant shall exceed the required tuition and fees for the private school the eligible student will attend. No scholarship grant shall exceed, per year per eligible student, any of the following:

(1) For students in private school, an amount equal to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend year.

(2) For students in home school, an amount equal to twenty-five percent (25%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

...."

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 December 31 to the Authority a list of all nonpublic schools operating in the ~~State that meet both of the requirements of Part 1 or Part 2 of this Article and State~~ and all nonpublic schools operating in the State that meet the requirements of G.S. 115C-562.5(a)(8). 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. The Division shall create, in collaboration with the Authority, a unique identifier for each nonpublic school and provide the unique identifiers to the Authority for all nonpublic schools that are registered with the Division.

...."

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

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

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall ~~comply with the following:~~ comply with the requirements of this section as follows:

(1) ~~Provide~~ A nonpublic school shall provide to the Authority documentation for the expenses of an eligible student as follows:

a. The required tuition and fees charged to the student by the nonpublic private school.

b. The required costs of the student in a home school.

(2) ~~Provide~~ A private school shall provide to the Authority a criminal background check conducted for the staff member with the highest decision-making authority, as defined by the bylaws, articles of incorporation, or other governing document. Information provided to the Authority in accordance with this subdivision is privileged information and is not a public record but is for the exclusive use of the Authority.

- 1 (3) ~~Provide~~ A private school shall provide to the parent or guardian of an eligible
2 student, whose tuition and fees are paid in whole or in part with a scholarship
3 grant, an annual written explanation of the student's progress, including the
4 student's scores on standardized achievement tests.
- 5 (4) ~~Administer~~, A nonpublic school shall administer, at least once in each school
6 year, tests as provided in this subdivision. Test performance data shall be
7 submitted to the Authority by July 15 of each year. Test performance data
8 reported to the Authority under this subdivision is not a public record under
9 Chapter 132 of the General Statutes. Tests shall be administered to all eligible
10 students enrolled in grades three and higher whose tuition and fees are paid in
11 whole or in part with a scholarship grant as follows:
- 12 a. The nationally standardized test designated by the Authority in grades
13 three and eight.
- 14 b. The ACT in grade 11.
- 15 c. A nationally standardized test or other nationally standardized
16 equivalent measurement selected by the chief administrative officer of
17 the ~~nonpublic school~~ private school or parent of the home school in all
18 other grades four and higher. For grades four through seven, the
19 nationally standardized test or other equivalent measurement selected
20 must measure achievement in the areas of English grammar, reading,
21 spelling, and mathematics. For grades nine, 10, and 12, the nationally
22 standardized test or other equivalent measurement selected must
23 measure either (i) achievement in the areas of English grammar,
24 reading, spelling, and mathematics or (ii) competencies in the verbal
25 and quantitative areas.
- 26 (5) ~~Provide~~ A nonpublic school shall provide to the Authority graduation rates of
27 the students receiving scholarship grants in a manner consistent with
28 nationally recognized standards.
- 29 (6) ~~Contract~~ A private school shall contract with a certified public accountant to
30 perform a financial review, consistent with generally accepted methods of
31 accounting or any other comprehensive basis of accounting recognized by the
32 American Institute of Certified Public Accountants (AICPA) for each school
33 year in which the school enrolls 70 or more students receiving scholarship
34 grants or scholarship funds awarded by the Authority.
- 35 (7) ~~Maintain~~ A nonpublic school shall maintain a school facility or home within
36 the State where in-person instruction is provided. This subdivision does not
37 prohibit a school from offering remote-only courses of instruction in addition
38 to in-person instruction.
- 39 (8) ~~Provide~~ A nonpublic school shall provide the following information annually
40 to the Division:
- 41 a. Name and address of the school, including physical location address.
42 A school with more than one physical location shall establish a
43 separate notice of intent for each physical location and shall provide
44 all information required by this subdivision for each physical location.
- 45 b. The name of the owners and chief ~~administrator~~ administrator or of the
46 parent or parents providing instruction.
- 47 c. Number of students in attendance at the school as of October 1.
- 48 (b) ~~A nonpublic~~ A private school that accepts students receiving scholarship grants shall
49 not require any additional fees based on the status of the student as a scholarship grant recipient.

(c) A ~~nonpublic-private~~ school enrolling more than 25 students in any grade whose tuition and fees are paid in whole or in part with a scholarship grant shall provide and retain information on student test performance in each grade with more than 25 students, as follows:

(1) Report to the Authority on the aggregate standardized test performance of eligible students in grades three, eight, and 11. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.

(2) Retain standardized test performance data for eligible students in all other grades and annually certify to the Authority compliance with the requirements of subdivision (4) of subsection (a) of this section.

(c1) A nonpublic school shall not discriminate with respect to the categories listed in 42 U.S.C. § 2000d, as that statute read on January 1, 2014.

(d) If the Authority determines that a nonpublic school is not in compliance with the requirements of this section, the nonpublic school shall be ineligible to receive future scholarship funds. ~~The nonpublic~~ A private school shall notify the parent or guardian of any enrolled student receiving a scholarship grant that the ~~nonpublic-private~~ school is no longer eligible to receive future scholarship grants. The Authority shall establish by rule a process for a nonpublic school to appeal for reconsideration of eligibility after one year. To ensure compliance, the Board of Directors of the Authority shall review the criminal history provided under subdivision (2) of subsection (a) of this section to ensure that the person has not been convicted of any crime listed in G.S. 115C-332. The Board shall determine through this review whether the ~~nonpublic-private~~ school is noncompliant with this section. The Board shall make written findings with regard to how the criminal history information was used when making the compliance determination. The Board of Directors may delegate any of the duties in this subsection to the Executive Director of the Authority. As part of its review, the Board shall determine whether the results indicate that the staff member has any of the following disqualifying characteristics:

(1) Poses a threat to the physical safety of students or personnel.

(2) Demonstrates that he or she does not have the integrity or honesty to fulfill his or her duties in overseeing State funds and the requirements of the scholarship grant program.

(3) Has not fully satisfied the criminal sentencing obligations imposed following his or her conviction by a court of competent jurisdiction.

(e) If a nonpublic school terminates operation during the school's regular schedule and fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed to the Authority in a timely manner for students who received scholarship grants, any other nonpublic school opened during that school year or subsequent school years by an ~~owner or chief administrator~~ owner, chief administrator, or parent listed in the report submitted to the Division under subdivision (8) of subsection (a) of this section for that closed school shall be ineligible to receive scholarship grants until such time the Authority determines the obligation to return those funds has been satisfied."

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

"§ 115C-562.6. Scholarship endorsement.

The Authority shall remit, at least two times each school year, scholarship grant funds awarded to eligible students to the nonpublic ~~school-school~~. Scholarship grant funds awarded to eligible students to a private school shall be remitted for endorsement by at least one of the student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship

grant funds awarded to the eligible student for deposit into the account of the ~~nonpublic-private~~ school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the ~~nonpublic-private~~ school as the parent's attorney-in-fact to endorse the scholarship grant funds. A parent's or guardian's failure to comply with this section shall result in forfeit of the scholarship grant. A scholarship grant forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student."

SECTION 2.(a) There is appropriated from the General Fund to the Opportunity Scholarship Grant Fund Reserve the following amounts in additional recurring dollars for each of the following fiscal years:

Fiscal Year	Appropriation
2025-2026	\$220,000,000
2026-2027	\$240,000,000

SECTION 2.(b) G.S. 115C-562.8(b), as amended by Section 6.4(c) of S.L. 2024-55, 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	\$625,000,000
2026-2027	\$675,000,000
2027-2028	\$700,000,000 <u>\$960,000,000</u>
2028-2029	\$725,000,000 <u>\$1,000,000,000</u>
2029-2030	\$750,000,000 <u>\$1,025,000,000</u>
2030-2031	\$775,000,000 <u>\$1,050,000,000</u>
2031-2032	\$800,000,000 <u>\$1,075,000,000</u>

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~eight hundred twenty-five million dollars (\$825,000,000)~~ one billion one hundred million dollars (\$1,100,000,000) 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 3. This act becomes effective July 1, 2025, and applies to applications for scholarship grants beginning with the 2026-2027 school year.