



This Bill Analysis reflects the contents of the bill as it was presented in committee.

# HOUSE BILL 1052: PED Report/Student Financial Assistance.

2019-2020 General Assembly

|                       |  |                     |                                      |
|-----------------------|--|---------------------|--------------------------------------|
| <b>Committee:</b>     | House Education - Universities. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House | <b>Date:</b>        | June 16, 2020                        |
| <b>Introduced by:</b> | Reps. Horn, Lucas, Fraley, Clemmons  | <b>Prepared by:</b> | Drupti Chauhan*<br>Committee Counsel |
| <b>Analysis of:</b>   | First Edition  |                     |                                      |

**OVERVIEW:** House Bill 1052 would detail increased reporting requirements for the State Education Assistance Authority (SEAA) regarding multiple need-based and service-repayment loan programs. The bill would also require the SEAA to develop a strategic plan with performance goals and assessment measures, and it would appropriate funds to assist with administrative costs.

[As introduced, this bill was identical to S726, as introduced by Sens. D. Davis, Waddell, Ford, which is currently in Senate Appropriations/Base Budget.]

**CURRENT LAW:** Under G.S. § 116-209.45(j), the SEAA must report annually to the General Assembly on the Forgivable Education Loans for Service (FELS) Fund and its recipients. There is no specified information to be included in this report.

G.S. § 116-209.14 requires the SEAA to submit an annual report to the Governor and General Assembly setting forth a complete operating and financial statement of the organization.

**BILL ANALYSIS:** Section 1 would add specific reporting requirements related to the Forgivable Education Loans for Service Fund that include the following:

- The number of recipients who have met the service requirements for loan forgiveness.
- The number who elect cash repayment, and the employment fields of loan recipients, including when years of employment are credited towards loan forgiveness before beginning cash repayments.

This new information must be reported in the SEAA's annual FELS report no later than that December 1, 2022.

**Section 1** also requires the SEAA to create and maintain a records management system to ensure that it can meet reporting requirements for multiple state-funded loan programs, including the North Carolina Teaching Fellows Program and the FELS program. This record keeping system must also inform whether the programs are meeting the employment needs of the State. The SEAA must report on the progress of implementing the record keeping system to the Joint Legislative Education Oversight Committee and The Joint Legislative Program Evaluation Oversight Committee by January 1, 2021.

**Section 2** would require the SEAA to biennially create and maintain a strategic plan detailing its performance goals in administering State funded financial assistance for postsecondary programs. The strategic plan must include performance measures for assessing the SEAA's effectiveness and progress in achieving the performance goals. The SEAA must report to the Joint Legislative Education Oversight

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578

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Committee and The Joint Legislative Program Evaluation Oversight Committee by January 1, 2021 on its progress towards creating and maintain the strategic plan.

In the annual report to the Governor and General Assembly, the SEAA would be required to provide the following information:

- The biennial strategic plan.
- Data on the administration of State-funded financial assistance programs and the recipients of the financial assistance, including:
  - Information for each postsecondary institution that enrolls students who use State-funded financial assistance and the amount of financial assistance used by students for each program administered by the SEAA.
  - Demographic information on students who use State-funded financial assistance with socioeconomic profiles and income and dependency status for that fiscal year.

**Section 3** would appropriate up to \$700,000 in recurring funds for the 2020-2021 fiscal year from the General Fund to the UNC Board of Governors to allocate to the SEAA in covering administrative costs associated with the University of North Carolina Need-Based Financial Aid Program.

**Section 4** would require the Office of State Budget and Management to develop recommendations for increasing transparency in administrative cost reporting for the Need-Based Scholarships for Students Attending Private Institutions of Higher Education Program. The recommendations must include a method for reporting program funding received by the SEAA in its financial statements. These recommendations along with an implementation timeline and any needed legislative changes must be reported to the Joint Legislative Education Oversight Committee and The Joint Legislative Program Evaluation Oversight Committee by June 30, 2020.

**EFFECTIVE DATE:** Except as specifically provided in the bill, the bill would become effective when it becomes law.

**BACKGROUND:** The Performance Evaluation Division report entitled "Improvements Needed to Gauge Effectiveness and Expend State Funds Available for Postsecondary Financial Aid (October 2019)" can be found here:

[https://www.ncleg.net/PED/Reports/documents/Scholarships/Scholarships\\_Report\\_Full.pdf](https://www.ncleg.net/PED/Reports/documents/Scholarships/Scholarships_Report_Full.pdf).

*\*Manning Peeler, Legislative Analysis Division Extern, substantially contributed to this summary.*