

§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.

(a) There is established the Scholarship Reserve Fund for Public Colleges and Universities as a reserve consisting of the following monies:

- (1) Funds appropriated by the General Assembly for the Program from the Education Lottery Fund in the Current Operations Appropriations Act for a fiscal year for education-related purposes in accordance with G.S. 18C-164.
- (2) Funds appropriated by the General Assembly for the Program from the Escheat Fund in the Current Operations Appropriations Act for a fiscal year that is distributed annually on or before August 15 to the Authority pursuant to G.S. 116B-7(a).
- (3) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.
- (4) All returned scholarship funds from the Program.
- (5) All interest earned on these funds.

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

- (1) For the UNC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.
 - b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.
- (2) For the CC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.
 - b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

(c) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(d) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program. Upon a determination by the Authority that funds in excess of one percent (1%) are necessary to administer the Program, including funds necessary for one-time or recurring costs, the Authority shall consult with the President of The University of North Carolina and the President of the North Carolina Community College System at the same time the consolidated payment schedule is set pursuant to G.S. 116-209.83. The Authority shall also report the amount of the increase and the purpose for which the additional funds will be used to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly within 30 days of the increase. In no event shall the cost of administering the Program in a fiscal year exceed one and one-half percent (1.5%) of the funds available in the Reserve Fund. (2021-180, s. 8A.2(a).)