

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

SESSION LAW 2013-364
HOUSE BILL 269

AN ACT TO CREATE SPECIAL EDUCATION SCHOLARSHIP GRANTS FOR
CHILDREN WITH DISABILITIES.

The General Assembly of North Carolina enacts:

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 G.S. 105-151.33 is repealed.

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 Section 2 of S.L. 2011-395 is repealed.

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 G.S. 105-160.3(b)(11) is repealed.

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

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

"§ 115C-112.2. Definitions.

The following definitions apply in this Part:

- (1) Authority. – The North Carolina State Education Assistance Authority.
- (2) Eligible student. – A child with a disability under the age of 22 who meets all of the following criteria:
 - a. Requires an Individualized Education Plan.
 - b. Receives special education or related services on a daily basis.
 - c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
 - d. Has not spent any time enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
 - e. Has not received a high school diploma.
 - f. Meets at least one of the following requirements:
 1. Was enrolled in a North Carolina public school during the previous semester.
 2. Received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.
 3. Received a scholarship grant for the previous semester.
 4. Is eligible for initial enrollment in kindergarten or the first grade in a North Carolina public school.
- (3) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter as identified by the Division of Nonpublic Education, Department of Administration.
- (4) Scholarship grants. – Grants awarded by the Authority to eligible students.

"§ 115C-112.3. Scholarship grants.

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

(b) Scholarship grants awarded to eligible students shall be for amounts of not more than three thousand dollars (\$3,000) per semester per eligible student. Eligible students awarded grants may not be enrolled in a public school. Scholarship grants shall be awarded



only for the reimbursement of tuition and special education and related services, including those services provided to home schooled students. Parents may only receive reimbursement for tuition if the parent provides documentation that the student was enrolled in nonpublic school for no less than 75 days of the semester for which the parent seeks reimbursement. Parents may only receive reimbursement for related services provided to home schooled students if the parent provides documentation that the student received related services for no less than 75 days of the semester for which the parent seeks reimbursement. The Authority shall notify parents in writing of their eligibility to receive scholarship grants for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1. Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester as well as documentation that the student was enrolled in the nonpublic school for no less than 75 days of the semester for which the parent seeks reimbursement for tuition or documentation that related services were provided to a home schooled student for no less than 75 days of the semester for which the parent seeks reimbursement for related services. The Authority shall award a scholarship grant in the amount of costs demonstrated by the parent up to the maximum amount. If the costs incurred by the parent do not meet the maximum amount, the Authority shall use the remainder of those funds for the award of scholarship grants to eligible students for the following semester. The Authority shall award scholarship grants to the parents of eligible students at least semiannually.

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

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

"§ 115C-112.4. Verification of eligibility.

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

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

"§ 115C-112.5. Authority reporting requirements.

(a) The Authority shall report annually, no later than October 1, to the Joint Legislative Education Oversight Committee on the Special Education Scholarship Grants for Children with Disabilities.

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

- (1) Total number, age, and grade level of eligible students receiving scholarship grants.
- (2) Total amount of scholarship grant funding awarded.
- (3) Nonpublic schools in which scholarship grant recipients are enrolled and the number of scholarship grant students at that school.
- (4) The type of special education or related services for which scholarship grants were awarded."

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

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

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

SECTION 5.(c) Nothing in this act shall require the General Assembly to appropriate funds to implement it. Subsections (a) and (b) of this section become effective only if those funds are appropriated by the Current Operations and Capital Improvements Appropriations Act of 2013.

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

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

SECTION 7. Notwithstanding the definition for "eligible student" set forth in G.S. 115C-112.2, as enacted by this act, a child who is otherwise eligible to receive a scholarship grant for the spring semester of the 2013-2014 school year is deemed to have met the requirements of G.S. 115C-112.2(2)f., as enacted by this act, if the child is a dependent child for whom a taxpayer is allowed a credit for the fall semester of the 2013-2014 school year under G.S. 105-151.33 and the taxpayer affirms, under oath, that the taxpayer will claim the credit for that semester. Notwithstanding G.S. 105-259(b), the Department of Revenue shall furnish, upon request, to the Authority a list of claimants that received a credit pursuant to G.S. 105-151.33 for the taxable year beginning on or after January 1, 2013.

SECTION 8. Sections 1, 2, and 3 of this act are effective for taxable years beginning on or after January 1, 2014. This act does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended or repealed by this act before the effective date of its amendment or repeal; nor does it affect the right to any refund or credit of a tax that accrued under the amended or repealed statute before the effective date of its amendment or repeal. Sections 5 and 6 of this act become effective July 1, 2013. The remainder of this act is effective when it becomes law and applies beginning with the spring semester of the 2013-2014 school year. Notwithstanding the requirement to make applications available by May 1 in G.S. 115C-112.3(a), as enacted by this act, applications for the 2014 spring semester shall be made available no later than October 1, 2013, and the Authority shall notify parents in writing of the eligibility as soon as practicable.

In the General Assembly read three times and ratified this the 23rd day of July, 2013.

s/ Louis M. Pate, Jr.
Deputy President Pro Tempore of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

s/ Pat McCrory
Governor

Approved 4:24 p.m. this 29th day of July, 2013