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SENATE BILL DRS15436-MTa-208

Short Title: Students First Act.

(Public)

Sponsors: Senators Lee, Galey, and Overcash (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE PROTECT CAMPUS SURVIVOR'S 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 SURVIVOR'S ACT**

8 **SECTION 1.(a)** G.S. 116-43.17 reads as rewritten:

9 "**§ 116-43.17. Confidentiality of ~~research data, records, and information of a proprietary~~**
10 **~~nature.certain records.~~**

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

12 (1) Personally identifiable information. – Any of the following information:

13 a. The name of a student.

14 b. The name of the parent or other family member of a student.

15 c. The address of a student or the student's family.

16 d. Any personal identifier for a student, including social security number,
17 student number, or biometric record.

18 e. Any indirect identifier for a student, including date of birth, place of
19 birth, or mother's maiden name.

20 f. Any other information, alone or in combination, that is linked or
21 linkable to a specific student and that would allow a reasonable person
22 in the community of the public institution of higher education where
23 the student attends, who does not have personal knowledge of the
24 relevant circumstances, to identify the student with reasonable
25 certainty.

26 g. Any information requested by a person who the public institution of
27 higher education reasonably believes knows the identity of the student
28 to whom the information relates.

29 (2) Personally identifiable student disciplinary records. – Any records, including
30 materials that are described in G.S. 132-1(a), that meet all of the following
31 criteria:

32 a. Are made, received, or maintained by a public institution of higher
33 education.

34 b. Contain personally identifiable information of or about a student.



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- 1 c. Are related to a complaint, investigation, or resolution of an alleged
- 2 violation of or noncompliance with the disciplinary or conduct rules
- 3 or other policy of a public institution of higher education.
- 4 (3) Public institution of higher education. – Any of the following:
- 5 a. The University of North Carolina System Office.
- 6 b. A constituent institution of The University of North Carolina, as
- 7 defined in G.S. 116-2(4), that is an institution of higher education.
- 8 c. The Community Colleges System Office, as defined in G.S. 115D-3.
- 9 d. A community college, as defined in G.S. 115D-2(2).
- 10 (4) Student. – Any individual (i) who attends or has attended a public institution
- 11 of higher education and (ii) about whom the public institution of higher
- 12 education maintains records.

13 (b) Confidentiality of Certain Records. – The following are not public records under
 14 Chapter 132 of the General Statutes:

- 15 (1) Research data, records, or information of a proprietary nature, produced or
- 16 collected by or for state institutions of higher learning in the conduct of
- 17 commercial, scientific, or technical research where the data, records, or
- 18 information has not been patented, published, or ~~copyrighted~~ are not public
- 19 records as defined by G.S. 132-1. ~~copyrighted~~.
- 20 (2) Personally identifiable student disciplinary records, even if release of the
- 21 records would be permitted by the Family Educational Rights and Privacy
- 22 Act, 20 U.S.C. § 1232g (34 C.F.R. Part 99). Nothing in this subdivision is
- 23 intended to limit the disclosure of public records that do not contain personally
- 24 identifiable information."

25 SECTION 1.(b) G.S. 115D-78 reads as rewritten:

26 "**§ 115D-78. Access to information and public records; small business counseling**
 27 **information.**

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

32 (a1) As provided in G.S. 116-43.17, personally identifiable student disciplinary records
 33 are not public records under Chapter 132 of the General Statutes.

34 "

35 SECTION 1.(c) G.S. 132-1.2 reads as rewritten:

36 "**§ 132-1.2. Confidential information.**

37 Nothing in this Chapter shall be construed to require or authorize a public agency or its
 38 subdivision to disclose any information that:

39 ...

- 40 (12) Reveals personally identifiable student disciplinary records in violation of
- 41 G.S. 116-43.17."

42 SECTION 1.(d) This section is effective when it becomes law and applies to requests
 43 for personally identifiable student disciplinary records submitted on or after that date.

44
 45 **PART II. WEIGHTED STUDENT FUNDING FORMULA WORK GROUP**

46 SECTION 2.(a) The Office of Learning Research at the North Carolina
 47 Collaboratory shall establish a work group (Work Group) of experts in public education finance,
 48 including the Department of Public Instruction, North Carolina Business Leaders for Education,
 49 doing business as BEST NC (Business for Educational Success and Transformation), and other
 50 relevant stakeholders, to study and develop a strategy to transition North Carolina to a weighted
 51 student funding model for kindergarten through twelfth grade public education. No later than

1 July 15, 2027, the Work Group shall report to the Joint Legislative Education Oversight
2 Committee on a three-year strategy to transition from the current allotment-based funding model
3 to a weighted student funding formula model, including policy, funding, messaging, and
4 technical assistance needed for leaders of local school administrative units and schools within
5 those units. The strategy shall include an examination of all of the following:

- 6 (1) Options to do at least the following under the new funding formula:
7 a. Consolidate non-teaching support funds into a per pupil-based
8 allotment with significant flexibility.
9 b. Transition teacher pay from a position allotment to a dollar allotment
10 based on average daily membership in order to maintain student-based
11 funding with greater average teacher pay transparency and flexibility.
12 c. Reassign all project- or resource-based funding into a set of designated
13 line items.
14 d. Determine whether need-based funds can be consolidated and
15 transitioned into a per pupil figure.
16 e. Report on spending and provide any other needed accountability for
17 the use of State funds.
- 18 (2) Whether to transition from the North Carolina Department of Public
19 Instruction to the State Education Assistance Authority the responsibility of
20 disbursing any funds to local school administrative units.

21 **SECTION 2.(b)** There is appropriated from the General Fund to the Board of
22 Governors of The University of North Carolina the sum of three hundred thousand dollars
23 (\$300,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated to the North
24 Carolina Collaboratory for the Office of Learning Research to establish the Work Group to
25 develop a strategy to transition North Carolina to a weighted student funding model for
26 kindergarten through twelfth grade public education in accordance with this section.
27

28 **PART III. STUDENT-BASED EDUCATIONAL WALLET PILOT PROGRAM**

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

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

- 38 (1) Approved provider. – An entity, including a business, nonprofit, vendor, or
39 other organization or institution, that has been approved by the participating
40 public school unit to provide eligible activities, including credit-bearing
41 activities, for participating students.
- 42 (2) Credit-bearing activity. – An eligible activity that is approved by the
43 participating public school unit as providing instruction that qualifies a
44 participating student to receive one or more academic credits.
- 45 (3) Eligible activity. – A program, course, or experience occurring outside the
46 traditional classroom that is provided to a participating student by an approved
47 provider and approved by the participating public school unit, including the
48 following:
49 a. Career and technical education programs, including student
50 internships.
51 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 school unit shall enter into a data sharing agreement with the Authority for the purpose of administering the Pilot and for the protection of student data.

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

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

SECTION 3.(f) Parental Agreement; Use of Funds. – The Authority shall provide the parent of an eligible student who applies to participate in the Pilot with a written agreement to be signed and returned to the Authority prior to receiving funds. The agreement shall be submitted to the Authority electronically. The parent shall not designate any entity or individual

1 to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply
2 with this section shall result in a forfeit of funds and those funds may be awarded to another
3 eligible student. The parent shall agree to use the funds deposited into a SBEW only for the
4 qualifying educational expenses of the eligible student. These funds shall not be used for
5 noneducational expenses, including personal items or travel.

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

16 **SECTION 3.(h) Administration.** – The Authority, in consultation with the
17 participating public school unit, shall administer the student-based educational wallets for
18 participating students. As part of this process, the Authority shall establish an online portal for
19 students and parents to track account balances, review eligible activities, and submit
20 reimbursement requests. The Authority may contract with a private financial management firm
21 or institution to manage SBEWs in accordance with the Pilot. The Authority may audit a random
22 sampling of SBEWs to ensure compliance with the Pilot and may contract with an independent
23 entity to conduct these audits. The Authority may remove a parent or eligible student from the
24 program and close a SBEW for failure to comply with the terms of the parental agreement, for
25 failure to comply with applicable laws, or because the student is no longer an eligible student. Of
26 the funds allocated to the Authority to award funds under the Pilot, the Authority may retain fifty
27 thousand dollars (\$50,000) for administrative costs associated with the Pilot, including
28 contracting with non-State entities for administration of certain components of the Pilot.

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

- 30 (1) Public records. – Applications to participate in the Pilot and personally
31 identifiable information related to eligible students receiving funds shall not
32 be a public record under Chapter 132 of the General Statutes. For the purposes
33 of this subdivision, personally identifiable information means any information
34 directly related to a student or members of a student's household, including
35 the name, birthdate, address, social security number, telephone number, email
36 address, or any other information or identification number that would provide
37 information about a specific student or members of a specific student's
38 household.
- 39 (2) No refunds to account holders. – An approved provider shall not refund or
40 rebate any funds to a parent or participating student in any manner. The parent
41 shall notify the Authority if such refund is required.

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

- 47 (1) The number of students who used funds provided to a SBEW and the amount
48 of funds used.
- 49 (2) The credit-bearing opportunities purchased with SBEW funds and the number
50 of credits earned.

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

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

9
10 **PART IV. EFFECTIVE DATE**

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