

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 490
Mar 24, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40287-NGa-103A

Short Title: Propel NC Funding and Tuition Surcharge. (Public)

Sponsors: Representative Winslow.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REVISE ITS
3 FUNDING MODEL FOR COMMUNITY COLLEGES TO ALIGN WITH THE PROPEL
4 NC FUNDING MODEL, TO ESTABLISH THE ENROLLMENT INCREASE RESERVE,
5 AND TO PERMIT COMMUNITY COLLEGES TO ESTABLISH A LOCAL TUITION
6 AND FEE SURCHARGE.

7 The General Assembly of North Carolina enacts:

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9 **PART I. DIRECT STATE BOARD OF COMMUNITY COLLEGES TO REVISE**
10 **FUNDING MODEL**

11 **SECTION 1.(a)** The following session laws are repealed:

- 12 (1) Subsection (b) of Section 8.3 of S.L. 2011-145.
13 (2) Subsection (a) of Section 10.4 of S.L. 2013-360.

14 **SECTION 1.(b)** The State Board of Community Colleges shall revise its funding
15 formula for community colleges and allocate funds under that revised formula, beginning with
16 the 2025-2026 fiscal year, according to the following minimum criteria:

- 17 (1) Each community college shall continue to receive a base allocation of funds.
18 (2) In addition to the base allocation of funds, funds shall be provided to
19 community colleges based on the number of full-time equivalent (FTE)
20 students enrolled in the following:
21 a. Curriculum, workforce continuing education, and Basic Skills courses.
22 b. Courses and programming conducted under the Customized Training
23 Program and the Small Business Center Network.
24 (3) Funds allocated pursuant to subdivision (2) of this subsection shall be
25 weighted based on the workforce sector of each course, as determined by the
26 State Board. In making its determinations, the State Board shall consider
27 salary data and labor market demand for the applicable workforce sector.

28 **SECTION 1.(c)** G.S. 115D-5 is amended by adding a new subsection to read:

29 "(aa) The State Board of Community Colleges shall review and revise, as necessary, its
30 workforce sector designations for curriculum, workforce continuing education, and Basic Skills
31 courses at community colleges by July 15, 2028, and every three years thereafter."

32 **SECTION 1.(d)** No later than April 1, 2027, the Community Colleges System Office
33 shall report to the Joint Legislative Education Oversight Committee on the revisions to its funding
34 formula for community colleges pursuant to subsection (b) of this section, including the structure
35 of the revised formula, the process for implementing the revised formula, and any recommended
36 changes to the revised formula.



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1 **SECTION 1.(e)** There is appropriated from the General Fund to the State Board of
2 Community Colleges for the 2025-2026 fiscal year the sum of ninety-three million nineteen
3 thousand five hundred fifty-six dollars (\$93,019,556) in recurring funds to implement the
4 revisions to the funding formula required by subsection (b) of this section.
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6 **PART II. ENROLLMENT INCREASE RESERVE**

7 **SECTION 2.(a)** G.S. 115D-31(e) reads as rewritten:

8 "(e) If receipts for community college tuition and fees exceed the amount certified in
9 General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall
10 ~~transfer the amount of receipts and fees above those budgeted to the Enrollment Growth Reserve.~~
11 may allocate those receipts to the community colleges for operating costs according to a formula
12 adopted by the State Board. Funds in the Enrollment Growth Reserve allocated pursuant to this
13 subsection shall not revert to the General Fund and shall remain available to the State Board until
14 expended. The State Board may allocate funds in this reserve to colleges experiencing an
15 enrollment increase greater than five percent (5%) of budgeted enrollment levels."

16 **SECTION 2.(b)** G.S. 115D-31 is amended by adding a new subsection to read:

17 "(e1) The State Board shall administer the Enrollment Increase Reserve as provided in
18 G.S. 115D-31.4."

19 **SECTION 2.(c)** Article 3 of Chapter 115D of the General Statutes is amended by
20 adding the following new section to read:

21 **"§ 115D-31.4. Enrollment Increase Reserve.**

22 (a) There is established the Enrollment Increase Reserve (Reserve) to be administered by
23 the State Board of Community Colleges. The purpose of the Reserve is to allow the State Board
24 to provide funds to community colleges to account for enrollment increases beyond budgeted
25 enrollment levels.

26 (b) Monies in the Reserve shall consist of funds appropriated by the General Assembly
27 in the Current Operations Appropriations Act for a fiscal year. The State Board shall include in
28 its annual enrollment request the appropriation to the Reserve that is needed to fund enrollment
29 increases in the next fiscal year.

30 (c) The State Board may allocate monies from the Reserve to a community college with
31 an eligible increase in full-time equivalent (FTE) enrollment according to a formula adopted by
32 the State Board. An eligible increase in FTE enrollment is either of the following:

33 (1) An increase in FTE enrollment of more than five percent (5%) of the budgeted
34 enrollment level in any of the following course categories:

35 a. Curriculum.

36 b. Workforce continuing education.

37 c. Basic Skills.

38 (2) An increase in total FTE enrollment of more than 325 students.

39 (d) Monies in the Reserve shall not revert at the end of each fiscal year but shall remain
40 available until expended for the purposes of this section."

41 **SECTION 2.(d)** There is appropriated from the General Fund to the Enrollment
42 Increase Reserve for the 2025-2026 fiscal year the sum of six million dollars (\$6,000,000) in
43 recurring funds to be used in accordance with G.S. 115D-31.4, as enacted by this section.
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45 **PART III. PERMIT COMMUNITY COLLEGES TO ESTABLISH A LOCAL TUITION** 46 **AND FEE SURCHARGE**

47 **SECTION 3.(a)** Article 3 of Chapter 115D of the General Statutes is amended by
48 adding a new section to read:

49 **"§ 115D-39.2. Local tuition and fee surcharge.**

1 (a) Notwithstanding G.S. 115D-39(a), a community college may implement a surcharge
2 for tuition for curriculum courses and registration fees for workforce continuing education
3 courses. The surcharge may be up to ten percent (10%) of the statewide tuition rate or fee rate.

4 (b) All students enrolled in a course subject to the surcharge, except for students for
5 whom tuition and registration are waived by law or regulation, shall be charged the surcharge.

6 (c) The funds collected from the surcharge shall only be used to support instruction in
7 curriculum, workforce continuing education, or Basic Skills courses. These funds shall not be
8 used for noninstructional purposes.

9 (d) No later than February 15, 2026, and annually thereafter, the State Board shall report
10 to the Joint Legislative Education Oversight Committee on all expenditures made with funds
11 collected from the surcharge authorized by this section. The report shall include, at a minimum,
12 an analysis of expenditures that is disaggregated on the basis of curriculum, workforce continuing
13 education, and Basic Skills courses.

14 (e) The State Board shall adopt rules to implement this section."

15 **SECTION 3.(b)** G.S. 115D-39.1 reads as rewritten:

16 "**§ 115D-39.1. Tuition ~~surcharge~~ surcharge for a new instructional program.**

17 "...."

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19 **PART IV. EFFECTIVE DATE**

20 **SECTION 4.** This act becomes effective July 1, 2025.