

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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S.B. 816
PRINCIPAL CLERK

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SENATE BILL DRS35357-MTa-171

Short Title: Child. of Wartime Vets Sch'ship Funds & Flex. (Public)

Sponsors: Senators Brinson, McInnis, and Ford (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS FOR THE CHILDREN OF WARTIME VETERANS
3 SCHOLARSHIP PROGRAM AND TO EXPAND FLEXIBILITY PROVIDED FOR THE
4 CHILDREN OF WARTIME VETERANS SCHOLARSHIP FUNDS PROGRAM TO
5 INCLUDE THE 2026-2027 ACADEMIC YEAR.

6 The General Assembly of North Carolina enacts:

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8 **PART I. FUNDS FOR RECIPIENTS OF THE CHILDREN OF WARTIME VETERANS**
9 **SCHOLARSHIP IN THE 2025-2026 ACADEMIC YEAR**

10 **SECTION 1.** There is appropriated from the General Fund to the Board of Governors
11 of The University of North Carolina for the 2025-2026 fiscal year the sum of one million dollars
12 (\$1,000,000) in nonrecurring funds to be allocated to the State Education Assistance Authority
13 (Authority) to increase award amounts for recipients of scholarships for the children of wartime
14 veterans for the 2025-2026 academic year up to the full amounts permitted under Part 2 of Article
15 14 of Chapter 143B of the General Statutes to the extent those award amounts were reduced by
16 the Secretary of the Department of Military and Veterans Affairs pursuant to the award flexibility
17 provided in Part VI of S.L. 2025-72. If any of these funds remain after increasing award amounts
18 for scholarship recipients in accordance with this section, the Authority may use the remaining
19 funds to award additional scholarships for qualifying children of wartime veterans under Part 2
20 of Article 14 of Chapter 143B of the General Statutes, beginning in the 2026-2027 academic
21 year.
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23 **PART II. FUNDS FOR ADDITIONAL AWARDS FOR THE CHILDREN OF WARTIME**
24 **VETERANS SCHOLARSHIP IN THE 2026-2027 ACADEMIC YEAR**

25 **SECTION 2.(a)** Notwithstanding G.S. 143B-1226, for new applications for
26 scholarships for children of wartime veterans under Part 2 of Article 14 of Chapter 143B of the
27 General Statutes, the Secretary of the Department of Military and Veterans Affairs may increase
28 the number of Class II and Class III scholarships awarded in the 2026-2027 academic year from
29 100 to 200 children in each class.

30 **SECTION 2.(b)** There is appropriated from the Escheat Fund to the Board of
31 Governors of The University of North Carolina the sum of ten million dollars (\$10,000,000) in
32 recurring funds beginning in the 2026-2027 fiscal year to be allocated to the State Education
33 Assistance Authority to support additional scholarships for qualifying children of wartime
34 veterans under Part 2 of Article 14 of Chapter 143B of the General Statutes in accordance with
35 subsection (a) of this section.

36 **SECTION 2.(c)** This section becomes effective July 1, 2026.



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2 **PART III. EXPAND EXISTING FLEXIBILITY FOR THE CHILDREN OF WARTIME**
3 **VETERANS SCHOLARSHIP FUNDS PROGRAM TO INCLUDE THE 2026-2027**
4 **ACADEMIC YEAR**

5 **SECTION 3.** Section 6 of S.L. 2025-72 reads as rewritten:

6 **"SECTION 6.(a)** For purposes of subsection (b) of this section, the following definitions
7 shall apply:

- 8 (1) Authority. – The State Education Assistance Authority.
9 (2) Commission. – The Veterans' Affairs Commission of the Department.
10 (3) Department. – The Department of Military and Veterans Affairs.
11 (4) Program. – The program administered by the Department to award scholarship
12 funds that is referred to as Scholarships for Children of Wartime Veterans.
13 (5) Scholarship funds. – Scholarship funds awarded to the child of a North
14 Carolina veteran under Part 2 of Article 14 of Chapter 143B of the General
15 Statutes.
16 (6) Secretary. – The Secretary of the Department of Military and Veterans Affairs.

17 **"SECTION 6.(b)** Notwithstanding Part 2 of Article 14 of Chapter 143B of the General
18 Statutes and any rules adopted or determinations made by the Veterans Affairs Commission, for
19 the ~~2024-2025 academic year and the 2025-2026 academic year, 2024-2025, 2025-2026, and~~
20 2026-2027 academic years, the following shall apply relating to the administration of scholarship
21 funds under the Program:

- 22 (1) Within funds available for the Program, the following shall be determined:
23 a. Due to the sacrifice of veterans for the State of North Carolina and the
24 unique needs and challenges of the children of wartime veterans to
25 ensure they have the greatest opportunities to reach their higher
26 education attainment goals, if there are additional eligible recipients,
27 other than those identified by the Department under this Program, who
28 are attending public colleges and universities of the State who may
29 qualify to have their scholarships funded with monies from the Escheat
30 Fund, the Authority, after consultation with the Secretary, may fund
31 those scholarships with monies from the Escheat Fund.
32 b. For the 2025-2026 and 2026-2027 academic years, the following shall
33 occur:
34 I. After consultation with the Authority, the Secretary shall
35 determine whether to prioritize the award of new applicants ~~for~~
36 ~~the 2025-2026 academic year as follows:~~
37 I. ~~in~~ In Class I-A, I-B, and IV scholarships, prior to
38 awarding Class II and III scholarships. Class II and
39 Class III awards may be determined following awards
40 for Class I-A, I-B, and IV depending on the availability
41 of funds for the Program.
42 II. For the 2026-2027 academic year only, in scholarships
43 for new applicants who meet the following
44 requirements:
45 A. Apply to receive scholarships as undergraduate
46 students.
47 B. Qualify as residents for tuition purposes under
48 the criteria set forth in G.S. 116-143.1 and in
49 accordance with the coordinated and
50 centralized residency determination process
51 administered by the Authority.

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C. Are otherwise eligible to receive scholarships in accordance with the Program requirements.

e.2. The Secretary, after consulting with the Authority, may determine the following based on the number of eligible students, including new and renewal students, ~~that have applied for the 2025-2026 academic year, students:~~

I. For the 2025-2026 academic year, whether to reduce the room and board allowance award for students attending a public institution and the maximum allowance award for students attending private institutions, prior to August 15, 2025.

II. For the 2026-2027 academic year, whether to establish a standardized payment schedule or formula within available funds for the academic year to ensure the efficient and effective administration of the scholarships.

d.3. ~~After the actions set forth in sub-subdivisions a., b., and c. of this subdivision have been taken, for awards for the 2025-2026 academic year,~~ After the preceding actions have been taken, if funds available for the Program are still insufficient to provide scholarships to all eligible students, the Authority may adjust and standardize award amounts as necessary, including establishing a lottery and providing pro rata scholarship awards for room and board, or both, for the applicable academic year, to ensure the efficient administration of the scholarship funds.

- (2) All scholarship notifications shall include language that the award of the scholarship is contingent upon the availability of funds.
- (3) The Authority shall disburse scholarship funds in accordance with G.S. 116-204(11a).
- (4) From the total amount of funding appropriated to the Board of Governors of The University of North Carolina and allocated to the Authority in a fiscal year to support the award of scholarship funds under the Program, the Authority may use an amount of up to two and one-half percent (2.5%) for administration costs related to the Program from the allocation from the General Fund. The Authority shall place any unexpended and unencumbered appropriated funds remaining at the end of the ~~2024-2025 and 2025-2026 fiscal years~~ 2024-2025, 2025-2026, and 2026-2027 fiscal years into an institutional trust fund established in accordance with the provisions of G.S. 116-36.1. Those funds may be used for the purpose of awarding scholarships under the Program and for administration costs of the Authority related to the Program.

"SECTION 6.(c) This section becomes effective June 30, 2025, and applies to awards granted for the ~~2024-2025 and 2025-2026 academic years~~ 2024-2025, 2025-2026, and 2026-2027 academic years."

PART IV. EFFECTIVE DATE

SECTION 4. Except as otherwise provided, this act is effective when it becomes law.