

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

H

4

HOUSE BILL 269
Committee Substitute Favorable 4/17/13
Committee Substitute #2 Favorable 5/8/13
Fourth Edition Engrossed 5/15/13

Short Title: Children w/Disabilities Scholarship Grants. (Public)

Sponsors:

Referred to:

March 12, 2013

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE SPECIAL EDUCATION SCHOLARSHIP GRANTS FOR
3 CHILDREN WITH DISABILITIES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** G.S. 105-151.33 is repealed.

6 **SECTION 2.** Section 2 of S.L. 2011-395 is repealed.

7 **SECTION 3.** G.S. 105-160.3(b)(11) is repealed.

8 **SECTION 4.** Article 9 of Chapter 115C of the General Statutes is amended by
9 adding a new Part to read:

10 "Part 1H. Special Education Scholarship Grants for Children With Disabilities.

11 "**§ 115C-112.2. Definitions.**

12 The following definitions apply in this Part:

13 (1) Authority. – The North Carolina State Education Assistance Authority.

14 (2) Eligible student. – A child with a disability under the age of 22 who meets
15 all of the following criteria:

16 a. Requires an individualized education plan.

17 b. Receives special education or related services on a daily basis.

18 c. Has not been placed in a nonpublic school or facility by a public
19 agency at public expense.

20 d. Has not spent any time enrolled in a postsecondary institution as a
21 full-time student taking at least 12 hours of academic credit.

22 e. Has not received a high school diploma.

23 f. Meets at least one of the following requirements:

24 1. Was enrolled in a North Carolina public school during the
25 previous semester.

26 2. Received special education or related services through the
27 North Carolina public schools as a preschool child with a
28 disability during the previous semester.

29 3. Received a scholarship grant for the previous semester.

30 4. Is eligible for initial enrollment in kindergarten or the first
31 grade in a North Carolina public school.

32 (3) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3
33 of Article 39 of this Chapter as identified by the Division of Nonpublic
34 Education, Department of Administration.



* H 2 6 9 - V - 4 *

1 (4) Scholarship grants. – Grants awarded by the Authority to eligible students.

2 **"§ 115C-112.3. Scholarship grants.**

3 (a) The Authority shall make available no later than May 1 annually applications to
4 eligible students for the award of scholarship grants to attend any nonpublic school and to
5 receive special education and related services in a nonpublic school setting. Information about
6 scholarship grants and the application process shall be made available on the Authority's Web
7 site. The Authority shall give priority in awarding scholarship grants to eligible students who
8 received a scholarship grant during the previous semester. Except as otherwise provided by the
9 Authority for prior scholarship grant recipients, scholarship grants shall be awarded to eligible
10 students in the order in which the applications are received.

11 (b) Scholarship grants awarded to eligible students shall be for amounts of not more
12 than three thousand dollars (\$3,000) per semester per eligible student. Eligible students
13 awarded grants may not be enrolled in a public school. Scholarship grants shall be awarded
14 only for the reimbursement of tuition and special education and related services, including
15 those services provided to home schooled students. Parents may only receive reimbursement
16 for tuition if the parent provides documentation that the student was enrolled in nonpublic
17 school for no less than 75 days of the semester for which the parent seeks reimbursement.
18 Parents may only receive reimbursement for related services provided to home schooled
19 students if the parent provides documentation that the student received related services for no
20 less than 75 days of the semester for which the parent seeks reimbursement. The Authority
21 shall notify parents in writing of their eligibility to receive scholarship grants for costs that will
22 be incurred during the spring semester of the following year by December 1 and for costs
23 incurred during the fall semester of that year by July 1. Following the conclusion of each
24 school semester, the parent of an eligible student shall submit to the Authority any receipts or
25 other documentation approved by the Authority to demonstrate the costs incurred during the
26 semester as well as documentation that the student was enrolled in the nonpublic school for no
27 less than 75 days of the semester for which the parent seeks reimbursement for tuition or
28 documentation that related services were provided to a home schooled student for no less than
29 75 days of the semester for which the parent seeks reimbursement for related services. The
30 Authority shall award a scholarship grant in the amount of costs demonstrated by the parent up
31 to the maximum amount. If the costs incurred by the parent do not meet the maximum amount,
32 the Authority shall use the remainder of those funds for the award of scholarship grants to
33 eligible students for the following semester. The Authority shall award scholarship grants to the
34 parents of eligible students at least semiannually.

35 (c) After an eligible student's initial receipt of a scholarship grant, the Authority shall
36 ensure that the student is reevaluated at least every three years by the local educational agency
37 in order to verify that the student continues to be a child with a disability.

38 (d) The Authority shall establish rules and regulations for the administration and
39 awarding of scholarship grants.

40 **"§ 115C-112.4. Verification of eligibility.**

41 (a) The Authority may seek verification of information on any application for
42 scholarship grants from eligible students. If a parent fails to cooperate with verification efforts,
43 the Authority shall revoke the award of the scholarship grant to the eligible student.

44 (b) Parents of applicants for scholarship grants shall authorize the Authority to access
45 any information held by the local educational agency that is needed for verification efforts.

46 **"§ 115C-112.5. Authority reporting requirements.**

47 (a) The Authority shall report to the Department of Public Instruction annually, no later
48 than August 1, on the number of students who (i) received scholarship grants for the previous
49 school year and (ii) were enrolled in a local school administrative unit or charter school for the
50 semester prior to the semester for which a scholarship grant was awarded. The Department of
51 Public Instruction shall adjust the allotments of local school administrative units and charter

1 schools based on the number of students awarded a scholarship grant who attended a local
2 school administrative unit or charter school during the semester prior to the semester for which
3 the scholarship grant was awarded. The amount of the adjustment shall equal the average per
4 pupil allocation for average daily membership from the local school administrative unit or
5 charter school.

6 (b) The Authority shall report annually, no later than October 1, to the Joint Legislative
7 Education Oversight Committee on the following:

- 8 (1) Total number, age, and grade level of eligible students receiving scholarship
9 grants.
- 10 (2) Total amount of scholarship grant funding awarded.
- 11 (3) Nonpublic schools in which scholarship grant recipients are enrolled and the
12 number of scholarship grant students at that school.
- 13 (4) The type of special education or related services for which scholarship
14 grants were awarded."

15 **SECTION 5.(a)** There is appropriated from the General Fund to the North Carolina
16 State Education Assistance Authority (NCSEAA) the sum of three million six hundred seventy
17 thousand five hundred dollars (\$3,670,500) for the 2013-2014 fiscal year and the sum of four
18 million three hundred forty-one thousand dollars (\$4,341,000) for the 2014-2015 fiscal year in
19 recurring funds to implement the requirements of this act. Of the funds appropriated to
20 NCSEAA under this section, NCSEAA shall use the sum of three million dollars (\$3,000,000)
21 for fiscal year 2013-2014 and the sum of three million dollars (\$3,000,000) for fiscal year
22 2014-2015 to award scholarship grants to eligible students. Any unexpended funds for this
23 purpose shall not revert at the end of each fiscal year but shall remain available to award
24 scholarship grants to eligible students.

25 The remainder of the funds, up to six hundred seventy thousand five hundred dollars
26 (\$670,500) for fiscal year 2013-2014 and up to one million three hundred forty-one thousand
27 dollars (\$1,341,000) for fiscal year 2014-2015 shall be transferred to the North Carolina
28 Department of Public Instruction to conduct reevaluations of eligible students as required by
29 G.S. 115C-112.3(c), as enacted by this act.

30 **SECTION 5.(b)** Of the funds appropriated to NCSEAA to be used for the award of
31 scholarship grants to eligible students under subsection (a) of this section, for fiscal year
32 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for
33 administrative costs associated with the scholarship grant program. For fiscal year 2014-2015
34 and subsequent years, NCSEAA may retain up to two percent (2%) annually for administrative
35 costs associated with the scholarship grant program.

36 **SECTION 5.(c)** Nothing in this act shall require the General Assembly to
37 appropriate funds to implement it. Subsections (a) and (b) of this section become effective only
38 if those funds are appropriated by the Current Operations and Capital Improvement Act of
39 2013.

40 **SECTION 6.(a)** Article 32D of Chapter 115C of the General Statutes is repealed.

41 **SECTION 6.(b)** The State Controller shall transfer the fund balance from the Fund
42 for Special Education and Related Services to Nontax Budget Code 19978 (Intra State
43 Transfers) or the appropriate budget code as determined by the State Controller to support
44 General Fund Appropriations for the 2013-2014 fiscal year.

45 **SECTION 7.** Notwithstanding the definition for "eligible student" set forth in
46 G.S. 115C-112.2, as enacted by this act, a child who is otherwise eligible to receive a
47 scholarship grant for the spring semester of the 2013-2014 school year is deemed to have met
48 the requirements of G.S. 115C-112.2(2)f., as enacted by this act, if the child is a dependent
49 child for whom a taxpayer is allowed a credit for the fall semester of the 2013-2014 school year
50 under G.S. 105-151.33 and the taxpayer affirms, under oath, that the taxpayer will claim the
51 credit for that semester. Notwithstanding G.S. 105-259(b), the Department of Revenue shall

1 furnish, upon request, to the Authority a list of claimants that received a credit pursuant to
2 G.S. 105-151.33 for the taxable year beginning on or after January 1, 2013.

3 **SECTION 8.** Sections 1, 2, and 3 of this act are effective for taxable years
4 beginning on or after January 1, 2014. This act does not affect the rights or liabilities of the
5 State, a taxpayer, or another person arising under a statute amended or repealed by this act
6 before the effective date of its amendment or repeal; nor does it affect the right to any refund or
7 credit of a tax that accrued under the amended or repealed statute before the effective date of its
8 amendment or repeal. Sections 5 and 6 of this act become effective July 1, 2013. The remainder
9 of this act is effective when it becomes law and applies beginning with the spring semester of
10 the 2013-2014 school year. Notwithstanding the requirement to make applications available by
11 May 1 in G.S. 115C-112.3(a), as enacted by this act, applications for the 2014 spring semester
12 shall be made available no later than October 1, 2013, and the Authority shall notify parents in
13 writing of the eligibility as soon as practicable.