

TABLED



NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
House Bill 317

AMENDMENT NO. A1
(to be filled in by
Principal Clerk)

H317-ALUa-33 [v.5]

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Amends Title [NO]
Second Edition

Date _____, 2024

Senator Chaudhuri

1 moves to amend the bill on page 21, by inserting between lines 22-23, the following new section
2 to read:

3

4 **"NC CHILD CARE GRANT PROGRAM EVALUATION FUNDS**

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SECTION 6.7C. Notwithstanding any provision of this act or any other law to the contrary, there is appropriated to the Community College System from the unappropriated balance remaining in the General Fund for the 2024-2025 fiscal year the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds to evaluate the effectiveness of the Child Care Grant Program funded in S.L. 2023-134. The Community College System Office may consult with the Office of State Budget and Management (OSBM) for assistance on how to develop an evaluation, including how to register and use a pre-analysis plan. The Community College System Office shall report annually to OSBM and the Fiscal Research Division of the General Assembly on the progress of the evaluation and, when completed, make publicly available the pre-analysis plan, the final evaluation report, and (to the extent possible) an anonymized version of the dataset(s) that is sufficient for others to replicate the reported analytics. The evaluation shall include, at a minimum, the following components:

- (1) Statistics that describe the uptake and use of the program, such as the number of applications received, amount of grant funds requested, number of applications approved, total amount of grant funds awarded, and the types of child care used by students with grant funds.
- (2) An estimate of the number of students who would not otherwise pursue community college but do so and receive credits as a result of this program.
- (3) An estimate of the number of students who would not otherwise continue community college studies but do so and receive credits as a result of this program.
- (4) An assessment of obstacles to receiving these grants by students who apply but do not qualify, and those who qualify but do not apply.
- (5) Recommendations on whether to continue the program and, if so, what program improvements might be made."; and

on page 29, line 33, to page 30, line 34, by rewriting the lines to read:



* H 3 1 7 - A L U A - 3 3 - V - 5 *

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1 **"MORATORIUM AND ACCOUNTABILITY MEASURES FOR OPPORTUNITY**
2 **SCHOLARSHIPS**

3 **SECTION 6.15.(a)** Beginning with the 2024-2025 fiscal year, the State Education
4 Assistance Authority shall not award any scholarship grant funds under Part 2A of Article 39 of
5 Chapter 115C of the General Statutes to new persons who did not receive scholarship grant funds
6 in the prior school year. It is the intent of the General Assembly to eliminate the program for
7 awarding scholarship grants under Part 2A of Article 39 of Chapter 115C of the General Statutes
8 beginning in the 2036-2037 school year or once all current recipients become ineligible for the
9 receipt of scholarship grants.

10 **SECTION 6.15.(b)** Subsection (b) of G.S. 115C-562.2 is reenacted.

11 **SECTION 6.15.(c)** G.S. 115C-562.1 reads as rewritten:

12 **"§ 115C-562.1. Definitions.**

13 The following definitions apply in this Part:

14 ...

15 (3a) Eligible student. – A student residing in North Carolina who has not yet
16 received a high school diploma and who meets all of the following
17 requirements:

- 18 a. Is eligible to attend a North Carolina public school pursuant to Article
19 25 of this Chapter. A child who is the age of 4 on or before April 16 is
20 eligible to attend the following school year if the principal, or
21 equivalent, of the school in which the child seeks to enroll finds that
22 the student meets the requirements established by the Authority
23 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the
24 Authority.
- 25 b. Has not been enrolled in a postsecondary institution as a full-time
26 student taking at least 12 hours of academic credit.
- 27 c. Has not been placed in a nonpublic school or facility by a public
28 agency at public expense.
- 29 d. Received a scholarship grant for the school year prior to the school
30 year for which the student is applying.

31"

32 **SECTION 6.15.(d)** G.S. 115C-562.2, as amended by subsection (b) of this section,
33 reads as rewritten:

34 **"§ 115C-562.2. Scholarship grants.**

35 (a) The Authority shall make available no later than February 1 annually applications to
36 eligible students for the award of scholarship grants to attend any nonpublic school on a full-
37 part-time basis. Information about scholarship grants and the application process shall be made
38 available on the Authority's ~~Web site.~~ website. Beginning March 15, the Authority shall begin
39 awarding scholarship grants to students who have applied by ~~March 1 in the following order:~~

- 40 (1) ~~Eligible students who received a scholarship grant for the school year prior to~~
41 ~~the school year for which the students are applying.~~
- 42 (2) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
43 ~~under subdivision (1) of subsection (b2) of this section.~~

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- 1 (3) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
2 ~~under subdivision (2) of subsection (b2) of this section.~~
- 3 (4) ~~Eligible students qualifying for a scholarship grant in the amount provided~~
4 ~~under subdivision (3) of subsection (b2) of this section.~~
- 5 (5) ~~All other students.~~March 1.
- 6 (b) Scholarship grants awarded to eligible students residing in households with an income
7 level not in excess of the amount required for the student to qualify for the federal free or
8 reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety
9 percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of
10 the average State per pupil allocation for average daily membership in the prior fiscal year.
11 Scholarship grants awarded to eligible students residing in households with an income level in
12 excess of the amount required for the student to qualify for the federal free or reduced-price lunch
13 program shall be for amounts of not more than ninety percent (90%) of the required tuition and
14 fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a
15 part-time student for the nonpublic school the eligible child will attend. Tuition and fees for a
16 nonpublic school may include tuition and fees for books, transportation, equipment, or other
17 items required by the nonpublic school. No scholarship grant shall exceed, per year per eligible
18 student, an amount equal to ninety percent (90%) for a full-time student or forty-five percent
19 (45%) for a part-time student of the average State per pupil allocation for average daily
20 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
21 and fees for the nonpublic school the eligible student will attend.
- 22 ...
- 23 (b2) ~~Scholarship grants shall be awarded to eligible students as follows:~~
- 24 (1) ~~For students residing in households with an income level not in excess of the~~
25 ~~amount required for the student to qualify for the federal free or reduced-price~~
26 ~~lunch program, per year per eligible student, an amount of up to one hundred~~
27 ~~percent (100%) of the average State per pupil allocation for average daily~~
28 ~~membership in the prior fiscal year.~~
- 29 (2) ~~For students residing in households with an income level between the amount~~
30 ~~required for the student to qualify for the federal free or reduced-price lunch~~
31 ~~program and not in excess of two hundred percent (200%) of that amount, per~~
32 ~~year per eligible student, an amount of up to ninety percent (90%) of the~~
33 ~~average State per pupil allocation for average daily membership in the prior~~
34 ~~fiscal year.~~
- 35 (3) ~~For students residing in households with an income level of between two~~
36 ~~hundred percent (200%) of the amount required for the student to qualify for~~
37 ~~the federal free or reduced-price lunch program and not in excess of four~~
38 ~~hundred fifty percent (450%) of that amount, per year per eligible student, an~~
39 ~~amount of up to sixty percent (60%) of the average State per pupil allocation~~
40 ~~for average daily membership in the prior fiscal year.~~
- 41 (4) ~~For all students, per year per eligible student, an amount of up to forty-five~~
42 ~~percent (45%) of the average State per pupil allocation for average daily~~

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1 membership in the prior fiscal year, unless the student qualifies for a higher
2 amount under this subsection.

3 (b3) Tuition and fees for a nonpublic school may include tuition and fees for books,
4 transportation, equipment, or other items required by the nonpublic school.

5 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to
6 one hundred percent (100%) of the average State per pupil allocation for average daily
7 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
8 and fees for the nonpublic school the eligible student will attend.

9 (b5) In addition to the amount of the scholarship grant, for any student receiving a
10 scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school
11 an amount equal to the cost of the nationally standardized test required to be administered as
12 provided in G.S. 115C-562.5.

13"

14 **SECTION 6.15.(e)** G.S. 115C-562.5 reads as rewritten:

15 "**§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
16 **scholarship grants.**

17 (a) A nonpublic school that accepts eligible students receiving scholarship grants shall
18 comply with the following:

19 (1) Provide Annually provide to the Authority documentation for required tuition
20 and fees charged to the student by the nonpublic school. A nonpublic school
21 that accepts eligible students receiving scholarship grants shall not increase
22 tuition in a given year by more than the change in the Consumer Price Index,
23 as calculated and reported by the Federal Bureau of Labor Statistics, that is
24 reported in the calendar year in which the tuition increase would occur.

25 (2) Provide to the Authority a criminal background check conducted for the staff
26 member with the highest decision-making authority, as defined by the bylaws,
27 articles of incorporation, or other governing document. Information provided
28 to the Authority in accordance with this subdivision is privileged information
29 and is not a public record but is for the exclusive use of the Authority.

30 (3) Provide to the parent or guardian of an eligible student, whose tuition and fees
31 are paid in whole or in part with a scholarship grant, an annual written
32 explanation of the student's progress, including the student's scores on
33 standardized achievement tests.

34 (4) ~~Administer, at least once in each school year, tests as provided in this~~
35 ~~subdivision.~~ Administer each school year all tests required by the State Board
36 of Education pursuant to G.S. 115C-174.11(c) for students in grades three and
37 higher in a local school administrative unit. Test performance data for students
38 shall be submitted to the Authority by July 15 of each year. The nonpublic
39 school shall retain this data for five years, and the Authority may audit the
40 nonpublic school to ensure compliance with the retention requirement. Test
41 performance data reported to the Authority or collected by the Authority under
42 this subdivision is not a public record under Chapter 132 of the General
43 Statutes. Statutes, to the extent the data contains personally identifiable

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- 1 information. Tests shall be administered to all eligible students enrolled in
2 grades three and higher whose tuition and fees are paid in whole or in part
3 with a scholarship ~~grant as follows:~~
4 a. ~~The nationally standardized test designated by the Authority in grades~~
5 ~~three and eight.~~
6 b. ~~The ACT in grade 11.~~
7 c. ~~A nationally standardized test or other nationally standardized~~
8 ~~equivalent measurement selected by the chief administrative officer of~~
9 ~~the nonpublic school in all other grades four and higher. For grades~~
10 ~~four through seven, the nationally standardized test or other equivalent~~
11 ~~measurement selected must measure achievement in the areas of~~
12 ~~English grammar, reading, spelling, and mathematics. For grades nine,~~
13 ~~10, and 12, the nationally standardized test or other equivalent~~
14 ~~measurement selected must measure either (i) achievement in the areas~~
15 ~~of English grammar, reading, spelling, and mathematics or (ii)~~
16 ~~competencies in the verbal and quantitative areas.~~ grant. Nothing in
17 this subdivision shall prohibit a nonpublic school from administering
18 additional tests to its students.
19 (5) Provide to the Authority graduation rates of the students receiving scholarship
20 grants—grants, including four-year cohort graduation rates, in a manner
21 consistent with nationally recognized standards. Title I of the Elementary and
22 Secondary Education Act of 1965, as amended, and any associated federal
23 regulations.
24 (6) Contract with a certified public accountant to perform a financial review, an
25 audit, consistent with generally accepted methods of accounting or any other
26 comprehensive basis of accounting recognized by the American Institute of
27 Certified Public Accountants (AICPA) for each school year in which the
28 school enrolls 70 or more students receiving scholarship grants or scholarship
29 funds awarded by the Authority. accepts students receiving one hundred
30 thousand dollars (\$100,000) or more in scholarship grants awarded under this
31 Part. If a school accepts students receiving less than one hundred thousand
32 dollars (\$100,000), it shall contract pursuant to this subdivision for an audit
33 every three years. A nonpublic school shall report the results of an audit by
34 December 31 of the year in which the audit is conducted.
35 (7) Maintain a school facility within the State where in-person instruction is
36 provided. This subdivision does not prohibit a school from offering
37 remote-only courses of instruction in addition to in-person instruction.
38 (8) Provide the following information annually to the Division:
39 a. Name and address of the school, including physical location address.
40 A school with more than one physical location shall establish a
41 separate notice of intent for each physical location and shall provide
42 all information required by this subdivision for each physical location.

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- 1 b. The name of the owners and chief ~~administrator~~administrator,
2 including contact information.
3 c. Number of students in attendance at the school as of October 1.
4 d. All attendance records of students receiving scholarship grants from
5 the previous school year.
6 e. Documentation of a completed fire inspection in the previous 365
7 days.
8 (9) For any child with a disability who is a recipient of scholarship funds, educate
9 that child in accordance with his or her Individualized Education Program
10 (IEP) and in compliance with IDEA, as defined in G.S. 115C-106.3(6), and
11 applicable policies adopted by the State Board of Education for local school
12 administrative units under Article 9 of Chapter 115C of the General Statutes.
13 (10) Comply with the requirements of Article 8C of this Chapter, including the
14 following:
15 a. School Risk Management Plan. – The nonpublic school, in
16 coordination with local law enforcement agencies, shall adopt a
17 School Risk Management Plan (SRMP) relating to incidents of school
18 violence. In constructing and maintaining these plans, the nonpublic
19 school shall utilize the School Risk and Response Management
20 System established pursuant to G.S. 115C-105.49A. These plans are
21 not considered a public record as the term "public record" is defined
22 under G.S. 132-1 and shall not be subject to inspection and
23 examination under G.S. 132-6.
24 b. Schematic diagrams and school crisis kits. – The nonpublic school
25 shall provide schematic diagrams and keys to the main entrance of
26 school facilities to local law enforcement agencies, in addition to
27 implementing the provisions in G.S. 115C-105.52.
28 c. School safety exercises. – At least once a year, the nonpublic school
29 shall hold a full school-wide lockdown exercise with local law
30 enforcement and emergency management agencies that are part of the
31 school's SRMP.
32 d. Safety information provided to the Department of Public Safety,
33 Division of Emergency Management. – The nonpublic school shall
34 provide the following: (i) schematic diagrams, including digital
35 schematic diagrams, and (ii) emergency response information
36 requested by the Division for the SRMP. The schematic diagrams and
37 emergency response information are not considered public records as
38 the term "public record" is defined under G.S. 132-1 and shall not be
39 subject to inspection and examination under G.S. 132-6.
40 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
41 any additional fees based on the status of the student as a scholarship grant recipient.

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1 (c) A nonpublic school enrolling more than 25 students in any grade whose tuition and
2 fees are paid in whole or in part with a scholarship grant shall provide and retain information on
3 student test performance in each grade with more than 25 students, as follows:

4 (1) Report to the Authority on the aggregate standardized test performance of
5 eligible students in grades ~~three, eight, and 11~~ three and higher pursuant to
6 subdivision (4) of subsection (a) of this section. Aggregate test performance
7 data reported to the Authority which does not contain personally identifiable
8 student data shall be a public record under Chapter 132 of the General ~~Statutes~~.
9 Statutes, and the Authority shall post this data on its website. Test
10 performance data may be shared with public or private institutions of higher
11 education located in North Carolina and shall be provided to an independent
12 research organization selected by the Authority for research purposes as
13 permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. §
14 1232g.

15 (2) Retain standardized test performance data for eligible students in all other
16 grades and annually certify to the Authority compliance with the requirements
17 of subdivision (4) of subsection (a) of this section.

18 (c1) A nonpublic school shall not discriminate with respect to the categories listed in 42
19 U.S.C. § 2000d, as that statute read on January 1, ~~2014~~ 2014, or on the basis of disability, as
20 defined in the Americans with Disabilities Act, 42 U.S.C. § 12102, as that statute read on January
21 1, 2024.

22 ...
23 (e) If a nonpublic school terminates operation during the school's regular schedule and
24 fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed
25 to the Authority in a timely manner for students who received scholarship grants, any other
26 nonpublic school opened during that school year or subsequent school years by an owner or chief
27 administrator listed in the report submitted to the Division under ~~subdivision (7)~~ subdivision (8)
28 of subsection (a) of this section for that closed school shall be ineligible to receive scholarship
29 grants until such time the Authority determines the obligation to return those funds has been
30 satisfied."

31 **SECTION 6.15.(f)** G.S. 115C-562.7 reads as rewritten:
32 "**§ 115C-562.7. Reporting requirements.**

33 ...
34 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative
35 Education Oversight Committee on the following information from the prior school year:

- 36 (1) Total number, grade level, race, ethnicity, and sex of eligible students
37 receiving scholarship grants.
38 (2) Total amount of scholarship grant funding awarded.
39 ...
40 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
41 including numbers of scholarship grant students at each nonpublic school.
42 (5) Nonpublic schools deemed ineligible to receive scholarships.

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1 (6) Compliance with the academic assessments required by
2 G.S. 115C-562.5(a)(4).

3

4 (g) No later than September 30 of each year, the Authority, in consultation with the
5 Department of Public Instruction, shall publish on its website school achievement, growth, and
6 performance scores of nonpublic schools accepting more than 25 students in any grade whose
7 tuition and fees are paid in whole or in part with a scholarship grant. The scores shall be calculated
8 pursuant to the methodology provided in G.S. 115C-83.15."

9 **SECTION 6.15.(g)** G.S. 115C-562.8 reads as rewritten:

10 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

11

12 (b) ~~The General Assembly finds that, due to the critical need in this State to provide~~
13 ~~opportunity for school choice for North Carolina students, it is imperative that the State provide~~
14 ~~an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,~~
15 ~~there~~ There is appropriated from the General Fund to the Reserve the following amounts for each
16 fiscal year to be used for the purposes set forth in this section:

17	Fiscal Year	Appropriation
18	...	
19	2025-2026	\$415,540,000\$174,236,499
20	2026-2027	\$430,540,000\$166,919,213
21	2027-2028	\$445,540,000\$158,337,000
22	2028-2029	\$460,540,000\$147,151,195
23	2029-2030	\$475,540,000\$134,275,040
24	2030-2031	\$490,540,000\$119,413,575
25	2031-2032	\$505,540,000\$105,039,929
26	<u>2032-2033</u>	<u>\$89,344,633</u>
27	<u>2033-2034</u>	<u>\$71,034,400</u>
28	<u>2034-2035</u>	<u>\$48,759,219</u>
29	<u>2035-2036</u>	<u>\$24,022,254</u>

30 For the ~~2032-2033-2036-2037~~ fiscal year and each fiscal year thereafter, ~~there is appropriated~~
31 ~~from the General Fund to the Reserve the sum of five hundred twenty million five hundred forty~~
32 ~~thousand dollars (\$520,540,000) to be used for the purposes set forth in this section. no funds~~
33 shall be appropriated to the Reserve. When developing the base budget, as defined by
34 G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall
35 include the appropriated amount specified in this subsection for that fiscal year.

36 "

37 **SECTION 6.15.(h)** Subsections (i) and (j) of Section 8A.6 of S.L. 2023-134 are
38 repealed.

39 **SECTION 6.15.(i)** Notwithstanding any other provision of law to the contrary, the
40 requirements for the Board of Governors of The University of North Carolina for Related
41 Educational Programs for the 2024-2025 fiscal year in subsection (a) of Section 2.1 of this act
42 shall be decreased as follows:

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1 (1) By the sum of three hundred eighty-nine million six hundred thirty-one
2 thousand, seven hundred twenty-nine dollars (\$389,631,729) in recurring
3 funds to reflect a decrease in the Opportunity Scholarship Grant Fund Reserve
4 so that the total recurring appropriation to the Reserve is one hundred eighty
5 million three hundred sixty-eight thousand two hundred seventy-one dollars
6 (\$180,368,271).

7 (2) By the sum of two hundred forty-eight million dollars (\$248,000,000) in
8 nonrecurring funds to reflect the requirement in subsection (a) of this section
9 that the State Education Assistance Authority shall not award any scholarship
10 grant funds under Part 2A of Article 39 of Chapter 115C of the General
11 Statutes to new persons who did not receive scholarship grant funds in the
12 prior school year.

13 **SECTION 6.15.(j)** This section becomes effective July 1, 2024, and applies
14 beginning with the 2024-2025 school year.";

15
16 and on page 31, lines 37-38, by inserting between the lines the following:

17
18 **"ACCOUNTABILITY MEASURES FOR PERSONAL EDUCATION STUDENT**
19 **ACCOUNTS**

20 **SECTION 6.16A.(a)** Article 41 of Chapter 115C of the General Statutes is amended
21 by adding the following new section to read:

22 **"§ 115C-593.5. Academic assessments.**

23 (a) A nonpublic school that accepts eligible students receiving scholarship funds shall
24 administer, at least once in each school year, all tests required by the State Board of Education
25 pursuant to G.S. 115C-174.11(c) for students in grades three through 12 in a local school
26 administrative unit.

27 (b) Test performance data for students shall be submitted to the Authority by July 15 of
28 each year. The nonpublic school shall retain this data for five years, and the Authority may audit
29 the nonpublic school to ensure compliance with the retention requirement. Test performance data
30 reported to the Authority or collected by the Authority under this section is not a public record
31 under Chapter 132 of the General Statutes, to the extent the data contains personally identifiable
32 information.

33 (c) Tests shall be administered to all eligible students enrolled in grades three and higher
34 whose tuition and fees are paid in whole or in part with scholarship funds.

35 (d) The Authority shall provide the parent or guardian of an eligible student, whose
36 tuition and fees are paid in whole or in part with scholarship funds, an annual written explanation
37 of the student's progress, including the student's scores on standardized achievement tests. If an
38 eligible student received a written assessment pursuant to G.S. 115C-562.5(a)(3) for a school
39 year, the written assessment may be used to meet the requirements of this subsection.

40 (d) Nothing in this section shall prohibit a nonpublic school from administering
41 additional tests to its students."

42 **SECTION 6.16A.(b)** G.S. 115C-598 reads as rewritten:

43 **"§ 115C-598. Reporting requirements.**

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1 (a) The Authority shall report annually, no later than October 15, to the Joint Legislative
2 Education Oversight Committee on the following information from the prior school year:

3 ...

4 (6) Compliance with the academic assessments required by G.S. 115C-593.5.

5"

6 **SECTION 6.16A.(c)** This section becomes effective July 1, 2024, and applies
7 beginning with the 2024-2025 school year.";

8
9 and on page 31, lines 46-47, by inserting between the lines the following:

10
11 **"SOME OPPORTUNITY SCHOLARSHIP FUNDS TO BE ALLOCATED TO PUBLIC**
12 **SCHOOLS**

13 **SECTION 6.18** Notwithstanding any other provision of law to the contrary, the
14 requirements for the Department of Public Instruction for the 2024-2025 fiscal year in Section
15 2.1(a) of this act shall be increased by the amount of funding made available from the Board of
16 Governors of The University of North Carolina pursuant to Section 6.15(i) of this act that are not
17 otherwise allocated pursuant to a provision of this act. The State Board of Education shall allocate
18 these funds to all public school units on the basis of average daily membership."; and

19
20 on page 33, lines 19-20, by inserting between those lines a new section to read:

21
22 **"FUNDS TO STABILIZE AND SUSTAIN CHILD CARE FOR WORKING FAMILIES**

23 **SECTION 7.4A.** Notwithstanding any other provision of this act or any other law to
24 the contrary, from funds made available under Section 6.15(i) of this act, the requirements for
25 the Department of Health and Human Services, Division of Child Development and Early
26 Education (Division), for the 2024-2025 fiscal year in Section 2.1(a) of this act are increased by
27 the sum of three hundred thirty million three hundred fifty thousand dollars (\$330,350,000) in
28 recurring funds and three hundred seven million two hundred eighty-one thousand seven hundred
29 thirty dollars (\$307,281,730) in nonrecurring funds. Notwithstanding any provision of this act or
30 any other law to the contrary, there is appropriated to the Division from the unappropriated
31 balance remaining in the General Fund for the 2024-2025 fiscal year the sum of thirty-six million
32 nineteen thousand three hundred forty-nine dollars (\$36,019,349) in nonrecurring funds. These
33 funds shall be used for the purposes set forth in Section 7.5(a) and Sections 7.7 through 7.17 of
34 this act.

35
36 on page 33, lines 22-31, by rewriting the lines to read:

37
38 **"SECTION 7.5.(a)** Of the funds appropriated in this act for the 2024-2025 fiscal
39 year to the Division, the sum of sixty-three million five hundred one thousand seventy-eight
40 dollars (\$63,501,078) in nonrecurring funds, the sum of one hundred eleven million dollars
41 (\$111,000,000) in nonrecurring funds from the Child Care Reserve established in Section 2.2(e)
42 of this act and the sum of twenty-five million four hundred ninety-eight thousand nine hundred
43 twenty-two dollars (\$25,498,922) in nonrecurring funds from the Child Care and Development

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1 Fund Block Grant for quality and availability initiatives shall be used to continue the
2 compensation grants portion of the child care stabilization grants. "; and

3
4 on page 35, lines 2-3, by inserting between those lines the following new Sections to read:

5 **"CHILD CARE SUBSIDY RATE FLOOR FUNDS**

6 **SECTION 7.7.(a)** Section 9D.3(c) of S.L. 2023-134 reads as rewritten:

7 **"SECTION 9D.3.(c)** Payments for the purchase of child care services for low-income
8 children shall be in accordance with the following requirements:

9 ...

10 (2) Licensed child care centers and homes with two or more stars shall receive the
11 market rate for that rated license level for that age group of the statewide floor
12 rate, whichever is higher, unless prohibited by subsection (g) of this section.

13"

14 **SECTION 7.7.(b)** Of the funds appropriated in this act for the 2024-2025 fiscal year
15 to the Department of Health and Human Services, Division of Child Development and Early
16 Education, the sum of one hundred twenty-eight million five hundred thousand dollars
17 (\$128,500,000) in recurring funds shall be used to implement the child care subsidy rate floor in
18 accordance with subsection (a) of this section."

19
20 **"NC PRE-K REIMBURSEMENT RATES**

21 **SECTION 7.8.** Of the funds appropriated in this act for the 2024-2025 fiscal year to
22 the Department of Health and Human Services, Division of Child Development and Early
23 Education, the sum of one hundred sixty-four million one hundred thousand dollars
24 (\$164,100,000) in recurring funds shall be used to raise (i) North Carolina Prekindergarten (NC
25 Pre-K) program slot reimbursement rates in all settings to cover the full cost of operating all
26 current slots and (ii) the administrative rate to ten percent (10%)."

27
28 **"CHILD CARE WAGES STATEWIDE EXPANSION**

29 **SECTION 7.9.** Of the funds appropriated in this act for the 2024-2025 fiscal year to
30 the Department of Health and Human Services, Division of Child Development and Early
31 Education, the sum of twenty-six million dollars (\$26,000,000) in recurring funds shall be used
32 to allow the WAGES program to expand statewide and provide wage supplements to 4,000
33 additional teachers in all 100 counties."

34
35 **"SMART START FUNDS**

36 **SECTION 7.10.** Of the funds appropriated in this act for the 2024-2025 fiscal year
37 to the Department of Health and Human Services, Division of Child Development and Early
38 Education, the sum of ten million dollars (\$10,000,000) in recurring funds shall be used for the
39 North Carolina Partnership for Children, Inc., and its local partnerships to expand access to high-
40 quality early childhood education and a continuum of evidence-based services."

41
42 **"CHILD CARE AND EARLY EDUCATION WORKFORCE RECRUITMENT FUNDS**

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1 **SECTION 7.11.** Of the funds appropriated in this act for the 2024-2025 fiscal year
2 to the Department of Health and Human Services, Division of Child Development and Early
3 Education, the sum of one million two hundred fifty thousand dollars (\$1,250,000) in recurring
4 funds shall be used to grow and train North Carolina's child care teacher workforce by
5 implementing recruitment strategies and professional development, including coaching,
6 technical assistance, degree attainment, apprenticeships, and licensure support."
7

8 **"NC PRE-K AND CHILD CARE ENHANCEMENT GRANTS**

9 **SECTION 7.12.(a)** Of the funds appropriated in this act for the 2024-2025 fiscal
10 year to the Department of Health and Human Services, Division of Child Development and Early
11 Education, the sum of fifty million dollars (\$50,000,000) in nonrecurring funds shall be used to
12 provide grants for child care facilities and North Carolina prekindergarten (NC Pre-K)
13 classrooms, particularly those located in areas with limited access to child care, and
14 low-performing and high-poverty districts. The Division may administer the program or
15 subcontract administration using up to one percent (1%) of the funds for administration and shall
16 award grants under this section pursuant to criteria established by the Division in accordance
17 with federal law and guidance.

18 **SECTION 7.12.(b)** These grants shall be one-time awards to assist with new or
19 expanded high-quality child care initiatives as follows:

- 20 (1) Start-up costs associated with establishing a new NC Pre-K classroom or child
21 care facility.
22 (2) Quality improvements for existing NC Pre-K classrooms or child care facilities
23 that increase the classroom or facility's capacity or upgrade its star rating.
24 (3) Capital improvements or renovations, including adding or upgrading outdoor
25 play and learning environments, or increasing a facility's total capacity.

26 **SECTION 7.12.(c)** Of the funds appropriated in this section to the Division for NC
27 Pre-K and Child Care Enhancement Grants, the Division shall use up to one hundred thousand
28 dollars (\$100,000) to evaluate the effectiveness of the NC Pre-K and Child Care Enhancement
29 Grants and up to one hundred thousand dollars (\$100,000) to evaluate the effectiveness of the
30 Child Care Stabilization Grants funded in this act. The Division may choose to contract a third
31 party to conduct one or both of these evaluations. The Division may consult with the Office of
32 State Budget and Management (OSBM) for assistance on how to develop an evaluation,
33 including how to register and use a pre-analysis plan. The Division shall report annually to
34 OSBM and the Fiscal Research Division of the General Assembly on the progress of the
35 evaluation and, when completed, make publicly available the pre-analysis plan, the final
36 evaluation report, and, to the extent possible, an anonymized version of the datasets that are
37 sufficient for others to replicate the reported analytics."
38

39 **"EARLY CHILDHOOD WORKFORCE DATA SYSTEM FUNDS**

40 **SECTION 7.13.** Of the funds appropriated in this act for the 2024-2025 fiscal year
41 to the Department of Health and Human Services, Division of Child Development and Early
42 Education, the sum of five hundred thousand dollars (\$500,000) in recurring funds shall be used
43 to provide ongoing operations and maintenance for the real-time early childhood workforce data

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1 system, which system supports building the pipeline of early childhood educators by improving
2 data collection and quality, improving research and evaluation, and providing information to help
3 implement and scale effective programs and strategies."
4

5 **"WRAP-AROUND SUMMER CARE AND LEARNING FUNDS**

6 **SECTION 7.14.** Of the funds appropriated in this act for the 2024-2025 fiscal year
7 to the Department of Health and Human Services, Division of Child Development and Early
8 Education, the sum of twenty-four million four hundred thousand dollars (\$24,400,000) in
9 nonrecurring funds shall be used to provide grants to over 800 North Carolina Prekindergarten
10 (NC Pre-K) Summer Learning Programs to serve more than 7,500 children, which programs
11 provide essential child care for parents and learning opportunities for children after they complete
12 NC Pre-K but before beginning kindergarten."
13

14 **"EARLY EDUCATION PROVIDER GRANT PILOT PROGRAM**

15 **SECTION 7.15.(a)** Of the funds appropriated in this act for the 2024-2025 fiscal
16 year to the Department of Health and Human Services, Division of Child Development and Early
17 Education, the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds shall be
18 used to provide funding for the Early Education Provider Grant Pilot program established by this
19 section. Funds provided under this section shall be distributed to provide free or reduced cost,
20 quality child care for employees working at child care centers or providing home-based care,
21 regardless of their qualification status for the state's Child Care Subsidy program. Upon
22 completion of the pilot program, any unexpended funds shall revert to the General Fund.

23 **SECTION 7.15.(b)** There is established the Early Education Provider Grant Pilot
24 Program, a program that:

- 25 (1) Helps child care teachers continue working by helping them access affordable,
26 quality care for their own children.
27 (2) Helps child care employers retain and attract qualified employees.
28 (3) Help stabilize child care businesses across the State.

29 **SECTION 7.15.(c)** The Division shall set eligibility, application, award, and fund
30 distribution standards for the program. At a minimum, child care teachers and employees
31 receiving this benefit must work at programs currently achieving a three star rating or higher.
32 Awards shall be provided at the local subsidized child care rate.

33 **SECTION 7.15.(d)** The Division may use up to three percent (3%) of the funds
34 provided for the Early Education Provider Grant Pilot Program for administrative costs.

35 **SECTION 7.15.(e)** Of the funds appropriated in this section to the Division of Child
36 Development and Early Education for the Early Education Provider Grant Pilot Program, the
37 Division shall use the sum of up to one hundred thousand dollars (\$100,000) to conduct an
38 evaluation of the program or contract a third party to evaluate the program. Within six months
39 after completion of the pilot program, the Division shall submit the evaluation to the Joint
40 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and
41 Management, and the Fiscal Research Division. The evaluation shall include, at a minimum, each
42 of the following:

- 43 (1) The number of teachers served, by county.

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- 1 (2) Total pilot program costs, including any administrative costs.
- 2 (3) How many participants were hired or retained in teacher roles because of
- 3 grant.
- 4 (4) How many participating teachers already met the requirements to qualify for
- 5 the Child Care Subsidy program in North Carolina and were already
- 6 participating or were not participating, and why.
- 7 (5) Any other relevant information deemed appropriate."
- 8

9 **"TRI-SHARE CHILD CARE PILOT PROGRAM EXPANSION**

10 **SECTION 7.16.(a)** Of the funds appropriated in this act for the 2024-2025 fiscal
11 year to the Department of Health and Human Services, Division of Child Development and Early
12 Education, the sum of four hundred thousand dollars (\$400,000) in nonrecurring funds shall be
13 used to expand the Tri-Share Child Care Pilot Program as set forth in subsection (b) of this
14 section.

15 **SECTION 7.16.(b)** Section 9D.9 of S.L. 2023-134 reads as rewritten:

16 "...

17 **"SECTION 9D.9.(c)** The Division and NCPC shall select up to ~~three~~ four local partnerships
18 to serve as regional facilitator hubs to implement and administer the pilot program and act as
19 regional intermediaries between employers, families, child care providers, and the State. The
20 Division and NCPC shall select local partnerships to participate in the pilot program from
21 geographically diverse areas across the State, with one selected from a tier one ~~county~~ county
22 and one selected from a tier three county. For purposes of this section, a tier one county and a
23 tier three county shall have the same designation as that established by the North Carolina
24 Department of Commerce's 2023 County Tier Designations.

25 ...

26 **"SECTION 9D.9.(g)** Of the funds appropriated in this section to the Division for the Tri-
27 Share Child Care Pilot program expansions, the Division shall use the sum of up to one hundred
28 thousand dollars (\$100,000) to conduct an evaluation of the program or contract a third party to
29 evaluate the program. Within six months after completion of the pilot program, the Division shall
30 submit ~~a report~~ the evaluation to the Joint Legislative Oversight Committee on Health and Human
31 ~~Services~~ Services, the Office of State Budget and Management, and the Fiscal Research Division.
32 The report ~~evaluation~~ shall include, at a minimum, each of the following:

- 33 (1) The number of children served, by age and county.
- 34 (2) Total pilot program costs, including any administrative costs.
- 35 (3) The amount of funds needed to expand the program statewide.
- 36 (4) The list of employers participating in the pilot program.
- 37 (4a) Statistics that describe the uptake and use of the pilot program, such as (i) the
38 number of applications received, (ii) the amount of funds requested, (iii) the
39 number of applications approved, (iv) the total amount of funds awarded, and
40 (v) the types of child care used by students receiving funds from the pilot
41 program.
- 42 (4b) An estimate of the number of families who would not otherwise access child
43 care services except as a result of the pilot program.

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- 1 (4c) An assessment of any obstacles families and businesses faced in receiving
2 pilot program funds or participating in the pilot program.
3 (4d) Recommendations on whether to continue the pilot program and, if so, what
4 improvements might be made.
5 (5) Any other relevant information deemed appropriate."
6

7 **"MANDATORY QUALITY STANDARDS FOR CHILD CARE CENTERS/FUNDS**

8 **SECTION 7.17.(a)** Consistent with the requirements for child care facilities under
9 Article 7 of Chapter 110 of the General Statutes, all child care centers in North Carolina shall
10 adhere to the following mandatory quality standards:

- 11 (1) Teacher-to-Child Ratios: Maintain appropriate teacher-to-child ratios based
12 on the age group of the children.
13 (2) Curriculum: Implement a developmentally appropriate curriculum that
14 promotes cognitive, emotional, and social development.
15 (3) Staff Qualifications: Ensure all staff members meet minimum education and
16 training requirements, including ongoing professional development.
17 (4) Health and Safety: Adhere to strict health and safety guidelines, including
18 regular inspections and adherence to hygiene protocols.
19 (5) Parental Involvement: Encourage and facilitate parental involvement in the
20 child care program.

21 **SECTION 7.17.(b)** Funding and Support. – Of the funds appropriated in this act for
22 the 2024-2025 fiscal year to the Department of Health and Human Services, Division of Child
23 Development and Early Education (Division), the sum of one hundred eighty million dollars
24 (\$180,000,000) in nonrecurring funds shall be used to support child care centers in meeting the
25 mandatory quality standards set forth in subsection (a) of this section for the upcoming year.
26 These funds shall be used to (i) prevent the loss of teachers, closure of classrooms, and increase
27 in tuition and fees and (ii) provide resources and technical assistance to child care centers to help
28 them achieve and maintain compliance with quality standards.

29 **SECTION 7.17.(c)** Monitoring and Enforcement. – The Division shall establish a
30 monitoring and enforcement system to ensure compliance with the mandatory quality standards
31 described in this section, which shall include the following:

- 32 (1) Regular inspections and a system for addressing non-compliance.
33 (2) Implementing penalties for child care centers that fail to meet the mandatory
34 quality standards, including fines and potential revocation of licenses for
35 repeated violations.

36 **SECTION 7.17.(d)** Reporting and Accountability. – A child care center shall submit
37 a report to the Division by December 1 of each year detailing its compliance with the mandatory
38 quality standards. The Division shall establish a public reporting system to provide transparency
39 on the quality of child care centers, allowing parents to make informed decisions.""; and
40

41 on page 35, lines 10-11, by inserting the following between the lines:
42

43 **"EMPLOYER CHILD CARE MATCH GRANT PROGRAM**

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1 **SECTION 8.2.(a)** Appropriation. – Notwithstanding any provision of this act or any
2 other law to the contrary, there is appropriated to the Department of Commerce (Department)
3 from the unappropriated balance remaining in the General Fund for the 2024-2025 fiscal year the
4 sum of twenty-four million one hundred fifty thousand dollars (\$24,150,000) in recurring funds
5 shall be used for the Employer Child Care Match Grant Program (Program) pursuant to this
6 section.

7 **SECTION 8.2.(b)** Program; Eligibility. – The Department shall partner with the
8 business community to increase child care access by matching business contributions to eligible
9 employees' Dependent Care Flexible Spending Accounts (DCFSA). The Program will contribute
10 a State match of up to two thousand five hundred dollars (\$2,500) to each eligible participant's
11 DCFSA. The Department shall establish and determine Program eligibility, which, at a
12 minimum, shall include the following:

- 13 (1) An employer must have five or more employees participating in a DCFSA to
14 be eligible to participate in the matching program.
- 15 (2) An employer must contribute at least five hundred dollars (\$500) per
16 participating employee.
- 17 (3) An employee of a participating employer is eligible for the State match if the
18 employee (i) has a household income between one hundred eighty-five
19 percent (185%) and three hundred percent (300%) of the federal poverty level,
20 and (ii) is not otherwise eligible for subsidized child care in this State.

21 **SECTION 8.2.(c)** Program Criteria. – The Department shall develop and implement
22 other criteria for the Program, including, but not limited to,

- 23 (1) Verifying employer contributions before contributing State funds.
- 24 (2) Ensuring all participating employees are residents in North Carolina.
- 25 (3) Soliciting participating employers.
- 26 (4) Ensuring participating employers agree to do all the following:
 - 27 a. Identify and recruit eligible employees.
 - 28 b. Contribute the employer portion into the DCFSA for each
29 participating employee.
 - 30 c. Maintain communication.
- 31 (5) Matching employer contributions depending on the employee's income based
32 on a percentage of the federal poverty level in accordance with the following
33 schedule:

34 INCOME PERCENTAGE LEVEL	35 STATE MATCH PERCENTAGE
36 185-200%	100%
37 200%-225%	85%
38 225%-250%	65%
39 250%-300%	50%

40 **SECTION 8.2.(d)** Administration of Program. – The Department may use up to one
41 million dollars (\$1,000,000) for administrative expenses to operate the Program, and of those
42 funds, two hundred thousand dollars (\$200,000) shall be used for the Department to promote the
43 Program and provide general support of business and child care strategies for the Grants for Child
Care Facilities and Pre-K Classrooms funded in this act. In addition, the Department shall reserve

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1 and transfer to a special fund \$100,000 per year for the first three years of the program to fund a
2 rigorous evaluation of program implementation and impacts in the 2027-2028 fiscal year. The
3 Department shall use a portion of these evaluation funds to develop and publicly register a
4 pre-evaluation plan by September 1, 2025.

5 **SECTION 8.2.(e)** Reporting Requirement. – Beginning February 1, 2025, and
6 annually thereafter, the Department shall submit an annual report to the Joint Legislative
7 Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee
8 on Agriculture, Natural, and Economic Resource and the Fiscal Research Division. The report
9 shall include, at a minimum, each of the following:

- 10 (1) The numbers employers participating in the program, by county, industry, and
11 employer size.
12 (2) The number of employees participating in the program, by county, industry,
13 and employer size.
14 (3) Total program costs, including any administrative costs.
15 (4) The size of the waitlist for the program and amount of funds needed to
16 continue the program in the next fiscal year.
17 (5) Any other relevant information deemed appropriate."
18

19 **"EMPLOYER BENEFIT STUDY**

20 **SECTION 8.3.** Notwithstanding any provision of this act or any other law to the
21 contrary, there is appropriated to the Department of Commerce (Department) from the
22 unappropriated balance remaining in the General Fund for the 2024-2025 fiscal year (Budget
23 Code: 14600) the sum of one hundred thousand dollars (\$100,000) in nonrecurring funds and the
24 funds described in this section shall be used by the Department to study the following:

- 25 (1) Employee benefits currently provided by employers in this State, including
26 the per employee cost of providing such benefits.
27 (2) Employee benefits available but not currently provided by employers in this
28 State, and the expected per employee cost of providing such benefits.
29 (3) The viability of providing enhanced economic development incentives to
30 grant recipients which provide certain employee and family-friendly
31 benefits."; and
32

33 on page 45, lines 44-45, by adding between the lines a new section to read:
34

35 **"REENACT MODIFIED CHILD AND DEPENDENT CARE TAX CREDIT**

36 **SECTION 15.1.** Effective for taxable years beginning on or after January 1, 2024,
37 G.S. 105-151.11 is reenacted as it existed immediately before its expiration, is recodified as
38 G.S. 105-153.11, and reads as rewritten:

39 **"§ 105-153.11. Credit for child care and certain employment-related expenses.**

40 (a) Credit. – A person who is allowed a credit against federal income tax for a percentage
41 of employment-related expenses under section 21 of the Code shall be allowed as a credit against
42 the tax imposed by this Part an amount equal to ~~the applicable percentage~~ fifty percent (50%)
43 of the employment-related expenses as defined in section 21(b)(2) of the ~~Code~~ Code, subject to the

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1 percentage reduction provided under subsection (a2) of this section. In order to claim the credit
 2 allowed by this section, the taxpayer must provide with the tax return the information required
 3 by the Secretary.

4 ~~(a1) Applicable Percentage.— For employment related expenses that are incurred only~~
 5 ~~with respect to one or more dependents who are seven years old or older and are not physically~~
 6 ~~or mentally incapable of caring for themselves, the applicable percentage is the appropriate~~
 7 ~~percentage in the column labeled "Percentage A" in the table below, based on the taxpayer's~~
 8 ~~adjusted gross income determined under the Code. For employment related expenses with~~
 9 ~~respect to any other qualifying individual, the applicable percentage is the appropriate percentage~~
 10 ~~in the column labeled "Percentage B" in the table below, based on the taxpayer's adjusted gross~~
 11 ~~income determined under the Code.~~

12 Filing Status	13 Adjusted Gross	14 Percentage A	15 Percentage B
	16 Income		
17 Head of	18 Up to \$20,000	19 9%	20 13%
21 Household	22 Over \$20,000		
	23 up to \$32,000	24 8%	25 11.5%
	26 Over \$32,000	27 7%	28 10%
29 Surviving			
30 Spouse or			
31 Joint Return	32 Up to \$25,000	33 9%	34 13%
	35 Over \$25,000		
	36 up to \$40,000	37 8%	38 11.5%
	39 Over \$40,000	40 7%	41 10%
42 Single	43 Up to \$15,000	9%	13%
	Over \$15,000		
	up to \$24,000	8%	11.5%
	Over \$24,000	7%	10%
44 Married			
45 Filing			
46 Separately	47 Up to \$12,500	48 9%	49 13%
	50 Over \$12,500		
	51 up to \$20,000	52 8%	53 11.5%

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1
2 Over \$20,000 7% 10%
3 (a2) Percentage Reduction. – The credit allowed by this section shall be reduced by the
4 percentage computed using the formula listed in the table below, rounded to the nearest
5 percentage point, based upon the taxpayer's filing status and adjusted gross income:

<u>Filing Status</u>	<u>For Agi Exceeding</u>	<u>Percentage Reduction</u>
<u>Married, filing jointly/ surviving spouse</u>	<u>\$150,000</u>	<u>The lesser of (i) 100% or (ii) [(Taxpayer's Agi – \$150,000) / \$50,000]</u>
<u>Head of Household</u>	<u>\$112,500</u>	<u>The lesser of (i) 100% or (ii) [(Taxpayer's Agi – \$112,500) / \$37,500]</u>
<u>Single/Married filing separately</u>	<u>\$75,000</u>	<u>The lesser of (i) 100% or (ii) [(Taxpayer's Agi – \$75,000) / \$25,000].</u>

10
11
12
13
14 (b) Employment Related Expenses. – The amount of employment-related expenses for
15 which a credit may be claimed may not exceed three thousand dollars (\$3,000) if the taxpayer's
16 household includes one qualifying individual, as defined in section 21(b)(1) of the Code, and
17 may not exceed six thousand dollars (\$6,000) if the taxpayer's household includes more than one
18 qualifying individual. The amount of employment-related expenses for which a credit may be
19 claimed is reduced by the amount of employer-provided dependent care assistance excluded from
20 gross income.

21 (c) Limitations. – A nonresident or part-year resident who claims the credit allowed by
22 this section shall reduce the amount of the credit by multiplying it by the fraction calculated under
23 ~~G.S. 105-134.5(b) or (c)~~, G.S. 105-153.4(b) or (c), as appropriate. No credit shall be allowed
24 under this section for amounts deducted in calculating North Carolina taxable income. ~~The credit~~
25 ~~allowed by this section may not exceed the amount of tax imposed by this Part for the taxable~~
26 ~~year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf~~
27 ~~of the taxpayer.~~

28 (d) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax
29 imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary
30 must refund the excess to the taxpayer. The refundable excess is governed by the provisions
31 governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In
32 computing the amount of tax against which multiple credits are allowed, nonrefundable credits
33 are subtracted before refundable credits.""; and

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- 1 by adjusting the appropriate totals accordingly.
- 2
- 3
- 4
- 5

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____