

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 269  
Committee Substitute Favorable 4/17/13

Short Title: Children w/Disabilities Scholarship Grants. (Public)

Sponsors:

Referred to:

March 12, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT TO CREATE SPECIAL EDUCATION SCHOLARSHIP GRANTS FOR  
3 CHILDREN WITH DISABILITIES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-151.33 is repealed.

6 **SECTION 2.** Section 2 of S.L. 2011-395 is repealed.

7 **SECTION 3.** G.S. 105-160.3(b)(11) is repealed.

8 **SECTION 4.** Article 9 of Chapter 115C of the General Statutes is amended by  
9 adding a new Part to read:

10 "Part 1H. Special Education Scholarship Grants for Children With Disabilities.

11 "§ 115C-112.2. Definitions.

12 The following definitions apply in this Part:

13 (1) Authority. – The North Carolina State Education Assistance Authority.

14 (2) Eligible student. – A child with a disability under the age of 22 who meets  
15 all of the following criteria:

16 a. Requires an individualized education plan.

17 b. Receives special education or related services on a daily basis.

18 c. Has not been placed in a nonpublic school or facility by a public  
19 agency at public expense.

20 d. Has not spent any time enrolled in a postsecondary institution as a  
21 full-time student taking at least 12 hours of academic credit.

22 e. Has not received a high school diploma.

23 f. Meets at least one of the following requirements:

24 1. Was enrolled in a North Carolina public school during the  
25 previous semester.

26 2. Received special education or related services through the  
27 North Carolina public schools as a preschool child with a  
28 disability during the previous semester.

29 3. Received a scholarship grant for the previous semester.

30 4. Is eligible for initial enrollment in kindergarten or the first  
31 grade in a North Carolina public school.

32 (3) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3  
33 of Article 39 of this Chapter as identified by the Division of Nonpublic  
34 Education, Department of Administration.

35 (4) Scholarship grants. – Grants awarded by the Authority to eligible students.

36 "§ 115C-112.3. Scholarship Grants.



1       (a)     The Authority shall make available no later than May 1 annually applications to  
2 eligible students for the award of scholarship grants to attend any nonpublic school and to  
3 receive special education and related services in a nonpublic school setting. Information about  
4 scholarship grants and the application process shall be made available on the Authority's Web  
5 site. The Authority shall give priority in awarding scholarship grants to eligible students who  
6 received a scholarship grant during the previous semester. Except as otherwise provided by the  
7 Authority for prior scholarship grant recipients, scholarship grants shall be awarded to eligible  
8 students in the order in which the applications are received.

9       (b)     Scholarship grants awarded to eligible students shall be for amounts of not more  
10 than three thousand dollars (\$3,000) per semester per eligible student. Eligible students  
11 awarded grants may not be enrolled in a public school. Scholarship grants shall be awarded  
12 only for the reimbursement of tuition and special education and related services, including  
13 those services provided to home schooled students. The Authority shall notify parents in  
14 writing of their eligibility to receive scholarship grants for costs that will be incurred during the  
15 spring semester of the following year by December 1 and for costs incurred during the fall  
16 semester of that year by July 1. Following the conclusion of each school semester, the parent of  
17 an eligible student shall submit to the Authority any receipts or other documentation approved  
18 by the Authority to demonstrate the costs incurred during the semester. The Authority shall  
19 award a scholarship grant in the amount of costs demonstrated by the parent up to the  
20 maximum amount. If the costs incurred by the parent do not meet the maximum amount, the  
21 Authority shall use the remainder of those funds for the award of scholarship grants to eligible  
22 students for the following semester. The Authority shall award scholarship grants to the parents  
23 of eligible students at least semiannually.

24       (c)     After an eligible student's initial receipt of a scholarship grant, the Authority shall  
25 ensure that the student is reevaluated at least every three years by the local educational agency  
26 in order to verify that the student continues to be a child with a disability.

27       (d)     The Authority shall establish rules and regulations for the administration and  
28 awarding of scholarship grants.

29 **"§ 115C-112.4. Verification of eligibility.**

30       (a)     The Authority may seek verification of information on any application for  
31 scholarship grants from eligible students. If a parent fails to cooperate with verification efforts,  
32 the Authority shall revoke the award of the scholarship grant to the eligible student.

33       (b)     Parents of applicants for scholarship grants shall authorize the Authority to access  
34 any information held by the local educational agency that is needed for verification efforts.

35 **"§ 115C-112.5. Authority reporting requirements.**

36       (a)     The Authority shall report to the Department of Public Instruction annually, no later  
37 than August 1, on the number of students who (i) received scholarship grants for the previous  
38 school year and (ii) were enrolled in a local school administrative unit or charter school for the  
39 semester prior to the semester for which a scholarship grant was awarded. The Department of  
40 Public Instruction shall adjust the allotments of local school administrative units and charter  
41 schools based on the number of students awarded a scholarship grant who attended a local  
42 school administrative unit or charter school during the semester prior to the semester for which  
43 the scholarship grant was awarded. The amount of the adjustment shall equal the average per  
44 pupil allocation for average daily membership from the local school administrative unit or  
45 charter school.

46       (b)     The Authority shall report annually, no later than October 1, to the Joint Legislative  
47 Education Oversight Committee on the following:

48           (1)   Total number, age, and grade level of eligible students receiving scholarship  
49               grants.

50           (2)   Total amount of scholarship grant funding awarded.

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

3           (4)   The type of special education or related services for which scholarship  
4           grants were awarded."

5           **SECTION 5.(a)** There is appropriated from the General Fund to the North Carolina  
6 State Education Assistance Authority (NCSEAA) the sum of three million six hundred seventy  
7 thousand five hundred dollars (\$3,670,500) for the 2013-2014 fiscal year and the sum of four  
8 million three hundred forty-one thousand dollars (\$4,341,000) for the 2014-2015 fiscal year in  
9 recurring funds to implement the requirements of this act. Of the funds appropriated to  
10 NCSEAA under this section, NCSEAA shall use the sum of three million dollars (\$3,000,000)  
11 for fiscal year 2013-2014 and the sum of three million dollars (\$3,000,000) for fiscal year  
12 2014-2015 to award scholarship grants to eligible students. Any unexpended funds for this  
13 purpose shall not revert at the end of each fiscal year but shall remain available to award  
14 scholarship grants to eligible students.

15           The remainder of the funds, up to six hundred seventy thousand five hundred dollars  
16 (\$670,500) for fiscal year 2013-2014 and up to one million three hundred forty-one thousand  
17 dollars (\$1,341,000) for fiscal year 2014-2015 shall be transferred to the North Carolina  
18 Department of Public Instruction to conduct reevaluations of eligible students as required by  
19 G.S. 115C-112.3(c), as enacted by this act.

20           **SECTION 5.(b)** Of the funds appropriated to NCSEAA to be used for the award of  
21 scholarship grants to eligible students under subsection (a) of this section, for fiscal year  
22 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for  
23 administrative costs associated with the scholarship grant program. For fiscal year 2014-2015  
24 and subsequent years, NCSEAA may retain up to two percent (2%) annually for administrative  
25 costs associated with the scholarship grant program.

26           **SECTION 5.(c)** Nothing in this act shall require the General Assembly to  
27 appropriate funds to implement it.

28           **SECTION 6.(a)** Article 32D of Chapter 115C of the General Statutes is repealed.

29           **SECTION 6.(b)** The State Controller shall transfer the fund balance from the Fund  
30 for Special Education and Related Services to Nontax Budget Code 19978 (Intra State  
31 Transfers) or the appropriate budget code as determined by the State Controller to support  
32 General Fund Appropriations for the 2013-2014 fiscal year.

33           **SECTION 7.** Notwithstanding the definition for "eligible student" set forth in  
34 G.S. 115C-112.2, as enacted by this act, an eligible dependent child of a taxpayer who received  
35 an Education Expenses tax credit under G.S. 105-151.33 for the fall semester of the 2013-2014  
36 school year is deemed to have met the requirements of G.S. 115C-112.2(2)f., as enacted by this  
37 act, for the purposes of eligibility for a scholarship grant for the spring semester of the  
38 2013-2014 school year, and shall be considered a prior scholarship grant recipient for priority  
39 in awarding of scholarship grants under G.S. 115C-112.3(a), as enacted in this act.  
40 Notwithstanding G.S. 105-259(b), the Department of Revenue shall furnish, upon request, to  
41 the Authority a list of claimants that received a credit pursuant to G.S. 105-151.33 for the  
42 taxable year beginning on or after January 1, 2013.

43           **SECTION 8.** Sections 1, 2, and 3 of this act are effective for taxable years  
44 beginning on or after January 1, 2014. This act does not affect the rights or liabilities of the  
45 State, a taxpayer, or another person arising under a statute amended or repealed by this act  
46 before the effective date of its amendment or repeal; nor does it affect the right to any refund or  
47 credit of a tax that accrued under the amended or repealed statute before the effective date of its  
48 amendment or repeal. Sections 5 and 6 of this act become effective July 1, 2013. The remainder  
49 of this act is effective when it becomes law and applies beginning with the spring semester of  
50 the 2013-2014 school year. Notwithstanding the requirement to make applications available by  
51 May 1 in G.S. 115C-112.3(a), as enacted by this act, applications for the 2014 spring semester

1 shall be made available no later than October 1, 2013, and the Authority shall notify parents in  
2 writing of the eligibility as soon as practicable.