

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 1461

Short Title: Old North State/Long Leaf Pine Scholarships. (Public)

Sponsors: Senator Cunningham.

Referred to: Education/Higher Education.

June 18, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO CREATE NORTH CAROLINA'S "OLD NORTH STATE"
3 SCHOLARSHIP FOR TUITION AND FEES AT THE UNIVERSITY OF NORTH
4 CAROLINA SYSTEM SCHOOLS AND THE "LONG LEAF PINE" GRANT FOR
5 TUITION AND FEES AT THE NORTH CAROLINA COMMUNITY COLLEGE
6 SYSTEM SCHOOLS AND TO AMEND THE NORTH CAROLINA
7 CONSTITUTION TO PROVIDE ACCOUNTABILITY FOR EXPENDITURES OF
8 LOTTERY PROCEEDS ON EDUCATIONAL PROGRAMS AND PURPOSES.

9 The General Assembly of North Carolina enacts:

10 **SECTION 1.** Chapter 116 of the General Statutes is amended by adding a
11 new Article to read:

"Article 23A.

"Old North State Scholarships and Long Leaf Pine Grants.

12 **"§ 116-209.40. Creation.**

13 There shall be an Old North State Scholarship for eligible students matriculating at
14 the constituent institutions of The University of North Carolina and a Long Leaf Pine
15 Grant for eligible students matriculating at the North Carolina Community College
16 System constituent institutions.

17 **"§ 116-209.41. Definitions.**

18 (1) 'Academic year' means a period of time, typically nine months, in
19 which a full-time student is expected to complete the equivalent of at
20 least two semesters' academic work, but which may also include
21 summer terms.

22 (2) 'Eligible High School' means:

23 a. A public or private secondary school or charter school that is
24 located in North Carolina and accredited by any of the
25 following:

26 1. The Southern Association of Colleges and Schools.

27 2. The North Carolina Department of Public Instruction.

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- 1 3. The Association of Christian Schools International; or
2 b. Located in another state and accredited by one of the following
3 regional agencies:
4 1. The Southern Association of Colleges and Schools.
5 2. The New England Association of Schools and Colleges.
6 3. The Middle States Association of Colleges and Schools.
7 4. The North Central Association of Colleges and Schools.
8 5. The Northwestern Association of Schools and Colleges.
9 6. The Western Association of Schools and Colleges.
10 (3) 'Eligible postsecondary institution' means a school that is:
11 a. A constituent institution of The University of North Carolina.
12 b. A constituent college of the North Carolina Community College
13 System.
14 (4) 'Full-time student' means a matriculated student attending a
15 postsecondary educational institution and enrolled for the equivalent of
16 at least 12 semester hours.
17 (5) 'Grade point average' means the numbered grade average calculated
18 using a 4.0 scale.
19 (6) 'Matriculated status' means being recognized as a student in a defined
20 program of study leading to a degree, diploma, or certificate at a
21 postsecondary institution.
22 (7) 'Semester hours' includes each semester hour attempted, whether
23 remedial or for credit toward a degree, but shall not include any
24 semester hour attempted before graduating from high school or earning
25 a general educational development (GED) equivalency diploma.
26 (8) 'Student' includes the following:
27 a. 'Freshman student' means a student at a postsecondary
28 institution who has attempted less than 31 semester hours.
29 b. 'Sophomore student' means a student at a postsecondary
30 institution who has attempted at least 31 semester hours but less
31 than 61 semester hours.
32 c. 'Junior student' means a student at a postsecondary institution
33 who has attempted at least 61 semester hours but less than 91
34 semester hours.
35 d. 'Senior student' means a student at a postsecondary institution
36 who has attempted at least 91 semester hours but less than 128
37 semester hours.
38 (9) 'Title IV' means Title IV of the Higher Education Act of 1965, as
39 amended, 20 U.S.C.A. Sec. 1070, et seq.

40 "**§ 116-209.42. Ineligibility.**

41 A student is ineligible for any scholarship or grant described in this Part if the
42 student meets any of the following qualifications:

- 1 (1) Is not a United States citizen or a permanent alien who meets the
2 definition of an eligible noncitizen under federal Title IV
3 requirements.
- 4 (2) Has not complied with United States Selective Service System
5 requirements for registration, if such requirements are applicable to the
6 student.
- 7 (3) Is in default on a federal Title IV educational loan or a State of North
8 Carolina educational loan, provided that a student who is otherwise
9 eligible and has fully repaid the defaulted loan will be eligible to
10 obtain a scholarship or grant for future academic terms but not
11 retroactively.
- 12 (4) Owes a refund on a federal Title IV student financial aid program or a
13 North Carolina student financial aid program, provided that a student
14 who is otherwise eligible and has fully paid the refund owed will be
15 eligible to obtain a scholarship or grant for future academic terms but
16 not retroactively.
- 17 (5) Has been convicted of a felony offense involving marijuana, a
18 controlled substance, or a dangerous drug provided that such
19 ineligibility extends from the date of conviction to the completion of
20 the next academic term.
- 21 (6) Is incarcerated.
- 22 (7) Does not meet each qualification listed in the North Carolina General
23 Statutes section relating to the relevant scholarship or grant and
24 applicable to the student.

25 **"§ 116-209.43. Eligibility for "Old North State" Scholarship.**

26 (a) To be eligible for an Old North State Scholarship, an entering freshman
27 student seeking an associate or baccalaureate degree at an eligible public postsecondary
28 institution shall meet all of the following requirements:

- 29 (1) Meet residency requirements by meeting the requirements to be
30 classified as a legal resident of North Carolina that shall be based upon
31 the in-State tuition policy of the Board of Governors;
- 32 (2) Meet achievement standards by meeting either of the following:
- 33 a. Having graduated from an eligible high school while meeting
34 the curriculum requirements of the program of study in 2003 or
35 thereafter and meeting the requirements set out in the applicable
36 subdivision of G.S. 116-209.45.
- 37 b. In the case of a student who is otherwise qualified but meets
38 any of the following:
- 39 1. Did not graduate from high school or complete a home
40 school study program, having received the general
41 educational development (GED) equivalency diploma
42 awarded by the North Carolina Community College
43 System.

1 2. Completed a home school study program meeting the
2 requirements in lieu of graduating from an eligible high
3 school, earning a cumulative grade point average of at
4 least 3.0 at an eligible public postsecondary institution at
5 the end of the semester in which the student has
6 attempted 30 semester hours, provided that such student
7 shall be eligible to receive a retroactive Old North State
8 Scholarship for such student's freshman year to be paid
9 at the end of the freshman year.

10 3. Graduated from a high school which is not an eligible
11 high school, earning a cumulative grade point average of
12 at least 3.0 at an eligible public postsecondary institution
13 at the end of the semester in which the student has
14 attempted 30 semester hours.

15 If the student is eligible to receive a retroactive Old North State
16 Scholarship for the student's freshman year to be paid at the end
17 of the freshman year; and

18 (3) Meet enrollment standards by being admitted, enrolled, and classified
19 as an undergraduate student in a matriculated status.

20 (b) To be eligible for an Old North State Scholarship, a sophomore student
21 seeking an associate or baccalaureate degree at an eligible public postsecondary
22 institution shall:

23 (1) Meet residency requirements by meeting the requirements to be
24 classified as a legal resident of North Carolina that shall be based upon
25 the in-State tuition policy of the Board of Governors.

26 (2) Meet achievement standards by meeting the following criteria:

27 a. Earning a cumulative grade point average of at least 3.0 at a
28 postsecondary institution at the end of the quarter or semester in
29 which the student has attempted 30 semester hours; and

30 b. Maintaining satisfactory academic progress in a course of study
31 in accordance with the standards and practices used for federal
32 Title IV programs by the postsecondary institution in which the
33 student is enrolled; and

34 c. Meeting enrollment standards by being admitted, enrolled, and
35 classified as an undergraduate student in a matriculated status
36 or, in the case of an otherwise eligible student who is classified
37 as a professional level student rather than an undergraduate
38 student, being accepted into the professional level program of
39 study prior to receiving a baccalaureate degree.

40 (c) To be eligible for an Old North State Scholarship, a junior student seeking a
41 baccalaureate degree at a public postsecondary institution shall:

42 (1) Meet residency requirements by meeting the requirements to be
43 classified as a legal resident of North Carolina which shall be based
44 upon the in-State tuition policy of the Board of Governors;

- 1 (2) Meet achievement standards by meeting the following criteria:
2 a. Earning a cumulative grade point average of at least 3.0 at a
3 postsecondary institution at the end of the quarter or semester in
4 which the student has attempted 60 semester hours;
5 b. Maintaining satisfactory academic progress in a course of study
6 in accordance with the standards and practices used for federal
7 Title IV programs by the postsecondary institution in which the
8 student is enrolled; and
9 c. Meeting enrollment standards by being admitted, enrolled, and
10 classified as an undergraduate student in a matriculated status
11 or, in the case of an otherwise eligible student who is classified
12 as a professional level student rather than an undergraduate
13 student, being accepted into the professional level program of
14 study prior to receiving a baccalaureate degree.
- 15 (d) To be eligible for an Old North State Scholarship, a senior student seeking a
16 baccalaureate degree at a public postsecondary institution shall:
- 17 (1) Meet residency requirements by meeting the requirements to be
18 classified as a legal resident of North Carolina which shall be based
19 upon the in-State tuition policy of the Board of Governors;
- 20 (2) Meet achievement standards by meeting the following criteria:
21 a. Meeting all achievement standards for Old North State
22 eligibility in his or her junior year;
23 b. Earning a cumulative grade point average of at least 3.0 at a
24 postsecondary institution at the end of the semester in which the
25 student has attempted 90 semester hours; and
26 c. Maintaining satisfactory academic progress in a course of study
27 in accordance with the standards and practices used for federal
28 Title IV programs by the postsecondary institution in which the
29 student is enrolled; and
- 30 (3) Meet enrollment standards by being admitted, enrolled, and classified
31 as an undergraduate student in a matriculated status or, in the case of
32 an otherwise eligible student who is classified as a professional level
33 student rather than an undergraduate student, being accepted into the
34 professional level program of study prior to receiving a baccalaureate
35 degree.
- 36 (e) A student who fails to maintain a cumulative grade point average of at least
37 3.0 at the end of the semester in which the student has attempted 30 semester hours may
38 attend the next 30 semester hours without an Old North State Scholarship. An otherwise
39 eligible student who regains a cumulative grade point average of at least 3.0 at the end
40 of the semester in which the student has attempted 60 semester hours may requalify for
41 an Old North State Scholarship.
- 42 (f) For students eligible for an Old North State Scholarship under this section, no
43 minimum number of hours of enrollment is required.

1 (g) (1) Except as set out in paragraph (2) of this subsection, a student may
2 receive the Old North State Scholarship until the first of these events:

3 a. The student has earned a baccalaureate degree; or

4 b. The student has attempted at any postsecondary institution a
5 total of 127 semester hours.

6 (2) A student enrolled in an undergraduate degree program designed to be
7 more than 127 semester hours in length is eligible to receive the Old
8 North State Scholarship for the lesser of:

9 a. A total of 150 attempted semester hours; or

10 b. The number of hours required for graduation if the student has a
11 3.0 cumulative grade point average of at least 3.0 after the term
12 in which the student attempted 127 semester hours.

13 (h) Subject to the amounts appropriated by the General Assembly and provisions
14 relating to the scholarship shortfall reserve subaccount in G.S. 116-209.47, an Old
15 North State Scholarship awarded under this section shall include tuition, approved
16 mandatory fees, and a book allowance not to exceed two hundred fifty dollars (\$250.00)
17 per semester.

18 **§ 116-209.44. Eligibility for Long Leaf Pine Grant.**

19 (a) To be eligible for a Long Leaf Pine Grant, a student seeking a diploma or
20 certificate at a College of the North Carolina Community College System shall:

21 (1) Meet residency requirements by meeting the requirements to be
22 classified as a legal resident of North Carolina that shall be based upon
23 the in-State tuition policy of the Board of Governors; and

24 (2) Meet enrollment standards by being admitted, enrolled, and classified
25 as an undergraduate student in a matriculated status in a program of
26 study leading to a certificate or diploma and maintaining satisfactory
27 academic progress in accordance with the standards and practices used
28 for federal Title IV programs by the institution at which the student is
29 enrolled.

30 (b) There is no minimum number of hours of enrollment required for eligibility
31 for a Long Leaf Pine Grant under this section.

32 (c) An eligible student may receive Long Leaf Pine Grants for all coursework
33 required by the institution for two programs of study leading to a certificate or diploma,
34 including remedial or developmental studies. A student may change the program of
35 study twice.

36 (d) Subject to the amounts appropriated by the General Assembly and provisions
37 relating to the scholarship shortfall reserve subaccount in G.S. 116-209.47, a Long Leaf
38 Pine Grant awarded under this section shall include tuition, approved mandatory fees,
39 and a book allowance not to exceed two hundred fifty dollars (\$250.00) per semester.

40 **§ 116-209.45. High school reporting systems.**

41 Each high school shall adopt the following reporting system for purposes of
42 identifying and qualifying graduating seniors for the Old North State Scholarship and
43 the Long Leaf Pine Grant program:

- 1 (1) For students graduating from high school in 2003, or thereafter, a final
2 grade point average of at least a 3.5 on a 4 point scale in their core
3 curriculum subjects if the student meets the college preparatory
4 curriculum requirements, and graduates in the top ten percent (10%) of
5 their graduating class; or
6 (2) For students graduating from high school in 2003 or thereafter, a final
7 grade point average of at least a 3.5 on a 4 point scale in their core
8 curriculum subjects if the student meets the career and technical
9 curriculum requirements, and graduates in the top ten percent (10%) of
10 their graduating class.

11 **"§ 116-209.46. Old North State/Long Leaf Pine Trust Fund.**

12 There shall be an Old North State/Long Leaf Pine Trust Fund to be administered by
13 the State Education Assistance Authority, to provide for the funding of scholarships and
14 grants to students qualified under the provisions of this Article. Each fiscal year, net
15 proceeds of any lottery, which the General Assembly may, by law, create and regulate,
16 shall be transferred to the trust fund. In the event the General Assembly does not create
17 a lottery, notwithstanding any other provision of law, there is annually appropriated
18 from the General Fund to the Old North State/Long Leaf Pine Trust Fund an amount
19 equal to the amount that would otherwise have been distributed to local governments
20 pursuant to the following sections of the General Statutes, repealed by Section 34.15 of
21 S.L. 2001-424, in the fiscal year their repeal becomes effective:

- 22 (1) G.S. 105-164.44C. Reimbursement for sales taxes on food stamp foods
23 and supplemental foods.
24 (2) G.S. 105-275.1. Reimbursement for exclusion of manufacturers'
25 inventories and poultry and livestock.
26 (3) G.S. 105-275.2. Reimbursement to counties and municipalities for
27 repeal of State tax on intangible personal property.
28 (4) G.S. 105-277.001. Reimbursement for exclusion of retailers' and
29 wholesalers' inventories.
30 (5) G.S. 105-277.1A. Property classified for taxation at reduced valuation;
31 duties of tax collectors; reimbursement of localities for portion of tax
32 lost.

33 Any funds appropriated under this subsection and not needed to fund scholarships
34 and grants, and not needed to maintain the Scholarship Shortfall Reserve subaccount in
35 G.S. 116-209.38, shall revert to the General Fund.

36 **"§ 116-209.47. Scholarship Shortfall Reserve Subaccount.**

37 There shall be a Scholarship Shortfall Reserve subaccount established for the
38 purposes of holding money from the Scholarship Trust Fund to make up the difference
39 in cost of scholarships and grants to recipient students in years for which revenues in the
40 Scholarship Trust Fund fall below needed amounts to continue the funding of such
41 scholarships and grants. The purpose of this subaccount shall be to prevent the loss of
42 scholarships and grants to students during their course of study for reasons unrelated to
43 their eligibility. An amount equal to fifty 50 percent (50%) of the total amount of funds
44 in the Scholarship Trust Fund disbursed during the preceding fiscal year in the form of

1 scholarships and grants shall be deposited and maintained in the Scholarship Shortfall
2 reserve subaccount. If the net proceeds paid into the Scholarship Trust Fund in any year
3 are not sufficient to meet the amount appropriated for scholarships and grants, the
4 Shortfall Reserve subaccount may be drawn to meet the deficiency. In the event it
5 becomes necessary to draw from the reserve subaccount in any fiscal year, the
6 scholarship program shall be reviewed by The University of North Carolina Board of
7 Governors and the North Carolina Community College Board of Trustees and shall be
8 reduced to accommodate available trust fund proceeds, exclusive of the shortfall reserve
9 subaccount, through such methods as reducing the family income cap qualification,
10 reducing or eliminating grants for student fees and books, and reducing the academic
11 years funded.

12 **"§ 116-209.48. Tuition and fee policy.**

13 The University of North Carolina Board of Governors, the North Carolina
14 Community College Board of Trustees, Governor, and General Assembly shall not
15 consider the Old North State Scholarship or Long Leaf Pine Grant when setting tuition
16 and fee schedules, such that tuition and fees are raised on the scholarship or grant
17 recipient to maximize institutional dollars flowing from the Trust Fund or such that
18 tuition and fees are raised on the general student population.

19 **"§ 116-209.49. Federal aid.**

20 An Old North State Scholarship and a Long Leaf Pine Grant may be applied only to
21 tuition and mandatory fees not covered by any Pell Grant or other federal grant. Before
22 receiving scholarships under this Article, all students shall apply for the federal Pell
23 grant and apply any funds received under the Pell Grant to their tuition and fees.

24 **"§ 116-209.50. Rules and funding.**

25 (a) The University of North Carolina Board of Governors and the North Carolina
26 Community College Board of Trustees may issue rules not inconsistent with the
27 provisions of this Article relating to grants and scholarships described in this Article.

28 (b) The funding for the scholarships and grants described in this Article shall be
29 subject to annual appropriations enacted by the General Assembly which shall establish
30 the total amount of funding for these scholarships and grants.

31 **"§ 116-209.51. Department of Public Instruction rules.**

32 The Department of Public Instruction shall develop procedures for all of the
33 following:

34 (1) Weighting high school grades to ensure fairness.

35 (2) Weighting high school grades to take into account any grade inflation.

36 (3) Assessing students who are home schooled.

37 **"§ 116-209.52. Payment procedures.**

38 The State Education Assistance Authority shall develop a procedure for the payment
39 of the scholarships and grants to the institutions of higher education and for monitoring
40 recipients of the scholarships to ensure that they remain eligible for the support based on
41 successful progress toward the receipt of a degree."

42 **SECTION 2.** Article IX of the Constitution of North Carolina is amended by
43 adding a new section to read:

44 **"Sec. 6. State Lottery.**

- 1 (1) The General Assembly may by law provide for the operation and
2 regulation of a lottery or lotteries by or on behalf of the State and for
3 any matters relating to the purposes or provisions of this section.
4 Proceeds derived from the lottery or lotteries operated by or on behalf
5 of the State shall be used to pay the operating expenses of the lottery
6 or lotteries, including all prizes, without any appropriation required by
7 law, and for the programs and purposes as provided by this section.
- 8 (2) Net proceeds of a lottery or lotteries operated by or on behalf of the
9 State, after payment of operating expenses and prizes, shall be
10 separately accounted for and shall be specifically identified by the
11 Governor in the budget presented to the General Assembly as a
12 separate budget category entitled 'Lottery Proceeds', and the Governor
13 shall make specific recommendations as to the educational programs
14 and educational purposes to which those net proceeds shall be
15 appropriated. The General Assembly shall appropriate all 'Lottery
16 Proceeds' only for educational programs and educational purposes in a
17 separate budget category. The 'Lottery Proceeds' shall be used to
18 support improvements and enhancements in educational programs and
19 educational purposes, and these 'Lottery Proceeds' shall be used to
20 supplement, not supplant, nonlottery resources for the educational
21 programs and educational purposes."

22 **SECTION 3.** The amendment set out in Section 1 of this act shall be
23 submitted to the qualified voters of the State at the general election in November 2002,
24 which election shall be conducted under the laws then governing elections in the State.
25 Ballots, voting systems, or both may be used in accordance with Chapter 163 of the
26 General Statutes. The question to be used in the voting systems and ballots shall be:

27 " FOR AGAINST

28 Constitutional amendment limiting the use of proceeds of any lottery or
29 lotteries operated by or on behalf of the State to specific purposes and to provide that
30 those lottery proceeds shall supplement and not supplant funds from nonlottery sources
31 for those purposes."

32 **SECTION 4.** If a majority of the votes cast on the question are in favor of
33 the amendment set out in Section 1 of this act, the State Board of Elections shall certify
34 the amendment to the Secretary of State. The amendment becomes effective upon this
35 certification. The Secretary of State shall enroll the amendment so certified among the
36 permanent records of that office.

37 **SECTION 5.** This act is effective when it becomes law and shall apply to
38 scholarships and grants for the academic year beginning with the Fall semester of 2003.