

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

S

2

SENATE BILL 990
Education/Higher Education Committee Substitute Adopted 5/13/26

Short Title: Students First Act.

(Public)

Sponsors:

Referred to:

May 4, 2026

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE PROTECT CAMPUS SURVIVORS ACT AND TO
3 APPROPRIATE FUNDS TO THE UNIVERSITY OF NORTH CAROLINA TO SUPPORT
4 PUBLIC EDUCATION.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. PROTECT CAMPUS SURVIVORS ACT**

8 **SECTION 1.(a)** Chapter 132 of the General Statutes is amended by adding a new
9 section to read:

10 "**§ 132-1.3B. Records of student disciplinary proceedings held by public institutions of**
11 **higher education.**

12 (a) Definitions. – The following definitions apply in this section:

13 (1) Disciplinary proceeding. – Any complaint, investigation, adjudication, or
14 resolution of an alleged violation of or noncompliance with any disciplinary
15 or conduct rules or other policies that apply to students adopted by a public
16 institution of higher education.

17 (2) Personally identifiable information. – As defined in regulations adopted under
18 the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g.

19 (3) Public institution of higher education. – The University of North Carolina
20 System Office, a constituent institution of The University of North Carolina
21 that is an institution of higher education, the Community Colleges System
22 Office, and a community college.

23 (b) Confidential Information. – A public record, as defined by G.S. 132-1, does not
24 include any record of a disciplinary proceeding that reveals personally identifiable information
25 about a student enrolled in a public institution of higher education, even if releasing the record
26 would be permitted by the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g.

27 (c) Exception for General Information. – This section does not limit the disclosure of a
28 public record that does not contain personally identifiable information from a student disciplinary
29 proceeding, including aggregated data, guidelines, instructions, or summaries."

30 **SECTION 1.(b)** G.S. 116-43.17 reads as rewritten:

31 "**§ 116-43.17. Confidentiality of research data, records, and information of a proprietary**
32 **nature.certain records.**

33 The following are not public records under Chapter 132 of the General Statutes:

34 (1) Research data, records, or information of a proprietary nature, produced or
35 collected by or for state institutions of higher learning in the conduct of
36 commercial, scientific, or technical research where the data, records, or



1 information has not been patented, published, or ~~copyrighted~~ are not public
2 records as defined by G.S. 132-1. copyrighted.

3 (2) Any record of a disciplinary proceeding that reveals personally identifiable
4 information about a student, as provided in G.S. 132-1.3B."

5 **SECTION 1.(c)** G.S. 115D-78 reads as rewritten:

6 "**§ 115D-78. Access to information and public records; small business counseling**
7 **information.**

8 (a) In accordance with Chapter 132 of the General Statutes, all rules, regulations and
9 public records of the State Board of Community Colleges, the Community Colleges System
10 Office, and local boards of trustees shall be available for examination and reproduction on
11 payment of fees by any person.

12 (a1) Any record of a disciplinary proceeding that reveals personally identifiable
13 information about a student is not a public record, as provided in G.S. 132-1.3B.

14"

15 **SECTION 1.(d)** This section is effective when it becomes law and applies to requests
16 for records of a disciplinary proceeding that reveals personally identifiable information about a
17 student submitted on or after that date.

18 **PART II. WEIGHTED STUDENT FUNDING FORMULA WORK GROUP**

19 **SECTION 2.(a)** The Office of Learning Research at the North Carolina
20 Collaboratory shall establish a work group (Work Group) of experts in public education finance,
21 including the Department of Public Instruction, North Carolina Business Leaders for Education,
22 doing business as BEST NC (Business for Educational Success and Transformation), and other
23 relevant stakeholders, to study and develop a strategy to transition North Carolina to a weighted
24 student funding model for kindergarten through twelfth grade public education. No later than
25 July 15, 2027, the Work Group shall report to the Joint Legislative Education Oversight
26 Committee on a three-year strategy to transition from the current allotment-based funding model
27 to a weighted student funding formula model, including policy, funding, messaging, and
28 technical assistance needed for leaders of local school administrative units and schools within
29 those units. The strategy shall include an examination of all of the following:

30 (1) Options to do at least the following under the new funding formula:

- 31 a. Consolidate non-teaching support funds into a per pupil-based
32 allotment with significant flexibility.
- 33 b. Transition teacher pay from a position allotment to a dollar allotment
34 based on average daily membership in order to maintain student-based
35 funding with greater average teacher pay transparency and flexibility.
- 36 c. Reassign all project- or resource-based funding into a set of designated
37 line items.
- 38 d. Determine whether need-based funds can be consolidated and
39 transitioned into a per pupil figure.
- 40 e. Report on spending and provide any other needed accountability for
41 the use of State funds.

42 (2) Whether to transition from the North Carolina Department of Public
43 Instruction to the State Education Assistance Authority the responsibility of
44 disbursing any funds to local school administrative units.

45 **SECTION 2.(b)** There is appropriated from the General Fund to the Board of
46 Governors of The University of North Carolina the sum of three hundred thousand dollars
47 (\$300,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the North
48 Carolina Collaboratory for the Office of Learning Research to establish the Work Group to
49 develop a strategy to transition North Carolina to a weighted student funding model for
50 kindergarten through twelfth grade public education in accordance with this section.
51

PART III. STUDENT-BASED EDUCATIONAL WALLET PILOT PROGRAM

SECTION 3.(a) Program; Purpose. – There is established the Student-Based Educational Wallet Pilot Program (Pilot) for the 2027-2028 fiscal year to be administered by the State Education Assistance Authority (Authority) in coordination with one public school unit selected by the Authority to participate in the Pilot. The purpose of the Pilot is to foster personalized learning pathways and expand access to educational enrichment by providing funds for high school students to participate in eligible activities and credit-bearing activities. The goal of the Pilot is to establish a streamlined process for students to participate in credit-bearing activities.

SECTION 3.(b) Definitions. – The following definitions shall apply in this section:

- (1) Approved provider. – An entity, including a business, nonprofit, vendor, or other organization or institution, that has been approved by the participating public school unit to provide eligible activities, including credit-bearing activities, for participating students.
- (2) Credit-bearing activity. – An eligible activity that is approved by the participating public school unit as providing instruction that qualifies a participating student to receive one or more academic credits.
- (3) Eligible activity. – A program, course, or experience occurring outside the traditional classroom that is provided to a participating student by an approved provider and approved by the participating public school unit, including the following:
 - a. Career and technical education programs, including student internships.
 - b. Art, music, and other performance-based activities.
 - c. Science, technology, engineering, and mathematics competitions or research programs.
 - d. Leadership and civic engagement programs.
 - e. Athletic and other physical education programs that have some instructional component.
- (4) Eligible student. – Any student who meets all of the following criteria:
 - a. Submits an application to the Authority to participate in the Pilot.
 - b. Is enrolled in the high school selected by the participating public school unit to participate in the Pilot.
- (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- (6) Participating public school unit. – The public school unit identified by the Authority to participate in the Pilot.
- (7) Participating student. – An eligible student who is admitted to participate in the Pilot by the Authority and whose parent signs the parental agreement.
- (8) Qualifying educational expenses. – Tuition, fees, and materials for approved providers for eligible activities, including credit-bearing activities.
- (9) Student-based educational wallet or SBEW. – An electronic account provided to a parent for the purpose of holding funds awarded by the Authority for a participating student to engage in eligible activities in accordance with the Pilot.

SECTION 3.(c) Selection of Participating Unit. – No later than August 1, 2026, the Authority shall establish a process to select one participating public school unit for the Pilot. No later than January 1, 2027, the participating public school unit shall provide the Authority with the name of the high school in the unit that will be participating in the Pilot and a list of (i) eligible students, (ii) eligible activities, and (iii) approved providers. The participating public school unit shall only select one high school in the unit to participate in the Pilot. The participating public

1 school unit shall enter into a data-sharing agreement with the Authority for the purpose of
2 administering the Pilot and for the protection of student data.

3 **SECTION 3.(d)** Selection of Participating Students. – No later than February 2,
4 2027, the Authority shall make available applications to eligible students for the award of funds
5 for a SBEW to be used for qualifying educational expenses pursuant to the Pilot. Applications
6 shall be submitted electronically. No later than April 15, 2027, the Authority shall admit any
7 eligible student to the Pilot for the 2027-2028 school year who submitted a timely application
8 and whose parent signed the parental agreement. If the funds provided for the Pilot are
9 insufficient to admit all eligible students, the Authority may adopt a lottery process for the
10 selection of participating students.

11 **SECTION 3.(e)** Award of Funds. – The Authority shall award funds for the
12 2027-2028 school year to participating students on a per student basis in an amount of up to three
13 hundred ninety-five dollars (\$395.00) per student. Grant funds shall only be used for qualifying
14 educational expenses in accordance with the parental agreement. The award of funds through a
15 SBEW shall be subject to the execution of a parental agreement as required by subsection (f) of
16 this section. The parent shall then receive an electronic account for the receipt of funds for
17 qualifying educational expenses incurred in the 2027-2028 school year. Requests for qualifying
18 educational expenses are subject to a preapproval process established by the Authority prior to
19 the disbursement of funds from the electronic account. An expense report shall not be required
20 for any expenses that have been preapproved by the Authority and the participating public school
21 unit.

22 **SECTION 3.(f)** Parental Agreement; Use of Funds. – The Authority shall provide
23 the parent of an eligible student who applies to participate in the Pilot with a written agreement
24 to be signed and returned to the Authority prior to receiving funds. The agreement shall be
25 submitted to the Authority electronically. The parent shall not designate any entity or individual
26 to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply
27 with this section shall result in a forfeit of funds and those funds may be awarded to another
28 eligible student. The parent shall agree to use the funds deposited into a SBEW only for the
29 qualifying educational expenses of the eligible student. These funds shall not be used for
30 noneducational expenses, including personal items or travel.

31 **SECTION 3.(g)** Credit Review. – Notwithstanding any policy or rule adopted by the
32 State Board of Education to the contrary, the participating public school unit shall determine
33 whether an eligible activity constitutes a credit-bearing activity. The Authority and the
34 participating public school unit shall establish a reporting time line for the Authority to provide
35 data on the use of funds for each semester per participating student. The participating public
36 school unit shall establish a review process for whether a student's participation in a
37 credit-bearing activity is sufficient for the student to receive credit. As part of the review process,
38 the student may submit information to the participating public school unit to demonstrate the
39 student's proficiency in the subject area, including portfolios, performance assessments, and
40 competency-based evaluations.

41 **SECTION 3.(h)** Administration. – The Authority, in consultation with the
42 participating public school unit, shall administer the student-based educational wallets for
43 participating students. As part of this process, the Authority shall establish an online portal for
44 students and parents to track account balances, review eligible activities, and submit
45 reimbursement requests. The Authority may contract with a private financial management firm
46 or institution to manage SBEWs in accordance with the Pilot. The Authority may audit a random
47 sampling of SBEWs to ensure compliance with the Pilot and may contract with an independent
48 entity to conduct these audits. The Authority may remove a parent or eligible student from the
49 program and close a SBEW for failure to comply with the terms of the parental agreement, for
50 failure to comply with applicable laws, or because the student is no longer an eligible student. Of
51 the funds allocated to the Authority to award funds under the Pilot, the Authority may retain fifty

1 thousand dollars (\$50,000) for administrative costs associated with the Pilot, including
2 contracting with non-State entities for administration of certain components of the Pilot.

3 **SECTION 3.(i)** Miscellaneous. – The following shall apply to the Pilot:

4 (1) Public records. – Applications to participate in the Pilot and personally
5 identifiable information related to eligible students receiving funds shall not
6 be a public record under Chapter 132 of the General Statutes. For the purposes
7 of this subdivision, personally identifiable information means any information
8 directly related to a student or members of a student's household, including
9 the name, birthdate, address, social security number, telephone number, email
10 address, or any other information or identification number that would provide
11 information about a specific student or members of a specific student's
12 household.

13 (2) No refunds to account holders. – An approved provider shall not refund or
14 rebate any funds to a parent or participating student in any manner. The parent
15 shall notify the Authority if such refund is required.

16 **SECTION 3.(j)** Report. – No later than February 15, 2028, the North Carolina
17 Collaboratory, in consultation with the Authority and the participating public school unit, shall
18 study and report to the Joint Legislative Education Oversight Committee on the implementation
19 of the Pilot and the impact of the Pilot on student success. At a minimum, the report shall include
20 the following additional information:

21 (1) The number of students who used funds provided to a SBEW and the amount
22 of funds used.

23 (2) The credit-bearing opportunities purchased with SBEW funds and the number
24 of credits earned.

25 (3) All approved providers receiving funds for providing eligible activities under
26 the Pilot and the amount of funding received by each approved provider.

27 **SECTION 3.(k)** Funds. – There is appropriated from the General Fund to the Board
28 of Governors of The University of North Carolina the sum of four hundred forty-five thousand
29 dollars (\$445,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the State
30 Education Assistance Authority to administer the Student-Based Educational Wallet Pilot
31 Program in accordance with this section. These funds shall not revert at the end of the 2026-2027
32 fiscal year but shall remain available until the end of the 2027-2028 fiscal year.

33 **PART IV. EFFECTIVE DATE**

34 **SECTION 4.** Except as otherwise provided, this act becomes effective July 1, 2026.
35