



SENATE BILL 990: Students First Act.

2025-2026 General Assembly

Committee:	Senate Education/Higher Education. If favorable, re-refer to Appropriations/Base Budget	Date:	May 13, 2026
Introduced by:	Sens. Lee, Galey, Overcash	Prepared by:	Drupti Chauhan Bryson Penley Committee Counsel
Analysis of:	First Edition		

OVERVIEW: *Senate Bill 990 would do the following:*

- *Provide that personally identifiable student disciplinary records for students at public institutions of higher education in the State would not be public records even if release of those records would be allowed under the federal Family Educational Rights and Privacy Act.*
- *Create a weighted student funding formula work group at the Office of Learning Research at the North Carolina Collaboratory to study and develop a plan to transition the State to a weighted student funding model for K-12 public schools.*
- *Create the Student-based Educational Wallet Pilot Program to foster personalized learning pathways and expand access to educational enrichment by providing funds for high school students to participate in eligible activities, including credit-bearing activities.*

PART I: PROTECT CAMPUS SURVIVORS ACT

CURRENT LAW: The Family Educational and Privacy Rights Act (FERPA), 20 U.S.C. § 1232g, prohibits the release of education records that contain personally identifiable information, other than directory information, by educational institutions that receive federal funds without the consent of the student's parents or (if the student is 18 or attending a postsecondary education institution) the student.

Under FERPA, educational institutions are authorized to disclose "the final results of a disciplinary proceeding" conducted by the institution against a student when all the following apply to the disciplinary proceeding:

- The student is alleged to have perpetrated a crime of violence or nonforcible sexual offense.
- The education institution's disciplinary proceeding resulted in a finding that the student violated the institution's rules or policies. *See* 20 U.S.C. § 1232g(b)(6)(B).

If an educational institution discloses the "final results of a disciplinary proceeding," it may only disclose the following information:

- The name of the disciplined student.
- The violation committed by that student.
- Any sanction imposed by the institution on that student.
- The name of any other involved student, including a victim or witness, but only after the institution receives the written consent of the other involved student. *See* 20 U.S.C. § 1232g(b)(6)(C).

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Additionally, FERPA allows educational institutions to release de-identified education records without the consent of a student if all the following apply:

- All personally identifiable information has been removed.
- The educational institution has made a reasonable determination that a student's identity is not personally identifiable, whether through single or multiple releases of de-identified records or information, after taking into account other reasonably available information. *See* 34 C.F.R. § 99.31(b)(1).

Under State law, G.S. 132-1(a) defines "public records" as all documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data-processing records, artifacts, or other documentary material, regardless of physical form or characteristics, made or received pursuant to law or ordinance in connection with the transaction of public business by any agency of North Carolina government or its subdivisions.

Chapter 132 of the General Statutes requires, with some exceptions, that public records held by the State and local governments are public and that copies must be provided to individuals upon request.

In *DTH Media Corporation v. Folt*, 374 N.C. 292 (2020), the North Carolina Supreme Court held that records of the final results of disciplinary proceedings conducted by UNC constituent institutions are public records and subject to disclosure under Chapter 132 of the General Statutes because FERPA authorizes the release educational records that contain the final results of a disciplinary proceeding.

BILL ANALYSIS: Part I of SB 990 would exempt disciplinary records that contain personally identifiable information about a student held by either the UNC System Office, constituent institutions of UNC, the Community College System Office, and community colleges (public institutions of higher education) from the definition of a public record under Chapter 132 of the General Statutes. Disciplinary records that contain personally identifiable information about a student would not be a public record, even if disclosure of the record would be allowed under FERPA.

Disciplinary records that contain personally identifiable information about a student would include any materials that meet all of the following:

- Are made, received, or maintained by a public institution of higher education.
- Contain personally identifiable information of or about a student.
- Are related to a complaint, investigation, or resolution of an alleged violation of or noncompliance with the disciplinary or conduct rules or other policy of a public institution of higher education.

EFFECTIVE DATE: This Part would be effective when it becomes law and would apply to requests for personally identifiable student disciplinary records made on or after that date.

PART II: WEIGHTED STUDENT FUNDING FORMULA WORK GROUP

BILL ANALYSIS: Part II of the bill would direct the Office of Learning Research (OLR) at the North Carolina Collaboratory (Collaboratory) to establish a work group (Work Group) to study and develop a plan to transition the State to a weighted student funding model for K-12 public schools. The Work Group must consist of experts in public education finance that include representatives from the North Carolina Department of Public Instruction (DPI), North Carolina Business Leaders for Education (BEST NC), and other relevant stakeholders.

The Work Group must report to the Joint Legislative Education Oversight Committee by July 15, 2027, on a three-year strategy to transition from the current allotment-based funding model to a weighted student

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funding formula model. The strategic plan must include information on policy, funding, messaging, and technical assistance that will be needed for local school administrative units and the schools within the units. The following must be examined:

- Options to do at least the following under the new funding formula:
 - Consolidate non-teaching support funds into a per pupil-based allotment and allow for significant flexibility.
 - Transition teacher pay from a position allotment to a dollar allotment based on average daily membership.
 - Reassign all project- or resource-based funding into a set of designated line items.
 - Determine whether need-based funds can be consolidated and transitioned into a per pupil figure.
 - Report on spending and provide any other needed accountability for the use of State funds.
- Whether to transition from the DPI to the State Education Assistance Authority the responsibility of disbursing funds to local school administrative units.

This Part would appropriate \$350,000 to the Board of Governors of The University of North Carolina in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the Collaboratory for OLR to establish the Work Group.

EFFECTIVE DATE: This Part becomes effective July 1, 2026.

PART III: STUDENT-BASED EDUCATIONAL WALLET PILOT PROGRAM

BILL ANALYSIS: Part III of the bill would establish the Student-Based Educational Wallet Pilot Program (Pilot Program) for the 2027-2028 fiscal year to be administered by the State Education Assistance Authority (SEAA) in coordination with one public school unit selected by SEAA to participate in the Pilot Program. The purpose of the Pilot Program would be to foster personalized learning pathways and expand access to educational enrichment by providing funds for high school students to participate in eligible and credit-bearing activities.

Selection of Public School Unit: By August 1, 2026, SEAA must establish a process to select one participating public school unit for the Pilot Program. The public school unit must provide SEAA with the name of one high school in that unit which will participate in the Pilot Program as well as a list of eligible students, eligible activities, and approved providers who provide eligible activities, including credit-bearing activities. Both the public school unit and SEAA must enter into a data sharing agreement for the purpose of administering the Pilot Program and for the protection of student data.

Selection of Students: By February 2, 2027, SEAA must make applications available to eligible students for the award of funds for a student-based educational wallet (SBEW) to be used for qualifying educational expenses under the Pilot Program. No later than April 15, 2027, SEAA must admit any eligible student to the Pilot Program for the 2027-2028 school year who submitted a timely application and signed parental agreement. If the funds provided for the Pilot Program are insufficient to admit all eligible students, SEAA may adopt a lottery process for the selection of participating students.

Award of Funds: SEAA must award funds to participating students on a per student basis up to \$395.00 per student for qualifying educational expenses in accordance with the parental agreement. Parents would receive an electronic account for the receipt of funds for qualifying educational expenses incurred in the 2027-2028 school year. Requests for qualifying educational expenses would be subject to a preapproval

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process established by the SEAA prior to the disbursement of funds. Expense reports would not be required for expenses that have been preapproved by SEAA and the public school unit.

Parental Agreement and Use of Funds: SEAA must provide parents of eligible students who apply to participate in the Pilot Program with a written agreement that must be signed by the parent and returned before receiving funds. Parents would not be able to designate any entity or individual to execute the agreement on the parent's behalf. Failure by a parent or eligible student to comply with the rules would result in a forfeit of funds. Parents must also agree to must the funds in the SBEW only for qualifying educational expenses for the eligible student.

Review of Credit-Bearing Activities: The participating public school unit must establish a review process to determine whether an eligible activity constitutes a credit-bearing activity that is sufficient for the student to receive credit. For the review process, students may submit information to demonstrate proficiency, including portfolios, performance assessments, and competency-based evaluations. SEAA and the participating public school would have to establish a reporting timeline for SEAA to provide data on the use of funds for each semester per participating student.

Administration: An online portal would be created to track account balances, review eligible activities, and submit reimbursement requests and SEAA may contract with a private entity to manage the SBEWs. Audits of SBEWs would be allowed. SEAA would have the authority to remove parents or eligible students from the Pilot Program and close a SBEW for failure to comply with the terms of the parental agreement and applicable laws. SEAA may retain up to \$50,000 of the funds appropriated for the Pilot Program for administrative costs. Applications to participate in the Pilot Program and personally identifiable information related to eligible students receiving funds would not be public records and approved providers are not allowed to refund or rebate any funds to parents or participating students.

Report: The North Carolina Collaboratory in consultation with SEAA and the participating public school unit must report to the Joint Legislative Education Oversight Committee by February 15, 2028, on the implementation of the Pilot Program and its impact on student success. The report would have to to also include:

- The number of students who used funds provided to a SBEW and the amount of funds used.
- The credit-bearing opportunities purchased with SBEW funds and the number of credits earned.
- All approved providers receiving funds for providing eligible activities under the Pilot Program and the amount of funding received by each approved provider.

Appropriation: The bill would appropriate \$445,000 to the Board of Governors of The University of North Carolina in nonrecurring funds for the 2026-2027 fiscal year to be allocated to SEAA to administer the Pilot Program. The funds would not revert at the end of that fiscal year but would remain available until the end of the 2027-2028 fiscal year.

EFFECTIVE DATE: This Part would become effective July 1, 2026.