



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

2023-2024 General Assembly

Committee:		Date:	May 17, 2023
Introduced by:	Reps. Cotham, Willis, Loftis, Moore	Prepared by:	Kara McCraw
Analysis of:	Third Edition		Staff Attorney

OVERVIEW: *HB 823 would make all NC K-12 students eligible for opportunity scholarships, with grant amounts based on household income, beginning in 2024-2025.*

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
 - Is a child in foster care.

Awards for scholarships 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

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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.

These changes would be effective July 1, 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.