



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

HOUSE BILL 823: Choose Your School, Choose Your Future.

2023-2024 General Assembly

Committee:	House Education - K-12. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	May 2, 2023
Introduced by:	Reps. Cotham, Willis, Loftis, Moore	Prepared by:	Kara McCraw
Analysis of:	PCS to First Edition H823-CSTC-31		Staff Attorney

OVERVIEW: *HB 823 would make the following changes:*

- *Make all NC K-12 students eligible for opportunity scholarships, with grant amounts based on household income, beginning in 2023-2024, and eliminate the current forward funding of the program.*
- *Provide students the option to complete all high school requirements within 3 years and offer a 2 semester scholarship to students graduating within 3 years that would be equal to the amount the student would have received in an opportunity scholarship.*

The PCS for HB 283 would do the following:

- *Make opportunity scholarships eligibility changes effective beginning in 2024-2025 and continue the current law funding structure.*
- *Remove Parts establishing 3 year graduation options and related scholarships.*

CURRENT LAW: Part 2A of Article 39 of Chapter 115C establishes a needs-based scholarship grant program. A North Carolina student eligible to attend public school who has not yet graduated from high school, enrolled in college full-time, or been placed in private school at State expense qualifies for an scholarship grant if the student meets both of the following requirements:

- Public school enrollment or alternative. This is established by any of the following:
 - Enrollment in a public school in the spring semester of the school year before receiving the scholarship.
 - Current receipt of an opportunity scholarship.
 - Entering kindergarten, first grade, or second grade.
 - Currently in foster care.
 - Adopted in the prior year.
 - Parent is active duty or recently honorably discharged from the armed services.
- Financial eligibility. – The student either:
 - Resides in a household with an income level not in excess of two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced price lunch program (FRL standard), or

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- Is a child in foster care.

Awards for scholarship grants are based on the average State per pupil allocation for average daily membership in the prior year (ADM) as follows:

- 90% of ADM for a full-time student.
- 45% of ADM for a part-time student.
- No student is awarded more than the required tuition and fees of the school the student attends.

The State Education Assistance Authority (Authority) administers the scholarship grant program, and must verify 6% of applicants annually.

The scholarship grants are funded through the Opportunity Scholarship Grant Fund Reserve, which includes annual appropriations from the General Assembly. Those funds are used to award scholarship grants for the school year that begins in the fiscal year following the fiscal year in which the General Assembly's appropriation is made.

BILL ANALYSIS: HB 823 would make the following changes to scholarship grants:

- Students would no longer need to demonstrate public school enrollment or an alternative to qualify for a scholarship grant. Students and their families would have to demonstrate domicile in North Carolina through a system established by the State Education Assistance Authority that allows verification using various government documents, utility bills, bank statements, or paychecks.
- Students would be awarded a scholarship grant in the following amount, regardless of whether the student's attendance was full or part time:
 - 100% of ADM for students with household incomes not in excess of the FRL standard.
 - 90% of ADM for students with household incomes between the FRL standard and 200% of that standard.
 - 60% of ADM for students with household incomes between 200% and 450% of the FRL standard.
 - 45% of ADM for all other students.
- The State Education Assistance Authority (Authority) would only be required to verify income for students receiving more than 45% of ADM and would only be required to verify 4% of applicants annually.
- Additional funds would be appropriated for scholarship grants beginning with the 2023-2024 school year.

This Part would be effective June 30, 2023, and would apply to applications for scholarship grants beginning with the 2024-2025 school year.

EFFECTIVE DATE: Except as otherwise provided, HB 823 would become effective when it becomes law.