

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL DRS35422-MTa-192

Short Title: Study Student Loan Forgiveness Program/SEAA. (Public)

Sponsors: Senators Theodros and Garrett (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE STATE EDUCATION ASSISTANCE AUTHORITY TO STUDY THE FEASIBILITY AND ADVISABILITY OF ESTABLISHING A STUDENT LOAN FORGIVENESS AND TALENT RETENTION PROGRAM FOR GRADUATES OF PUBLIC INSTITUTIONS OF HIGHER EDUCATION LOCATED IN NORTH CAROLINA AND TO APPROPRIATE FUNDS FOR THAT PURPOSE.

Whereas, the public institutions of higher education located in North Carolina produce a skilled and educated workforce vital to the economic growth of the State; and

Whereas, many residents of North Carolina who pursue higher education through public institutions of higher education incur significant student loan debt; and

Whereas, retaining graduates of public institutions of higher education located in North Carolina strengthens the workforce of the State, supports the economic development of the State, and benefits local communities in the State; and

Whereas, policies that encourage graduates of public institutions of higher education to remain in North Carolina following completion of their postsecondary education may improve workforce retention and strengthen the economy of the State; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1. Title of Act. – This act shall be known and may be cited as the "Student Loan Forgiveness and Talent Retention Study Act."

SECTION 2. Definitions. – The following definitions apply in this act:

- (1) Eligible borrower. – An individual who obtained a postsecondary credential from a public institution of higher education.
- (2) Eligible student loan debt. – Federal student loans incurred by an eligible borrower to attend a public institution of higher education. This term shall not include any of the following:
 - a. Private loans provided to attend a public institution of higher education.
 - b. Federal loans issued to the parents of an eligible borrower.
 - c. Loans incurred to attend a private institution of higher education or an institution of higher education located outside this State.
- (3) Program. – The Student Loan Forgiveness and Talent Retention Program described in Section 3 of this act.
- (4) Public institution of higher education. – A constituent institution of The University of North Carolina or a community college located in this State.

SECTION 3.(a) Study. – The State Education Assistance Authority, in consultation with the Board of Governors of The University of North Carolina, the State Board of Community



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1 Colleges, the Department of Commerce, and any other relevant stakeholders in the area of
2 workforce and economic development, shall study the feasibility and advisability of establishing
3 a Student Loan Forgiveness and Talent Retention Program for eligible student loan debt. The
4 study shall evaluate possible Program structures in North Carolina and costs necessary to
5 encourage eligible borrowers to remain in North Carolina for a sustained period of time following
6 graduation, including at least the following:

- 7 (1) Administrative considerations and options for implementation.
- 8 (2) The estimated fiscal impact of the Program described in this act.
- 9 (3) Recommended eligibility requirements for the Program, including residency
10 and workforce participation requirements.
- 11 (4) Options for benefits structures, including loan forgiveness amounts and
12 repayment mechanisms.
- 13 (5) Interaction with federal programs, including the Public Service Loan
14 Forgiveness Program and any other federal student loan repayment programs
15 or benefits.
- 16 (6) Workforce and economic development impacts of the Program, including
17 projected effects on talent retention within the State.
- 18 (7) Comparable programs in other states, including best practices and lessons
19 learned from those programs.

20 **SECTION 3.(b)** Report. – No later than October 1, 2027, the State Education
21 Assistance Authority shall report the results of the study conducted pursuant to subsection (a) of
22 this section to the Joint Legislative Education Oversight Committee, including a recommendation
23 for whether the General Assembly should establish a Student Loan Forgiveness and Talent
24 Retention Program as described in this act and, if so, a proposed program structure and estimate
25 of costs.

26 **SECTION 4.** Appropriation. – There is appropriated from the General Fund to the
27 Board of Governors of The University of North Carolina the sum of one hundred fifty thousand
28 dollars (\$150,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the State
29 Education Assistance Authority to conduct the study and provide the report described in this act.
30 These funds shall not revert at the end of the 2026-2027 fiscal year but shall remain available
31 until October 1, 2027.

32 **SECTION 5.** Effective Date. – This act becomes effective July 1, 2026.