



SENATE BILL 692: Changes in Education Laws.

2023-2024 General Assembly

Committee:		Date:	September 21, 2023
Introduced by:	Sens. Galey, Johnson, McInnis	Prepared by:	Kara McCraw
Analysis of:	Fifth Edition		Staff Attorney

OVERVIEW: *The 5th Edition of SB 692 would make the following changes:*

- *Establish the Northeast Regional School of Biotechnology and Agriscience.*
- *Exempt 529 Plans and ABLE accounts from certain creditors.*
- *Authorize public schools to be permitted in commercial areas, and authorize both public and private schools in qualifying areas to be permitted in residential areas.*
- *Require reporting of admissions standards for certain health care related degrees and programs.*
- *Establish civic focus weeks when civic youth groups may present to public schools.*
- *Establish the State's children's museum.*
- *Modify certain powers and duties of the Superintendent of Public Instruction and the State Board of Education.*

PART I: NORTHEAST REGIONAL SCHOOL OF BIOTECHNOLOGY AND AGRISCIENCE

CURRENT LAW: Part 10 of Article 16 of Chapter 115C of the General Statutes authorizes local school administrative units (LEAs) to partner to create a regional school that is approved by the State Board of Education (SBE). Once established, the regional school is governed by a board of directors made up of representatives from the participating LEAs, the business community, parents, and higher education partners. Regional schools have the same flexibility and funding model as charter schools. Admissions are limited to students domiciled in a participating LEA.

The LEAs of Martin, Pitt, Tyrell, and Washington have created the only regional school in the State, the Northeast Regional School of Biotechnology and Agriscience.

BILL ANALYSIS: Part I would repeal the statutes establishing the authorization for regional schools and would enact statutes creating the Northeast Regional School of Biotechnology and Agriscience and as a regional school of choice for 18 northeastern counties of the State that is administratively housed for funding purposes under the Department of Public Instruction. The board of the directors of the school would include representatives from the LEAs where attending students are domiciled appointed by the Superintendent of Public Instruction, representatives of the business community appointed by the State Board of Education upon the recommendation of the NC Economic Developers Association, parents appointed by the Parents Advisory Council, and higher education partners.

The school would have the same governance flexibility as charter schools. Admissions would be limited to students domiciled in one of the 18 northeastern counties in the service area of the school.

Jeffrey Hudson
Director



Legislative Analysis
Division
919-733-2578

Senate Bill 692

Page 2

EFFECTIVE DATE: Statutory changes establishing the Northeast Regional School of Biotechnology and Agriscience would become effective July 1, 2024. The current board of the regional school would remain in effect until July 1, 2025.

PART II: PROTECT NC EDUCATION SAVINGS AND INVESTMENT ACCOUNTS

CURRENT LAW:

Federal Law

Section 529 of the Internal Revenue Code establishes qualified tuition programs (529 Plans), which include programs established and maintained by a State, agency, or instrumentality thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account. Qualified higher education expenses include tuition for an elementary or secondary public, private, or religious school. Contributions are not deductible, but earnings on a 529 Plan are exempt from federal taxation.

Federal law recognizes qualified ABLE programs which are established by States, agencies, or instrumentalities thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account. See 26 U.S.C. § 529A. Article 6F of Chapter 147 of the General Statutes establishes the parameters for ABLE accounts in North Carolina.

State Law

G.S. 116-209.25 establishes the framework for North Carolina's 529 Plans (NC 529 Plans), consistent with Section 529 of the Internal Revenue Code. NC 529 Plans are administered by the State Education Assistance Authority (SEAA) in order to enable parents and other interested parties to save funds to meet the costs of education expenses of eligible students. NC 529 Plan funds are held in accounts within the State's Parental Savings Trust Fund.

For individuals who are residents of North Carolina, G.S. 1C-1601(a)(10) exempts funds in a college savings plan, which could include an NC 529 Plan or a 529 Plan created by another entity, from the enforcement of claims of creditors (up to \$25,000). The exemption does not apply to funds placed in a college savings plan within the preceding 12 months unless contributions were made in the ordinary course of the debtor's financial affairs and were consistent with the debtor's past pattern of contributions. Additionally, the exemption only applies to the extent that the funds are for a child of the debtor and will actually be used for the child's college or university expenses. The exemption does not apply to the following claims:

- Of the United States or its agencies as provided by federal law.
- Of the State or its subdivisions for taxes, appearance bonds or fiduciary bonds.
- Of lien by a laborer for work done and performed for the person claiming the exemption, but only as to the specific property affected.
- Of lien by a mechanic for work done on the premises, but only as to the specific property affected.
- For payment of obligations contracted for the purchase of the specific real property affected.
- For contractual security interests in the specific property affected; provided, that the exemptions shall apply to the debtor's household goods notwithstanding any contract for a nonpossessory, nonpurchase money security interest in any such goods.
- For statutory liens, on the specific property affected, other than judicial liens.
- For child support, alimony or distributive award order pursuant to Chapter 50 of the General Statutes.
- For criminal restitution orders docketed as civil judgments pursuant to G.S. 15A-1340.38.

Senate Bill 692

Page 3

BILL ANALYSIS: Part II would exempt funds located in NC 529 Plans or withdrawn from NC 529 Plans and used for purposes permitted by Section 529 of the Internal Revenue Code from the following:

- Liens
- Attachment
- Garnishment
- Levy
- Seizure
- Involuntary sale or assignment by operation or execution of law
- Enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan

For education savings and investment accounts that are not part of the Parental Savings Trust Fund, the protection from creditors would not change. The PCS would make conforming changes to reflect changes in federal law that allow 529 savings account funds to be spent on elementary and secondary expenses, in addition to higher education expenses.

Part II would also exempt funds located in an ABLE account or withdrawn from the account and used for expenses permitted under Section 529A of the Internal Revenue Code from the following:

- Liens
- Attachment
- Garnishment
- Levy
- Seizure
- Involuntary sale or assignment by operation or execution of law
- Enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to a plan.

EFFECTIVE DATE: Part II would become effective November 1, 2023, and would apply to actions filed on or after that date.

PART III: ALLOW SCHOOLS IN CERTAIN ZONING DISTRICTS

CURRENT LAW: Chapter 160D of the General Statutes contains procedures local governments utilize for development approvals under their planning and development regulations. Zoning is a type of development regulation authorizing local governments to establish zoning districts in accordance with a comprehensive plan designed to promote public health, safety, and general welfare. For these purposes, zoning regulations may address matters pertaining to light and air, overcrowding, population concentration, street congestion, transportation, water, sewerage, schools, parks, and other public requirements taking into consideration the zoning district's character and suitability for particular uses. Local government development regulations may not deny a zoning or rezoning request from a school based upon the level of road service abutting or proximately located to the school.

BILL ANALYSIS: Part 3 would authorize a school, both public and private, to be permitted in an area zoned for residential use when certain requirements were met. A local government that issued a permit would be prohibited from imposing certain restrictions or requirements on the school as part of that permit. Once issued a permit, additional changes could not be added for five years. Schools eligible under the section could also reserve available water and sewer capacity for up to 2 years and restrict the local government from prohibited construction of infrastructure to connect to the water or sewer system.

To qualify for this section, the following factors must be met by the school and county in which the school is sited:

Senate Bill 692

Page 4

- The site of the school is located on 30 or more contiguous acres.
- The site of the school is not within a residential subdivision that causes discontinuity, but may be adjacent to and existing residential subdivision.
- The school has at least one boundary along a certain type of roadway (depending on the grades the school serves).
- The county has a population of at least 200,000 residents as of the most recent census.
- The county has a population density of at least 300 people per square mile as of the most recent census.
- The county has a land area of at least 200 square miles.

Part 3 would also permit the siting of public school buildings in commercial zones.

EFFECTIVE DATE: Part 3 would become effective when it becomes law.

PART IV. ADMISSIONS STANDARDS FOR HEALTH CARE PROGRAMS

BILL ANALYSIS: Part IV directs the constituent institutions of The University of North Carolina that offer degrees, certifications, or training related to healthcare to provide to the public the criteria by which applicants for admission to the programs are evaluated. This must include the rubric that details the weight placed upon each criterion, including standardized test scores, grades, class rigor, personal statements, interviews, and any other factors used to determine admission.

Constituent institutions must submit a yearly report by September 15 to the Board of Governors of The University of North Carolina on the prior year's applicants for admissions to programs related to healthcare. The report must include the following the information for both applicants and students, disaggregated by race: (i) number of students; (ii) standardized test scores; (iii) grade point average.

The Board of Governors must establish an electronic dashboard of all reported information from the constituent institutions and must annually update the dashboard by November 15 and provide notice to the Joint Legislative Education Oversight Committee when the update is completed. The Board of Governors must also designate the degrees, certifications, and training offered by the constituent institutions that relate to health care that are to be included for public disclosure and reporting as required by this Part.

EFFECTIVE DATE: Part IV would become effective when it becomes law and applies beginning with reports due September 15, 2024.

PART IV-A. CIVIC FOCUS WEEKS FOR PUBLIC SCHOOLS

BILL ANALYSIS: Part 4A would require public school units to allow civic youth groups to present to students upon request for a minimum of 10 minutes during 2 weeks in September designated as civic focus week. civic youth group is any of the following groups:

- Big Brothers Big Sister of America
- Boy Scouts of America
- Boys and Girls Clubs of America
- Future Farmers of America

Senate Bill 692

Page 5

- Girl Scouts of the United States of America

This Part would become effective when it becomes law and would apply beginning with the 2024-2024 school year.

PART IV-B. STATE CHILDREN'S MUSEUM

BILL ANALYSIS: Part 4B would establish the Kidzu Children's Museum as the official children's museum of the State.

PART IV-F. MODIFICATION TO THE POWERS AND DUTIES OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE STATE BOARD OF EDUCATION

CURRENT LAW: The State Board of Education (SBE) is required to do the following:

- Submit budget requests and analysis of expansion funds to the Director of the Budget.
- Develop and provide support materials for academic content standards to teachers and parents.
- Accredite schools upon the request of a local board of education.

BILL ANALYSIS: Part 4F would transfer the following powers of the State Board to the Superintendent of Public Instruction:

- Submission of a consolidated budget request for the SBE and Department of Public Instruction (DPI) to the Director of the Budget.
- Development and provision of support materials for academic content standards to teachers and parents.

Part 4F would additionally authorize the Superintendent of Public Instruction to do the following:

- Enter into contracts of up to and including \$2.5 million without SBE approval, and present contracts of over \$2.5 million to the SBE for approval.
- Review the comprehensive plan to revise content standards and provide a written recommendation before DPI presents the plan to the SBE for consideration.
- Create advisory councils and commissions within DPI without authorization from the SBE.

Part 4F would also repeal the authority of the SBE to accredit schools.

EFFECTIVE DATE: Except as otherwise provided, SB 692 would become effective when it became law.