

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 1216

Short Title: John Rollins Scholarship Protection Act. (Public)

Sponsors: Representative Ager.

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

Referred to: Appropriations, if favorable, Rules, Calendar, and Operations of the House

May 5, 2026

1 A BILL TO BE ENTITLED
2 AN ACT TO PROTECT PRIVATE SCHOLARSHIPS BY PROHIBITING SCHOLARSHIP
3 DISPLACEMENT IN PUBLIC INSTITUTIONS OF HIGHER EDUCATION.

4 Whereas, the cost of higher education often requires students to seek financial
5 assistance from a variety of sources; and

6 Whereas, colleges and universities often engage in the practice known as scholarship
7 displacement or scholarship award displacement, whereby institutional or government
8 scholarships awarded to a student are reduced by the amount of a private scholarship awarded to
9 the student; and

10 Whereas, many private donors are reluctant to provide scholarship support when they
11 become aware that their intentions to increase financial support to students are being frustrated
12 by scholarship displacement; and

13 Whereas, the Hendersonville High School Alumni Association of Hendersonville,
14 North Carolina, is embarking on an ambitious campaign to increase its scholarship endowment
15 fund to one million dollars; and

16 Whereas, John Rollins, a graduate of the Hendersonville High School Class of 1955
17 and long-time and generous supporter of the Association, has brought to the attention of the
18 Association the phenomenon of scholarship displacement and indicated his concerns about his
19 future gifts to the Association having his desired impact on the student's college attendance; and

20 Whereas, John Rollins received financial assistance as a high school student which
21 made it possible for him to attend college and go on to a rewarding and successful career as an
22 accountant; and

23 Whereas, John Rollins desires that students receive a real, net benefit from
24 scholarship support, as he did; and

25 Whereas, the Hendersonville High School Alumni Association and other nonprofit
26 organizations and foundations across North Carolina that award scholarships to high school
27 students who are pursuing higher education are hindered in their mission because of the use of
28 scholarship displacement by institutions of higher education; and

29 Whereas, elimination of scholarship displacement at public institutions of higher
30 education will allow students to realize the full, intended benefit of their private scholarship
31 awards; Now, therefore,

32 The General Assembly of North Carolina enacts:

33 **SECTION 1.(a)** Chapter 116 of the General Statutes is amended by adding a new
34 Article to read:

"Article 34A.



"John Rollins Scholarship Protection Act.

"§ 116-284. Title of Article.

This Article shall be known and may be cited as the "John Rollins Scholarship Protection Act."

"§ 116-285. Definitions.

The following definitions shall apply in this Article:

- (1) Institutional financial aid. – All grants, scholarships, tuition waivers, and other forms of financial assistance provided to a student based on need or merit by a public institution of higher education. Institutional financial aid does not include loans or funds related to work-study programs.
- (2) Private scholarship. – A scholarship awarded by a private, nongovernmental entity, including a business, a private foundation, a nonprofit organization, or a service group, from funds that are not State funds or federal funds to a student to enroll at a public institution of higher education. A private scholarship does not include any of the following:
 - a. An award of State funds administered by a private organization, including funds awarded pursuant to the North Carolina Patriot Star Family Scholarship Program.
 - b. An award of non-State funds by a private organization, including an alumni association or foundation, that (i) is affiliated with a public institution of higher education and (ii) requests the assistance of the public institution of higher education in selecting the recipient of the award.
- (3) Public institution of higher education. – A community college located in this State or a postsecondary constituent institution of The University of North Carolina.
- (4) Student. – A person enrolled at a public institution of higher education.

"§ 116-286. No reduction of institutional financial aid.

(a) Notwithstanding any other provision of law to the contrary, a public institution of higher education shall not reduce the institutional financial aid of a student due to that student's receipt of a private scholarship.

(b) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall each adopt a policy to enforce the requirements of subsection (a) of this section at public institutions of higher education. At a minimum, the policy shall require each public institution of higher education to report to the relevant governing board on the following information for each academic year:

- (1) The cost of attendance for the public institution of higher education.
- (2) The average institutional financial aid given to students with private scholarships compared to those without private scholarships.

(c) No later than March 15 of each year, the Board of Governors shall report the information provided pursuant to subsection (b) of this section to the Joint Legislative Education Oversight Committee."

SECTION 1.(b) Part 2 of Article 3 of Chapter 115D of the General Statutes is amended by adding the following new section to read:

"§ 115D-40.4. No reduction of institutional financial aid.

The State Board of Community Colleges and each community college shall comply with the provisions of G.S. 116-286 to ensure that the institutional financial aid provided to a student is not reduced due to the student's receipt of a private scholarship."

SECTION 2.(a) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of one hundred sixty thousand dollars (\$160,000) in recurring funds beginning in the 2026-2027 fiscal year to be allocated to

1 constituent institutions of The University of North Carolina based on enrollment to increase funds
2 available for financial aid to students.

3 **SECTION 2.(b)** There is appropriated from the General Fund to the Community
4 Colleges System Office the sum of five hundred eighty thousand dollars (\$580,000) in recurring
5 funds beginning in the 2026-2027 fiscal year to be allocated to community colleges based on
6 enrollment to increase funds available for financial aid to students.

7 **SECTION 2.(c)** This section becomes effective July 1, 2026.

8 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes law
9 and applies beginning with scholarships awarded in the 2027-2028 academic year.