

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019**

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HOUSE BILL 785

Short Title: Study Student Loan Alternatives. (Public)

Sponsors: Representatives Brockman, Reives, Belk, and Black (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Education - Universities, if favorable, Rules, Calendar, and Operations of the House

April 18, 2019

A BILL TO BE ENTITLED

AN ACT TO DIRECT THE STATE TREASURER, NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY, UNC BOARD OF GOVERNORS, AND STATE BOARD OF COMMUNITY COLLEGES TO JOINTLY ESTABLISH A TASK FORCE TO STUDY OPTIONS FOR FINANCING STUDENT COSTS FOR HIGHER EDUCATION THAT ARE NOT CONVENTIONAL LOAN PROGRAMS.

The General Assembly of North Carolina enacts:

SECTION 1. The State Treasurer, the North Carolina State Education Assistance Authority, the Board of Governors of The University of North Carolina, and the State Board of Community Colleges shall jointly establish a Task Force to study (i) alternative financing options, such as human capital contracts, to cover a student's cost of higher education that are not conventional loan programs and (ii) the feasibility of using those alternative financing options to replace the current system of charging students tuition and fees for enrollment at the State's public institutions of higher education. The State Education Assistance Authority shall be the lead agency in establishing the Task Force and undertaking this study.

SECTION 2. In its study, the Task Force shall consider all of the following:

- (1) The initial start-up costs to the State to develop and implement alternative financing options and the estimated time line for such options to become financially solvent and self-sustaining.
- (2) Which types of students would be most likely to take advantage of alternative financing options and the different financial needs of students in different income levels.
- (3) How alternative financing options could be used to supplement scholarships.
- (4) The development of a standard contract to be used in alternative financing options and the terms that may be included in those contracts such as:
 - a. The percentage of income that would be paid back by students as repayment of an alternative financing option loan and the period of time that may be required for repayment based on a student's career choice and income level.
 - b. The business services and loan collection terms that may be needed for the administration of student loans made through alternative financing options, particularly for students who start businesses and do not have the liquidity to repay the loan for a significant period of time.



- 1 (5) The types of partnerships that could be formed among private entities with the
2 State, local governments, and institutions of higher education as investors in
3 and providers of alternative financing options and how to administer those
4 partnerships and the loans offered through those partnerships.
5 (6) Protective measures that may be needed to protect both the student and
6 investor from unfair practices and unnecessary risks and how to implement
7 and maintain those protective measures.
8 (7) How to design and implement a pilot program to test the statewide feasibility
9 of alternative financing options.

10 **SECTION 3.** The State Education Assistance Authority, on behalf of the Task Force,
11 may submit an interim report to the Joint Legislative Education Oversight Committee by
12 November 1, 2019, regarding its findings and recommendations and shall submit a final report
13 on behalf of the Task Force regarding a proposed pilot program to the Joint Legislative Education
14 Oversight Committee by November 1, 2020. If the Joint Legislative Education Oversight
15 Committee determines that a pilot program is warranted, the Committee shall direct the Task
16 Force to submit its proposed pilot program to the 2021 Regular Session of the General Assembly
17 for further review and consideration.

18 **SECTION 4.** This act is effective when it becomes law.