

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023**

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**SENATE BILL 804**

Short Title: Expand Public Need-Based Scholarships. (Public)

Sponsors: Senator Smith (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 6, 2024

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE NORTH CAROLINA NEED-BASED SCHOLARSHIP FOR PUBLIC COLLEGES AND UNIVERSITIES AND TO REQUIRE PRIORITY CONSIDERATION FOR FAFSA APPLICATIONS SUBMITTED BY JUNE 15, 2024.

The General Assembly of North Carolina enacts:

**SECTION 1.** Part 5 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 5. The North Carolina Need-Based Scholarship for Public Colleges and Universities.

...

**"§ 116-209.81. Eligibility requirements for a scholarship.**

(a) In order to be eligible to receive a scholarship under this Part, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

- (1) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- (2) Meet enrollment standards by being admitted, enrolled, and classified as an undergraduate student in a matriculated status at an eligible postsecondary institution. The President of The University of North Carolina and the President of the North Carolina Community College System may jointly agree to additional enrollment standards for the Program.
- (3) Submit a Free Application for Federal Student Aid (~~FAFSA~~) and ~~demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.~~ (FAFSA).
- (4) Either of the following:
  - a. Demonstrate need according to federal methodology in Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.
  - b. Is the dependent of a person in a household with an adjusted gross income in the most recent taxable year of one hundred thousand dollars (\$100,000) or less.

(b) In addition to the criteria set forth in subsection (a) of this section, in order for a student to continue to be eligible for a scholarship for the student's second and subsequent academic years, the student must meet achievement standards by maintaining satisfactory academic progress in a course of study in accordance with the standards and practices used for federal Title IV programs by the eligible postsecondary institution in which the student is enrolled.



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2 **"§ 116-209.83. Scholarship amounts; adjustment of scholarship amounts.**

3 (a) Scholarship Amounts. – Subject to the availability of funds in the Scholarship Reserve  
4 Fund for Public Colleges and Universities, as provided in G.S. 116-209.85, a scholarship  
5 awarded under this Part to a student at an eligible postsecondary institution shall be based upon  
6 a consolidated payment schedule established jointly by the President of The University of North  
7 Carolina and the President of the North Carolina Community College System, in consultation  
8 with the Authority. The payment schedule shall clearly define award amounts by type of eligible  
9 postsecondary institution and student financial need as defined by federal methodology. For any  
10 payments made to a student who is also receiving the federal Pell Grant, the payment schedule  
11 shall ensure that the total amount of Program and Pell Grant funds the student receives is at least  
12 four thousand dollars (\$4,000) per year if the student is enrolled in a community college and at  
13 least six thousand dollars (\$6,000) per year if the student is enrolled in a constituent institution  
14 of The University of North Carolina. The Authority shall publish the payment schedule for the  
15 Program in an easily accessible and understandable format. Once published, a payment schedule  
16 shall remain in effect unless otherwise agreed by the President of The University of North  
17 Carolina and the President of the North Carolina Community College System.

18 (b) Availability of Scholarships. – Subject to the payment schedule described in  
19 subsection (a) of this section, the Authority shall have the power to determine the actual  
20 scholarship amounts disbursed to students in any given year based on the amount of funds  
21 available in the Scholarship Reserve Fund for Public Colleges and Universities created pursuant  
22 to G.S. 116-209.85. If the funds available are not sufficient to fully fund the scholarships as set  
23 forth in the payment schedule established pursuant to subsection (a) of this section, the Authority,  
24 in consultation with the President of The University of North Carolina and the President of the  
25 North Carolina Community College System, shall adjust the distribution of the funds as  
26 necessary.

27 **"§ 116-209.84. Scholarship administration; reporting requirements.**

28 (a) The scholarships provided for in this Part shall be administered by the Authority under  
29 rules adopted by the Authority in accordance with the provisions of this Part.

30 (b) Notwithstanding any other provision of law to the contrary, the Authority shall  
31 conduct periodic evaluations of expenditures under the Program administered by the Authority  
32 to determine if allocations are utilized to ensure access to eligible postsecondary institutions and  
33 to meet the goals of respective programs. The authority may make recommendations of the  
34 redistribution of funds to the President of The University of North Carolina and the President of  
35 the North Carolina Community College System, who then may jointly authorize redistribution  
36 of funds for a particular fiscal year.

37 (b1) The Authority shall regularly conduct public awareness campaigns to inform students  
38 about the Program. These campaigns may include information about how scholarship funds  
39 received through the Program can be bundled with other State and federal scholarship funds.

40 (b2) The Authority shall reach out to private entities and encourage them to donate private  
41 funds to the Program to ensure the long-term sustainability of the Program.

42 (c) The Authority shall report no later than December 1, 2024, and annually thereafter to  
43 the Joint Legislative Education Oversight Committee. The report shall contain, for the previous  
44 academic year, the dollar amount of awards disbursed, the number of eligible students receiving  
45 funds, and a breakdown of the eligible postsecondary institutions that received the funds.

46 (d) Scholarship funds unexpended shall remain available for future scholarships to be  
47 awarded under this Part.

48 **"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.**

49 (a) There is established the Scholarship Reserve Fund for Public Colleges and  
50 Universities as a reserve consisting of the following monies:

- 1 (1) Funds appropriated by the General Assembly for the Program from the
- 2 Education Lottery Fund in the Current Operations Appropriations Act for a
- 3 fiscal year for education-related purposes in accordance with G.S. 18C-164.
- 4 (2) Funds appropriated by the General Assembly for the Program from the
- 5 Escheat Fund in the Current Operations Appropriations Act for a fiscal year
- 6 that is distributed annually on or before August 15 to the Authority pursuant
- 7 to G.S. 116B-7(a).
- 8 (3) Funds appropriated by the General Assembly for the Program from the
- 9 General Fund in the Current Operations Appropriations Act for a fiscal year.
- 10 (4) All returned scholarship funds from the Program.
- 11 (5) All interest earned on these funds.
- 12 (6) Funds received by the institution as private gifts.

13 ...."

14 **SECTION 2.** For applications for financial aid for the 2024-2025 academic year, the  
15 Board of Governors and the State Board of Community Colleges shall ensure that all FAFSA  
16 forms submitted to a constituent institution or community college by June 15, 2024, receive  
17 priority consideration.

18 **SECTION 3.** There is appropriated from the General Fund to the Board of Governors  
19 the sum of one hundred twenty-four million dollars (\$124,000,000) in recurring funds for the  
20 2024-2025 fiscal year to be allocated to the State Education Assistance Authority to implement  
21 the expansion of the North Carolina Need-Based Scholarship for Public Colleges and  
22 Universities provided in Section 1 of this act.

23 **SECTION 4.** Section 1 of this act applies beginning with the award of scholarships  
24 in the 2025-2026 fiscal year. Section 3 of this act becomes effective July 1, 2024. Except as  
25 otherwise provided, this act is effective when it becomes law.