

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

**H**

**2**

**HOUSE BILL 1052\*  
Committee Substitute Favorable 6/16/20**

Short Title: PED Report/Student Financial Assistance.

(Public)

Sponsors:

Referred to:

April 30, 2020

A BILL TO BE ENTITLED

AN ACT TO MAKE NECESSARY IMPROVEMENTS TO ENSURE STATE FUNDS FOR POSTSECONDARY EDUCATIONAL FINANCIAL AID PROGRAMS ARE FULLY EXPENDED AND TO GAUGE THE EFFECTIVENESS OF THOSE PROGRAMS.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** G.S. 116-209.45(j) reads as rewritten:

"(j) Report to the General Assembly. – The Authority shall report no later than December 1, 2013, and annually thereafter to the Joint Legislative Education Oversight Committee regarding the Fund and loans awarded from the ~~Fund~~-Fund, including the total number of loan recipients by year who either (i) have met employment service requirements for loan forgiveness or (ii) elect cash loan repayment, including when years of employment are credited toward loan forgiveness prior to beginning cash repayment. The individual records used to generate this report shall be retained for a period of five years."

**SECTION 1.(b)** Notwithstanding G.S. 116-209.45(j), as amended by this section, the State Education Assistance Authority (Authority) shall include initial information on loan recipients of the Forgivable Education Loans for Service Program in its annual report no later than December 1, 2022. This initial information on the loan recipients shall also include the recipients' field of work.

**SECTION 1.(c)** The Authority shall develop and maintain a record-keeping system to track the repayment methods utilized by the recipients of State-funded educational loans that are eligible for forgiveness based on meeting individual program employment service requirements. The record-keeping system shall facilitate meeting data reporting requirements on State-funded educational loan programs, including for (i) the North Carolina Teaching Fellows Program under G.S. 116-209.62(j)(2) and (ii) the Forgivable Education Loans for Service Program under G.S. 116-209.45(j), and inform whether such programs are meeting the employment needs of the State. The Authority shall report on its progress in implementing the record-keeping system required by this section to the Joint Legislative Education Oversight Committee and the Joint Legislative Program Evaluation Oversight Committee by January 1, 2021.

**SECTION 2.(a)** G.S. 116-209.14 reads as rewritten:

**"§ 116-209.14. Annual Strategic plan; reports.**

(a) Strategic Plan. – The Authority shall biennially develop and maintain a strategic plan that sets forth the performance goals of the Authority in administering State-funded financial assistance for postsecondary programs in accordance with State law. The strategic plan shall include comprehensive performance measures in order to track and evaluate the Authority's effectiveness and progress toward meeting the performance goals established in the strategic



1 plan. The Authority shall make the most recent strategic plan publicly available on its Web site  
2 each year.

3 (b) Annual Reports. – The Authority shall, following the close of each fiscal year, publish  
4 an annual report of the implementation of its strategic plan and its activities for the preceding  
5 year to the Governor and the General Assembly. Each report shall set forth a include at least the  
6 following information:

7 (1) The strategic plan adopted by the Authority pursuant to subsection (a) of this  
8 section.

9 (2) A complete operating and financial statement covering the operations of the  
10 Authority during the year.

11 (3) Data metrics on the administration of State-funded financial assistance  
12 programs and recipients of financial assistance, including the following:

13 a. Information for each postsecondary institution enrolling students  
14 using State-funded financial assistance, including the amount of  
15 financial assistance used by students for each program administered  
16 by the Authority.

17 b. Demographic information on students who receive State-funded  
18 financial assistance, including socioeconomic profiles with income  
19 and dependency status for that fiscal year.

20 (c) Oversight. – The operations of the Authority shall be subject to the oversight of the  
21 State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

22 **SECTION 2.(b)** By January 1, 2021, the Authority shall report to the Joint  
23 Legislative Education Oversight Committee and the Joint Legislative Program Evaluation  
24 Oversight Committee on its progress in meeting the requirements set forth in subsection (a) of  
25 this section.

26 **SECTION 2.(c)** Subsection (a) of this section becomes effective July 1, 2021.

27 **SECTION 3.(a)** G.S. 116-25.1 reads as rewritten:

28 "**§ 116-25.1. Semester limitation on eligibility for The University of North Carolina**  
29 **need-based financial aid grants.**

30 (a) Grant Limitation. – Except as otherwise provided by this section, a student shall not  
31 receive a grant from The University of North Carolina Need-Based Financial Aid Program for  
32 more than 10 full-time academic semesters, or its equivalent if enrolled part-time, unless the  
33 student is enrolled in a program officially designated by the Board of Governors as a five-year  
34 degree program. If a student is enrolled in such a five-year degree program, then the student shall  
35 not receive a need-based grant from The University of North Carolina Need-Based Financial Aid  
36 Program for more than 12 full-time academic semesters or its equivalent if enrolled part-time.

37 (b) Waiver on Grant Limitation. – Upon application by a student, the constituent  
38 institution may grant a waiver to the student on the limitation set forth in subsection (a) of this  
39 section who may then receive a grant for the equivalent of one additional full-time academic  
40 semester if the student demonstrates that any of the following have substantially disrupted or  
41 interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical  
42 debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The  
43 Board of Governors shall establish policies and procedures to implement the waiver provided by  
44 this subsection.

45 (c) Administrative Costs. – The State Education Assistance Authority may use up to one  
46 and one-half percent (1.5%) of the funds appropriated for The University of North Carolina  
47 Need-Based Financial Aid Program each fiscal year for administrative costs."

48 **SECTION 3.(b)** This section becomes effective July 1, 2020.

49 **SECTION 4.** The Office of State Budget and Management (OSBM) shall develop  
50 recommendations on increasing transparency in administrative cost reporting for the Need-Based  
51 Scholarships for Students Attending Private Institutions of Higher Education Program

1 established under Article 34 of Chapter 116 of the General Statutes. The recommendations shall  
2 include a method for reporting program funding received by the Authority in its financial  
3 statements. OSBM shall report on the recommendations, including a time line for implementation  
4 of proposed changes and any required legislative modifications, to the Joint Legislative  
5 Education Oversight Committee and the Joint Legislative Program Evaluation Oversight  
6 Committee by October 1, 2020.

7           **SECTION 5.** Except as otherwise provided, this act is effective when it becomes  
8 law.