

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS35385-MTa-163

Short Title: Add Home Schools to Opportunity Scholarships. (Public)

Sponsors: Senator Burgin (Primary Sponsor).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PERMIT OPPORTUNITY SCHOLARSHIPS TO BE AWARDED TO
3 STUDENTS IN HOME SCHOOLS AND TO APPROPRIATE FUNDS FOR THAT
4 PURPOSE.

5 The General Assembly of North Carolina enacts:

6 SECTION 1.(a) G.S. 115C-562.1 reads as rewritten:

7 "§ 115C-562.1. Definitions.

8 The following definitions apply in this Part:

- 9 (1) Authority. – The State Education Assistance Authority.
10 (2) Division. – The Division of Nonpublic Education, Department of
11 Administration.
12 (3) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
13 (3a) Eligible student. – A student residing in North Carolina who has not yet
14 received a high school diploma and who meets all of the following
15 requirements:
16 a. Is eligible to attend a North Carolina public school pursuant to Article
17 25 of this Chapter. A child who is the age of 4 on or before April 16 is
18 eligible to attend the following school year if the principal, or
19 equivalent, of the school in which the child seeks to enroll finds that
20 the student meets the requirements established by the Authority
21 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the
22 Authority.
23 b. Has not been enrolled in a postsecondary institution as a full-time
24 student taking at least 12 hours of academic credit.
25 c. Has not been placed in a nonpublic school or facility by a public
26 agency at public expense.
27 (3c) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
28 (3d) Home school. – A nonpublic school that meets the requirements of Part 3 of
29 Article 39 of this Chapter as identified by the Division.
30 (4) Local school administrative unit. – A local school administrative unit, charter
31 school, or regional school.
32 (5) Nonpublic school. – A school that meets the requirements of ~~Part 1 or Part 2~~
33 Part 1, Part 2, or Part 3 of this Article as identified by the Division.
34 (5c) Repealed by Session Laws 2023-134, s. 8A.6(a), effective July 1, 2023.
35 (5d) Private school. – A school that meets the requirements of Part 1 or Part 2 of
36 this Article as identified by the Division.



* D R S 3 5 3 8 5 - M T A - 1 6 3 *

1 (5e) Reserve. – The Opportunity Scholarship Grant Fund Reserve established
2 under G.S. 115C-562.8.

3 (6) Scholarship grants. – Grants awarded annually by the Authority to eligible
4 students."

5 **SECTION 1.(b)** G.S. 115C-562.2 reads as rewritten:

6 **"§ 115C-562.2. Scholarship grants.**

7 (a) The Authority shall make available no later than February 1 annually applications to
8 eligible students for the award of scholarship grants to attend any nonpublic school on a full- or
9 part-time basis. Information about scholarship grants and the application process shall be made
10 available on the Authority's website. Beginning March 15, the Authority shall begin awarding
11 scholarship grants to students who have applied by March 1 in the following order:

12 (1) Eligible students who received a scholarship grant for the school year prior to
13 the school year for which the students are applying.

14 (2) Eligible students ~~qualifying for a scholarship grant in the amount provided~~
15 ~~under subdivision (1) of subsection (b2) of this section.~~residing in households
16 with an income level not in excess of the amount required for the student to
17 qualify for the federal free or reduced-price lunch program.

18 (3) Eligible students ~~qualifying for a scholarship grant in the amount provided~~
19 ~~under subdivision (2) of subsection (b2) of this section.~~residing in households
20 with an income level between the amount required for the student to qualify
21 for the federal free or reduced-price lunch program and not in excess of two
22 hundred percent (200%) of that amount.

23 (4) Eligible students ~~qualifying for a scholarship grant in the amount provided~~
24 ~~under subdivision (3) of subsection (b2) of this section.~~residing in households
25 with an income level of between two hundred percent (200%) of the amount
26 required for the student to qualify for the federal free or reduced-price lunch
27 program and not in excess of four hundred fifty percent (450%) of that
28 amount.

29 (5) All other students.

30 ...

31 (b2) Scholarship grants shall be awarded to eligible students as follows:

32 (1) For students enrolled in private schools:

33 ~~(1)a.~~ For students residing in households with an income level not in excess
34 of the amount required for the student to qualify for the federal free or
35 reduced-price lunch program, per year per eligible student, an amount
36 of up to one hundred percent (100%) of the average State per pupil
37 allocation for average daily membership in the prior fiscal year.

38 ~~(2)b.~~ For students residing in households with an income level between the
39 amount required for the student to qualify for the federal free or
40 reduced-price lunch program and not in excess of two hundred percent
41 (200%) of that amount, per year per eligible student, an amount of up
42 to ninety percent (90%) of the average State per pupil allocation for
43 average daily membership in the prior fiscal year.

44 ~~(3)c.~~ For students residing in households with an income level of between
45 two hundred percent (200%) of the amount required for the student to
46 qualify for the federal free or reduced-price lunch program and not in
47 excess of four hundred fifty percent (450%) of that amount, per year
48 per eligible student, an amount of up to sixty percent (60%) of the
49 average State per pupil allocation for average daily membership in the
50 prior fiscal year.

1 (4)d. For all students, per year per eligible student, an amount of up to
2 forty-five percent (45%) of the average State per pupil allocation for
3 average daily membership in the prior fiscal year, unless the student
4 qualifies for a higher amount under this subsection.

5 (2) For students enrolled in home schools, per year per eligible student, the sum
6 of one thousand five hundred dollars (\$1,500).

7 (b3) ~~Tuition-Scholarship grant funds may be used for tuition and fees for a nonpublic~~
8 ~~school of a private school and required costs of a home school. Tuition and fees of a private~~
9 ~~school may include tuition and fees for books, transportation, equipment, or other items required~~
10 ~~by the nonpublic-private school. Required costs of a home school include costs for books,~~
11 ~~equipment, and other required items but do not include tuition, fees, or transportation.~~

12 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to
13 one hundred percent (100%) of the average State per pupil allocation for average daily
14 membership in the prior fiscal year, ~~and year.~~ For students in private school, no scholarship grant
15 shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.

16 "

17 **SECTION 1.(c)** G.S. 115C-562.4 reads as rewritten:

18 **"§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant**
19 **information.**

20 (a) The Division shall provide annually by December 31 to the Authority a list of all
21 nonpublic schools operating in the ~~State that meet both of the requirements of Part 1 or Part 2 of~~
22 ~~this Article and State and all nonpublic schools operating in the State that meet~~ the requirements
23 of G.S. 115C-562.5(a)(8). The Division shall notify the Authority of any schools included in the
24 list that the Division has determined to be ineligible within five business days of the
25 determination of ineligibility. The Division shall create, in collaboration with the Authority, a
26 unique identifier for each nonpublic school and provide the unique identifiers to the Authority
27 for all nonpublic schools that are registered with the Division.

28 "

29 **SECTION 1.(d)** G.S. 115C-562.5 reads as rewritten:

30 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
31 **scholarship grants.**

32 (a) A ~~nonpublic-private~~ school that accepts eligible students receiving scholarship grants
33 shall comply with the following:

34 ...

35 (4) Administer, at least once in each school year, tests as provided in this
36 subdivision. Test performance data shall be submitted to the Authority by July
37 15 of each year. Test performance data reported to the Authority under this
38 subdivision is not a public record under Chapter 132 of the General Statutes.
39 Tests shall be administered to all eligible students enrolled in grades three and
40 higher whose tuition and fees are paid in whole or in part with a scholarship
41 grant as follows:

42 a. The nationally standardized test designated by the Authority in grades
43 three and eight.

44 b. The ACT in grade 11.

45 c. A nationally standardized test or other nationally standardized
46 equivalent measurement selected by the chief administrative officer of
47 the ~~nonpublic school-private school~~ in all other grades four and higher.
48 For grades four through seven, the nationally standardized test or other
49 equivalent measurement selected must measure achievement in the
50 areas of English grammar, reading, spelling, and mathematics. For
51 grades nine, 10, and 12, the nationally standardized test or other

1 equivalent measurement selected must measure either (i) achievement
2 in the areas of English grammar, reading, spelling, and mathematics
3 or (ii) competencies in the verbal and quantitative areas.

4 ...

5 (b) A ~~nonpublic-private~~ school that accepts students receiving scholarship grants shall
6 not require any additional fees based on the status of the student as a scholarship grant recipient.

7 (c) A ~~nonpublic-private~~ school enrolling more than 25 students in any grade whose tuition
8 and fees are paid in whole or in part with a scholarship grant shall provide and retain information
9 on student test performance in each grade with more than 25 students, as follows:

10 (1) Report to the Authority on the aggregate standardized test performance of
11 eligible students in grades three, eight, and 11. Aggregate test performance
12 data reported to the Authority which does not contain personally identifiable
13 student data shall be a public record under Chapter 132 of the General Statutes.
14 Test performance data may be shared with public or private institutions of
15 higher education located in North Carolina and shall be provided to an
16 independent research organization selected by the Authority for research
17 purposes as permitted by the Federal Education Rights and Privacy Act, 20
18 U.S.C. § 1232g.

19 (2) Retain standardized test performance data for eligible students in all other
20 grades and annually certify to the Authority compliance with the requirements
21 of subdivision (4) of subsection (a) of this section.

22 (c1) A ~~nonpublic-private~~ school shall not discriminate with respect to the categories listed
23 in 42 U.S.C. § 2000d, as that statute read on January 1, 2014.

24 (c2) A home school that accepts students receiving scholarship grants shall comply with
25 the requirements of Part 3 of this Article.

26 (d) If the Authority determines that a nonpublic school is not in compliance with the
27 requirements of this section, the nonpublic school shall be ineligible to receive future scholarship
28 funds. ~~The nonpublic~~ A private school shall notify the parent or guardian of any enrolled student
29 receiving a scholarship grant that the ~~nonpublic-private~~ school is no longer eligible to receive
30 future scholarship grants. The Authority shall establish by rule a process for a nonpublic school
31 to appeal for reconsideration of eligibility after one year. To ensure compliance, the Board of
32 Directors of the Authority shall review the criminal history provided under subdivision (2) of
33 subsection (a) of this section to ensure that the person has not been convicted of any crime listed
34 in G.S. 115C-332. The Board shall determine through this review whether the ~~nonpublic-private~~
35 school is noncompliant with this section. The Board shall make written findings with regard to
36 how the criminal history information was used when making the compliance determination. The
37 Board of Directors may delegate any of the duties in this subsection to the Executive Director of
38 the Authority. As part of its review, the Board shall determine whether the results indicate that
39 the staff member has any of the following disqualifying characteristics:

40 (1) Poses a threat to the physical safety of students or personnel.

41 (2) Demonstrates that he or she does not have the integrity or honesty to fulfill his
42 or her duties in overseeing State funds and the requirements of the scholarship
43 grant program.

44 (3) Has not fully satisfied the criminal sentencing obligations imposed following
45 his or her conviction by a court of competent jurisdiction.

46 (e) If a nonpublic school terminates operation during the school's regular schedule and
47 fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed
48 to the Authority in a timely manner for students who received scholarship grants, any other
49 nonpublic school opened during that school year or subsequent school years by an ~~owner or chief~~
50 ~~administrator~~ owner, chief administrator, or parent listed in the report submitted to the Division
51 under subdivision (8) of subsection (a) of this section for that closed school shall be ineligible to

1 receive scholarship grants until such time the Authority determines the obligation to return those
 2 funds has been satisfied."

3 **SECTION 1.(e)** G.S. 115C-562.6 reads as rewritten:

4 "**§ 115C-562.6. Scholarship endorsement.**

5 The Authority shall remit, at least two times each school year, scholarship grant funds
 6 awarded to eligible students to the nonpublic ~~school-school~~. Scholarship grant funds awarded to
 7 eligible students to a private school shall be remitted for endorsement by at least one of the
 8 student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship
 9 grant funds awarded to the eligible student for deposit into the account of the ~~nonpublic-private~~
 10 school to the credit of the eligible student. The parent or guardian shall not designate any entity
 11 or individual associated with the ~~nonpublic-private~~ school as the parent's attorney-in-fact to
 12 endorse the scholarship grant funds. A parent's or guardian's failure to comply with this section
 13 shall result in forfeit of the scholarship grant. A scholarship grant forfeited for failure to comply
 14 with this section shall be returned to the Authority to be awarded to another student."

15 **SECTION 2.(a)** There is appropriated from the General Fund to the Opportunity
 16 Scholarship Grant Fund Reserve the sum of two hundred fifty million dollars (\$250,000,000) in
 17 additional recurring funds for the 2026-2027 fiscal year.

18 **SECTION 2.(b)** G.S. 115C-562.8(b) reads as rewritten:

19 "(b) The General Assembly finds that, due to the critical need in this State to provide
 20 opportunity for school choice for North Carolina students, it is imperative that the State provide
 21 an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,
 22 there is appropriated from the General Fund to the Reserve the following amounts for each fiscal
 23 year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
24 ...	
25 2027-2028	\$700,000,000 <u>\$950,000,000</u>
26 2028-2029	\$725,000,000 <u>\$975,000,000</u>
27 2029-2030	\$750,000,000 <u>\$1,000,000,000</u>
28 2030-2031	\$775,000,000 <u>\$1,025,000,000</u>
29 2031-2032	\$800,000,000 <u>\$1,050,000,000</u>

30
 31 For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the
 32 General Fund to the Reserve the sum of ~~eight hundred twenty-five million dollars (\$825,000,000)~~
 33 one billion seventy-five million dollars (\$1,075,000,000) to be used for the purposes set forth in
 34 this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year
 35 specified in this subsection, the Director of the Budget shall include the appropriated amount
 36 specified in this subsection for that fiscal year."

37 **SECTION 3.** This act becomes effective July 1, 2026, and applies to applications
 38 for scholarship grants beginning with the 2027-2028 school year.