

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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**SENATE BILL 257
Appropriations/Base Budget Committee Substitute Adopted with unengrossed
amendments 4/15/25
Finance Committee Favorable 4/15/25
Pensions and Retirement and Aging Committee Substitute Adopted 4/15/25
Third Edition Engrossed 4/17/25
House Committee Substitute Favorable 5/19/25
PROPOSED HOUSE COMMITTEE SUBSTITUTE S257-PCS45406-MRxfap-1**

Short Title: 2025 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 11, 2025

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
3 OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

4 The General Assembly of North Carolina enacts:

5
6 **PART I. TITLE AND INTRODUCTION**

7
8 **TITLE OF ACT**

9 **SECTION 1.1.** This act shall be known as the "Current Operations Appropriations
10 Act of 2025."

11
12 **INTRODUCTION**

13 **SECTION 1.2.** The appropriations made in this act are for maximum amounts
14 necessary to provide the services and accomplish the purposes described in the budget in
15 accordance with the State Budget Act. Savings shall be effected where the total amounts
16 appropriated are not required to perform these services and accomplish these purposes, and the
17 savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise
18 provided by law.

19
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21
22 **GENERAL FUND APPROPRIATIONS**

23 **SECTION 2.1.(a)** Appropriations from the General Fund for the budgets of the State
24 departments, institutions, and agencies, and for other purposes, as enumerated, are made for each
25 year of the 2025-2027 fiscal biennium, according to the following schedule:

26
27 **Current Operations - General Fund** **FY 2025-2026** **FY 2026-2027**

28
29 **EDUCATION**

30 North Carolina Community College System



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1	Requirements	2,132,485,457	2,140,493,331
2	Less: Receipts	402,813,878	398,313,878
3	Net Appropriation	1,729,671,579	1,742,179,453
4			
5	Department of Public Instruction		
6	Requirements	15,141,463,467	15,384,611,327
7	Less: Receipts	2,730,332,011	2,693,788,209
8	Net Appropriation	12,411,131,456	12,690,823,118
9			
10	THE UNIVERSITY OF NORTH CAROLINA		
11	East Carolina Univ. - Academic Affairs		
12	Requirements	456,546,645	458,646,645
13	Less: Receipts	182,418,884	184,518,884
14	Net Appropriation	274,127,761	274,127,761
15			
16	East Carolina Univ. - Health Affairs		
17	Requirements	121,853,241	121,853,241
18	Less: Receipts	14,708,326	14,708,326
19	Net Appropriation	107,144,915	107,144,915
20			
21	Appalachian State University		
22	Requirements	368,021,568	370,121,568
23	Less: Receipts	158,158,973	160,258,973
24	Net Appropriation	209,862,595	209,862,595
25			
26	Elizabeth City State University		
27	Requirements	56,075,597	56,475,597
28	Less: Receipts	7,562,050	7,962,050
29	Net Appropriation	48,513,547	48,513,547
30			
31	Fayetteville State University		
32	Requirements	106,637,643	107,037,643
33	Less: Receipts	19,050,653	19,450,653
34	Net Appropriation	87,586,990	87,586,990
35			
36	NC A&T University		
37	Requirements	264,494,998	264,909,534
38	Less: Receipts	101,766,524	102,166,524
39	Net Appropriation	162,728,474	162,743,010
40			
41	NC School of Science and Mathematics		
42	Requirements	49,107,483	49,107,483
43	Less: Receipts	3,866,717	3,866,717
44	Net Appropriation	45,240,766	45,240,766
45			
46	NC State University - Academic Affairs		
47	Requirements	1,057,745,970	1,060,209,903
48	Less: Receipts	488,308,834	490,408,834
49	Net Appropriation	569,437,136	569,801,069
50			
51	NC State University - Ag. Research		

1	Requirements	83,589,800	83,589,800
2	Less: Receipts	20,124,784	20,124,784
3	Net Appropriation	63,465,016	63,465,016
4			
5	NC State University - Coop. Extension		
6	Requirements	65,417,787	65,417,787
7	Less: Receipts	18,874,550	18,874,550
8	Net Appropriation	46,543,237	46,543,237
9			
10	North Carolina Central University		
11	Requirements	154,404,790	154,804,790
12	Less: Receipts	55,832,154	56,232,154
13	Net Appropriation	98,572,636	98,572,636
14			
15	UNC at Asheville		
16	Requirements	73,836,418	74,236,418
17	Less: Receipts	22,735,324	23,135,324
18	Net Appropriation	51,101,094	51,101,094
19			
20	UNC at Chapel Hill - Academic Affairs		
21	Requirements	807,492,482	809,092,482
22	Less: Receipts	412,394,558	414,494,558
23	Net Appropriation	395,097,924	394,597,924
24			
25	UNC at Chapel Hill - Area Health Ed.		
26	Requirements	56,855,450	56,855,450
27	Less: Receipts	0	0
28	Net Appropriation	56,855,450	56,855,450
29			
30	UNC at Chapel Hill - Health Affairs		
31	Requirements	392,135,573	392,135,573
32	Less: Receipts	142,736,020	142,736,020
33	Net Appropriation	249,399,553	249,399,553
34			
35	UNC at Charlotte		
36	Requirements	535,339,845	537,439,845
37	Less: Receipts	201,655,102	203,755,102
38	Net Appropriation	333,684,743	333,684,743
39			
40	UNC at Greensboro		
41	Requirements	308,610,059	309,010,059
42	Less: Receipts	103,622,976	104,022,976
43	Net Appropriation	204,987,083	204,987,083
44			
45	UNC at Pembroke		
46	Requirements	115,488,721	115,888,721
47	Less: Receipts	20,014,868	20,414,868
48	Net Appropriation	95,473,853	95,473,853
49			
50	UNC at Wilmington		
51	Requirements	350,877,159	351,277,159

1	Less: Receipts	133,637,430	134,037,430
2	Net Appropriation	217,239,729	217,239,729
3			
4	UNC BOG - Aid to Private Institutions		
5	Requirements	1,209,300	2,709,300
6	Less: Receipts	0	0
7	Net Appropriation	1,209,300	2,709,300
8			
9	UNC BOG - Institutional Programs		
10	Requirements	230,856,579	257,798,406
11	Less: Receipts	0	30,000,000
12	Net Appropriation	230,856,579	227,798,406
13			
14	UNC BOG - Related Ed. Programs		
15	Requirements	1,044,814,078	1,112,014,078
16	Less: Receipts	196,935,487	196,935,487
17	Net Appropriation	847,878,591	915,078,591
18			
19	UNC School of the Arts		
20	Requirements	58,876,330	58,876,330
21	Less: Receipts	16,904,167	16,904,167
22	Net Appropriation	41,972,163	41,972,163
23			
24	UNC System Office		
25	Requirements	54,107,311	54,107,311
26	Less: Receipts	4,009,217	4,009,217
27	Net Appropriation	50,098,094	50,098,094
28			
29	Western Carolina University		
30	Requirements	200,707,511	200,341,223
31	Less: Receipts	35,351,773	35,751,773
32	Net Appropriation	165,355,738	164,589,450
33			
34	Winston-Salem State University		
35	Requirements	93,943,876	94,343,876
36	Less: Receipts	25,200,103	25,600,103
37	Net Appropriation	68,743,773	68,743,773
38			
39	HEALTH AND HUMAN SERVICES		
40	Aging		
41	Requirements	164,303,521	164,343,085
42	Less: Receipts	110,527,985	110,527,985
43	Net Appropriation	53,775,536	53,815,100
44			
45	Central Management and Support		
46	Requirements	393,760,863	404,960,962
47	Less: Receipts	175,307,598	181,444,525
48	Net Appropriation	218,453,265	223,516,437
49			
50	Child and Family Well-Being		
51	Requirements	590,681,611	585,825,279

1	Less: Receipts	525,168,964	525,168,964
2	Net Appropriation	65,512,647	60,656,315
3			
4	Child Development and Early Education		
5	Requirements	1,017,577,762	1,043,929,191
6	Less: Receipts	722,387,144	732,687,145
7	Net Appropriation	295,190,618	311,242,046
8			
9	Emp. & Indep. For People with Disabilities		
10	Requirements	193,029,281	192,370,164
11	Less: Receipts	148,782,923	147,874,973
12	Net Appropriation	44,246,358	44,495,191
13			
14	Health Benefits		
15	Requirements	32,500,820,158	33,445,466,693
16	Less: Receipts	26,117,444,632	26,663,694,712
17	Net Appropriation	6,383,375,526	6,781,771,981
18			
19	Health Service Regulation		
20	Requirements	84,733,032	85,032,220
21	Less: Receipts	58,502,016	58,509,562
22	Net Appropriation	26,231,016	26,522,658
23			
24	Mental Hlth/Dev. Disabl./Subs. Use Serv.		
25	Requirements	1,802,483,594	1,798,848,068
26	Less: Receipts	1,037,424,730	982,108,379
27	Net Appropriation	765,058,864	816,739,689
28			
29	Public Health		
30	Requirements	516,281,336	516,127,082
31	Less: Receipts	376,237,742	382,761,631
32	Net Appropriation	140,043,594	133,365,451
33			
34	Services for the Blind/Deaf/Hard of Hearing		
35	Requirements	47,938,351	48,004,065
36	Less: Receipts	38,350,821	38,359,246
37	Net Appropriation	9,587,530	9,644,819
38			
39	Social Services		
40	Requirements	2,212,860,010	2,215,436,944
41	Less: Receipts	1,975,419,946	1,980,092,262
42	Net Appropriation	237,440,064	235,344,682
43			
44	AGRIC., NATURAL, AND ECON. RES.		
45	Agriculture and Consumer Services		
46	Requirements	278,274,803	277,520,703
47	Less: Receipts	93,169,654	93,169,654
48	Net Appropriation	185,105,149	184,351,049
49			
50	Commerce		
51	Requirements	271,286,707	262,520,827

1	Less: Receipts	77,602,791	77,602,791
2	Net Appropriation	193,683,916	184,918,036
3			
4	Environmental Quality		
5	Requirements	223,171,873	221,723,660
6	Less: Receipts	119,014,557	120,173,918
7	Net Appropriation	104,157,316	101,549,742
8			
9	Labor		
10	Requirements	47,908,224	48,595,592
11	Less: Receipts	20,582,629	21,004,161
12	Net Appropriation	27,325,595	27,591,431
13			
14	Natural and Cultural Resources		
15	Requirements	357,890,255	354,765,622
16	Less: Receipts	51,789,470	51,789,470
17	Net Appropriation	306,100,785	302,976,152
18			
19	Wildlife Resources Commission		
20	Requirements	102,980,056	103,150,017
21	Less: Receipts	85,200,340	85,200,340
22	Net Appropriation	17,779,716	17,949,677
23			
24	JUSTICE AND PUBLIC SAFETY		
25	Administrative Office of the Courts		
26	Requirements	832,298,866	838,160,814
27	Less: Receipts	7,209,807	1,209,807
28	Net Appropriation	825,089,059	836,951,007
29			
30	Indigent Defense Services		
31	Requirements	192,726,473	188,944,272
32	Less: Receipts	18,494,851	18,494,851
33	Net Appropriation	174,231,622	170,449,421
34			
35	Adult Correction		
36	Requirements	2,094,465,634	2,103,435,420
37	Less: Receipts	21,455,170	21,455,170
38	Net Appropriation	2,073,010,464	2,081,980,250
39			
40	Justice		
41	Requirements	118,120,787	118,782,221
42	Less: Receipts	50,114,998	50,114,998
43	Net Appropriation	68,005,789	68,667,223
44			
45	Public Safety		
46	Requirements	886,715,958	863,722,481
47	Less: Receipts	213,519,604	208,582,548
48	Net Appropriation	673,196,354	655,139,933
49			
50	State Bureau of Investigation		
51	Requirements	173,282,129	117,899,506

1	Less: Receipts	28,393,256	23,596,352
2	Net Appropriation	144,888,873	94,303,154
3			
4	GENERAL GOVERNMENT		
5	Administration		
6	Requirements	88,381,932	83,625,659
7	Less: Receipts	20,908,076	15,791,755
8	Net Appropriation	67,473,856	67,833,904
9			
10	Administrative Hearings		
11	Requirements	10,847,645	9,746,139
12	Less: Receipts	4,021,520	1,521,520
13	Net Appropriation	6,826,125	8,224,619
14			
15	Auditor		
16	Requirements	39,007,557	34,175,295
17	Less: Receipts	17,365,869	12,365,869
18	Net Appropriation	21,641,688	21,809,426
19			
20	Budget and Management		
21	Requirements	13,029,440	13,126,484
22	Less: Receipts	1,106,402	1,106,402
23	Net Appropriation	11,923,038	12,020,082
24			
25	Budget and Management - Special Approp.		
26	Requirements	32,222,477	13,420,402
27	Less: Receipts	1,922,477	830,000
28	Net Appropriation	30,300,000	12,590,402
29			
30	Controller		
31	Requirements	38,168,047	38,427,448
32	Less: Receipts	1,723,209	1,723,209
33	Net Appropriation	36,444,838	36,704,239
34			
35	Elections		
36	Requirements	28,105,387	11,685,475
37	Less: Receipts	15,102,000	102,000
38	Net Appropriation	13,003,387	11,583,475
39			
40	General Assembly		
41	Requirements	104,234,370	104,024,883
42	Less: Receipts	767,526	561,000
43	Net Appropriation	103,466,844	103,463,883
44			
45	Governor		
46	Requirements	13,021,128	13,080,959
47	Less: Receipts	1,140,294	1,140,294
48	Net Appropriation	11,880,834	11,940,665
49			
50	Housing Finance Agency		
51	Requirements	15,660,000	10,660,000

1	Less: Receipts	0	0
2	Net Appropriation	15,660,000	10,660,000
3			
4	Human Resources		
5	Requirements	13,337,684	14,824,139
6	Less: Receipts	1,273,415	798,888
7	Net Appropriation	12,064,269	14,025,251
8			
9	Industrial Commission		
10	Requirements	20,118,068	19,037,085
11	Less: Receipts	4,357,425	4,357,425
12	Net Appropriation	15,760,643	14,679,660
13			
14	Insurance		
15	Requirements	53,370,570	53,889,017
16	Less: Receipts	9,252,247	9,358,231
17	Net Appropriation	44,118,323	44,530,786
18			
19	Insurance - Fire Marshal		
20	Requirements	21,081,461	23,076,554
21	Less: Receipts	2,718,899	2,718,899
22	Net Appropriation	18,362,562	20,357,655
23			
24	Lieutenant Governor		
25	Requirements	1,257,888	1,176,044
26	Less: Receipts	0	0
27	Net Appropriation	1,257,888	1,176,044
28			
29	Military and Veterans Affairs		
30	Requirements	9,399,512	8,986,327
31	Less: Receipts	0	0
32	Net Appropriation	9,399,512	8,986,327
33			
34	Revenue		
35	Requirements	208,516,712	206,663,427
36	Less: Receipts	78,896,148	76,077,870
37	Net Appropriation	129,620,564	130,585,557
38			
39	Secretary of State		
40	Requirements	20,975,435	20,971,094
41	Less: Receipts	1,800,251	1,612,750
42	Net Appropriation	19,175,184	19,358,344
43			
44	Treasurer		
45	Requirements	81,923,053	73,336,228
46	Less: Receipts	81,713,979	73,127,154
47	Net Appropriation	209,074	209,074
48			
49	Treasurer - Other Retirement Plans/Benefits		
50	Requirements	24,694,657	25,044,657
51	Less: Receipts	0	0

1	Net Appropriation	24,694,657	25,044,657
2			
3	INFORMATION TECHNOLOGY		
4	Department of Information Technology		
5	Requirements	92,819,163	93,042,093
6	Less: Receipts	1,957,692	1,957,692
7	Net Appropriation	90,861,471	91,084,401
8			
9	RESERVES AND LOTTERY		
10	General Fund Reserve		
11	Requirements	0	0
12	Less: Receipts	0	0
13	Net Appropriation	0	0
14			
15	General Fund Reserves		
16	Requirements	8,194,713	9,291,388
17	Less: Receipts	0	0
18	Net Appropriation	8,194,713	9,291,388
19			
20	Total Requirements	70,424,953,321	71,624,280,565
21	Less: Total Receipts	37,837,144,420	38,303,245,963
22	Total Net Appropriation	32,587,808,901	33,321,034,602

23
24 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in
25 Section 45.2 of this act, the requirements set forth in this section represent the total amount of
26 funds, including agency receipts, appropriated to an agency, department, or institution.
27

28 GENERAL FUND AVAILABILITY

29 **SECTION 2.2.(a)** General Fund Availability. – The General Fund availability
30 derived from State tax revenue, nontax revenue, and other adjustments used in developing the
31 budget for each year of the 2025-2027 fiscal biennium is as follows:
32

	FY 2025-2026	FY 2026-2027
33		
34	Unappropriated Balance Remaining FY 2024-25	48,073,341
35	Anticipated Reversions	500,000,000
36	Anticipated FY 2024-25 Overcollections	543,900,000
37	Total, Prior Year-End Fund Balance	1,091,973,341
38		
39	Consensus Revenue Forecast	
40	Tax Revenue	33,388,800,000
41	Non-Tax Revenue	1,500,900,000
42	Total, Tax & Non-Tax Revenue	34,889,700,000
43		
44	Revenue Adjustments	
45	Adjustments to Tax Revenue	(173,435,000)
46	Adjustments to Non-Tax Revenue	4,996,890
47	Total, Revenue Adjustments	(168,438,110)
48		
49	Statutorily Required Reservations of Revenue	
50	Savings Reserve	(36,669,750)
51	State Capital and Infrastructure Fund	(1,120,000,000)

1	Total, Statutorily Required Reservations of Revenue	(1,156,669,750)	(1,159,200,000)
2			
3	Discretionary Reservations of Revenue		
4	Additional Transfer to Savings Reserve	(1,103,479,136)	-
5	Economic Development Project Reserve	(250,000,000)	-
6	Regional Economic Development Reserve	(600,000,000)	-
7	Total, Discretionary Reservations of Revenue	(1,953,479,136)	-
8			
9	Revised Total General Fund Availability	32,703,086,345	34,363,507,907
10			
11	General Fund Net Appropriations	32,587,808,901	33,321,034,602
12			
13	Unappropriated Balance Remaining	115,277,444	1,042,473,305
14			

15 **SECTION 2.2.(b)** Savings Reserve. – The State Controller shall transfer to the
 16 Savings Reserve the sum of one billion one hundred three million four hundred seventy-nine
 17 thousand one hundred thirty-six dollars (\$1,103,479,136) in nonrecurring funds in the 2025-2026
 18 fiscal year.

19 **SECTION 2.2.(c)** IT Reserve. – The State Controller shall transfer funds available
 20 in the Information Technology Reserve established in Section 2.2(h) of S.L. 2021-180 to State
 21 agencies and departments for information technology projects in accordance with the following
 22 schedule:

23			
24	State Agency or Department	2025-2026	2026-2027
25			
26	(1) Administrative Office of the Courts		
27	(Budget Code: 12000)	\$6,000,000	\$0
28	(2) Office of State Auditor		
29	(Budget Code: 13300)	10,000,000	5,000,000
30	(3) Department of State Treasurer		
31	(Budget Code 13410)	4,300,000	0
32	(4) Department of Public Instruction		
33	(Budget Code: 13510)	15,000,000	0
34	(5) Department of Public Instruction		
35	(Budget Code: 23515)	15,200,000	0
36	(6) Department of Administration		
37	(Budget Code: 74100)	6,000,000	0
38	(7) Department of Administration		
39	(Budget Code: 14100)	5,000,000	0
40	(8) Office of Administrative Hearings		
41	(Budget Code: 18210)	2,500,000	0
42	(9) Office of State Budget and Management		
43	(Budget Code: 23017)	20,850,000	0
44	(10) Office of State Human Resources		
45	(Budget Code: 14111)	1,172,527	698,000
46	(11) State Board of Elections		
47	(Budget Code: 18025)	15,000,000	0
48	(12) Division of Central Management and Support		
49	(Budget Code: 24410)	19,618,177	0
50	(13) Division of Health Benefits		
51	(Budget Code: 14445)	4,560,000	9,100,000

1	(14)	Department of Environmental Quality		
2		(Budget Code: 24317)	5,510,000	0
3	(15)	Department of Public Safety		
4		(Budget Code: 14550)	5,743,980	0
5	(16)	State Bureau of Investigation		
6		(Budget Code: 15020)	4,901,476	0
7	(17)	State Highway Patrol		
8		(Budget Code: 14550)	3,000,000	0
9	(18)	Department of Information Technology		
10		(Budget Code: 14460)	1,481,770	1,481,770
11	(19)	Department of Revenue		
12		(Budget Code: 13410)	4,367,667	1,443,333
13	(20)	NC Community College System Office		
14		(Budget Code: 16800)	\$1,250,000	\$0

15
 16 **SECTION 2.2.(d)** Federal Infrastructure Match Reserve. – The State Controller shall
 17 transfer funds available in the Federal Infrastructure Match Reserve established in Section 2.2(m)
 18 of S.L. 2022-74 to State agencies and departments in accordance with the following schedule:
 19

20		State Agency or Department	2025-2026	2026-2027
21				
22	(1)	Department of Environmental Quality		
23		(Budget Code: 64311)	\$8,892,000	\$8,892,000
24	(2)	Department of Environmental Quality		
25		(Budget Code: 64320)	13,722,200	13,722,200
26	(3)	Department of Environmental Quality		
27		(Budget Code: 24300)	1,388,921	1,388,921
28	(4)	Department of Environmental Quality		
29		Budget Code: 14300)	850,000	850,000
30	(5)	Department of Commerce		
31		(Budget Code: 14600)	250,000	250,000
32	(6)	State Emergency Response and		
33		Disaster Relief Fund (Budget Code 19930)	45,469,883	0

34
 35 **SECTION 2.2.(e)** Economic Development Project Reserve. – The State Controller
 36 shall reserve from funds available in the General Fund to the Economic Development Project
 37 Reserve established in Section 2.2 of S.L. 2021-180 the sum of two hundred fifty million dollars
 38 (\$250,000,000) for the 2025-2026 fiscal year.

39 **SECTION 2.2.(f)** Regional Economic Development Reserve. – The State Controller
 40 shall reserve from funds available in the General Fund to the Regional Economic Development
 41 Reserve established in Section 2.2 of S.L. 2023-134 the sum of six hundred million dollars
 42 (\$600,000,000) for the 2025-2026 fiscal year.

43 **SECTION 2.2.(g)** Medicaid Contingency Reserve. – The State Controller shall
 44 transfer all funds available in the Medicaid Contingency Reserve to the State Emergency
 45 Response and Disaster Relief Fund.

46 **SECTION 2.2.(h)** SERDRF. – The State Controller shall transfer from funds
 47 available in the State Emergency Response and Disaster Relief Fund to the State agencies and
 48 departments in accordance with the following schedule:
 49

50		State Agency or Department	2025-2026	2026-2027
51				

1	(1)	Department of Public Safety		
2		(Budget Code: 24552)	\$40,000,000	0
3	(2)	Office of State Fire Marshal		
4		(Budget Code: 539XX)	200,000,000	0
5	(3)	Office of State Budget and Management		
6		(Budget Code: 23027)	200,000,000	0

7
8 **SECTION 2.2.(i)** Unfunded Liability Solvency Reserve. – Notwithstanding
9 G.S. 143C-4-2(i), no transfer shall be made to the Unfunded Liability Solvency Reserve for the
10 2025-2027 fiscal biennium.

11 **SECTION 2.2.(j)** Reservations Not Appropriation. – Funds reserved pursuant to this
12 section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1)
13 of Article V of the North Carolina Constitution.
14

15 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

16
17 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

18 **SECTION 3.1.** Appropriations from the State Highway Fund for the maintenance
19 and operation of the Department of Transportation and for other purposes, as enumerated, are
20 made for each year of the 2025-2027 fiscal biennium, according to the following schedule:
21

22	Highway Fund	FY 2025-26	FY 2026-27
23	Administration	\$133,880,672	\$133,880,672
24	Division of Highways		
25	Administration	55,675,557	55,675,557
26	Construction	81,543,078	81,543,078
27	Maintenance	2,252,507,812	2,241,585,107
28	Governor's Highway Safety Program	351,695	351,695
29	OSHA	358,030	358,030
30	Aid to Municipalities		
31	Powell Bill	185,875,000	185,875,000
32	Intermodal Divisions		
33	Ferry	90,741,173	97,957,728
34	Public Transportation, Bicycle and Pedestrian	69,570,554	69,570,554
35	Aviation	159,176,982	159,489,238
36	Rail	45,367,607	45,367,607
37	Division of Motor Vehicles	171,639,030	164,698,724
38	Other State Agencies, Reserves, Transfers	47,915,071	59,553,737
39	Capital Improvements	10,797,739	47,793,273
40	Highway Fund Total	\$3,305,400,000	\$3,343,700,000

41
42 **HIGHWAY FUND AVAILABILITY**

43 **SECTION 3.2.** The Highway Fund availability used in developing the budget for
44 each year of the 2025-2027 fiscal biennium is as follows:

45		FY 2025-2026	FY 2026-2027
46	Beginning Balance	\$0	\$0
47			
48	Consensus Revenue Forecast		
49	Motor Fuels Tax	1,866,100,000	1,891,500,000
50	Licenses and Fees	1,097,500,000	1,116,000,000
51	Sales Tax Transfer	171,500,000	176,900,000

1	Short-Term Lease	113,100,000	114,900,000
2	Investment Income	50,200,000	37,600,000
3	Transportation Commerce Tax	7,000,000	7,300,000
4			
5	Adjustments to Availability		
6	Sales Tax Holiday		(500,000)
7			
8	Total Highway Fund Availability	\$3,305,400,000	\$3,343,700,000

10 HIGHWAY TRUST FUND APPROPRIATIONS

11 SECTION 3.3. Appropriations from the State Highway Trust Fund for construction,
12 for operations of the Department of Transportation, and for other purposes as enumerated are
13 made for each year of the 2025-2027 fiscal biennium according to the following schedule:
14

15	Highway Trust Fund	FY 2025-26	FY 2026-27
16	Program Administration	\$45,117,311	\$45,117,311
17	Bond	121,440,275	121,436,275
18	Turnpike Authority	49,000,000	49,000,000
19	State Ports Authority	45,000,000	45,000,000
20	FHWA State Match	6,048,440	6,048,440
21	Strategic Prioritization Funding		
22	Plan for Transportation Investments	2,222,253,974	2,279,357,974
23	Transfer to Visitor Center	640,000	640,000
24	Highway Trust Fund Total	\$2,489,500,000	\$2,546,600,000

26 HIGHWAY TRUST FUND AVAILABILITY

27 SECTION 3.4. The Highway Trust Fund availability used in developing the budget
28 for each year of the 2025-2027 fiscal biennial budget is as follows:
29

30		FY 2025-2026	FY 2026-2027
31			
32	Beginning Balance	\$0	\$0
33			
34	Consensus Revenue Forecast		
35	Highway Use Tax	1,150,500,000	1,179,800,000
36	Motor Fuels Tax	619,500,000	627,900,000
37	Sales Tax Transfer	514,400,000	530,600,000
38	Fees	172,100,000	172,500,000
39	Investment Income	33,000,000	37,200,000
40			
41	Adjustments to Availability		
42	Sales Tax Holiday		(1,400,000)
43			
44	Total Highway Trust Fund Availability	\$2,489,500,000	\$2,546,600,000

46 PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

48 OTHER APPROPRIATIONS

49 SECTION 4.1.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated
50 for each year of the 2025-2027 fiscal biennium, as follows:

(1) All budget codes listed in the Governor's Recommended Base Budget for the 2025-2027 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 45.2 of this act, or in another act of the General Assembly.

(2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2025-2027 fiscal biennium.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Funds may be expended only for the specified programs, purposes, objects, and line items or as otherwise authorized by the General Assembly.

OTHER RECEIPTS FROM PENDING AWARD GRANTS

SECTION 4.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded after the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000). State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds.

State agencies may spend up to the greater of one percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds, including specifying the total amount of grants awarded to respond to the emergency.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 4.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated up to the applicable amount set forth in subsection (a) of this section and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if (i) acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds or (ii) the grant funds will be used for a capital project.

EDUCATION LOTTERY FUNDS

SECTION 4.3.(a) The allocations made from the Education Lottery Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
Noninstructional Support Personnel	\$385,914,455	\$385,914,455

1	Prekindergarten Program	78,252,110	78,252,110
2	Public School Building Capital Fund	100,000,000	100,000,000
3	Needs-Based Public School Capital Fund	280,120,000	282,680,000
4	Public School Repair & Renovation	70,000,000	70,000,000
5	Scholarship Reserve Fund for Public Colleges		
6	and Universities	28,819,733	28,819,733
7	School Transportation	182,193,702	186,033,702
8	TOTAL ALLOCATION	\$1,125,300,000	\$1,131,700,000

9
10 **SECTION 4.3.(b)** Notwithstanding G.S. 18C-164(b3), the sum of one hundred one
11 million forty thousand dollars (\$101,040,000) in net revenues from the 2024-2025 fiscal year,
12 after appropriation pursuant to G.S. 18C-164(b1) and transfer pursuant to G.S. 18C-164(b2),
13 shall be allocated to and remain available for school transportation for the 2025-2026 fiscal year.
14 Funds remaining after the allocation described in this subsection shall be appropriated to the
15 Needs-Based Public School Capital Fund.

16 **SECTION 4.3.(c)** Subsection (b) of this section becomes effective June 30, 2025.
17 The remainder of this section becomes effective July 1, 2025.

18 **NEEDS-BASED PUBLIC SCHOOL CAPITAL PROGRAM CHANGES**

19 **SECTION 4.3A.(a)** Article 38B of Chapter 115C of the General Statutes reads as
20 rewritten:

21 "Article 38B.

22 "Needs-Based Public School Capital Fund.

23 **"§ 115C-546.10. Fund created; purpose; prioritization.**

24 There is created the Needs-Based Public School Capital Fund as an interest-bearing,
25 nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be
26 the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in
27 accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public
28 Instruction shall award grants from the Fund to counties to assist with their critical public school
29 building capital needs in accordance with the following priorities:

- 30 (1) Counties designated as development tier one areas.
- 31 (2) Counties with greater need and less ability to generate sales tax and property
32 tax revenue.
- 33 (3) Counties with a high debt-to-tax revenue ratio.
- 34 (4) The extent to which a project will address critical deficiencies in adequately
35 serving the current and future student population.
- 36 (5) Projects with new construction or complete renovation of existing facilities.
- 37 (6) Projects that will consolidate two or more schools into one new facility.
- 38 (7) Counties that have not received a grant under this Article in the previous three
39 years.
- 40 (8) Whether the county has declined or forfeited a previous grant awarded under
41 this Article.
- 42 (9) Whether the county has submitted a certification of intent to provide funding
43 necessary for project completion.
- 44 (10) A school district is eligible for a grant under this Article in any year following
45 a successful grant from another school district in the same county.

46 **"§ 115C-546.11. Matching requirement; use of funds; maximum awards; ~~project~~ 47 ~~review.~~project review; application time lines.**

48 (a) An eligible county awarded a grant under this Article shall provide local matching
49 funds from county funds, other non-State funds, or a combination of these sources for the grant
50 as provided in this section. An eligible county is a county with an adjusted market value of taxable
51

1 real property of less than forty billion dollars (\$40,000,000,000). The adjusted market value of
 2 taxable property in a county is equal to the county's assessed taxable real property value, using
 3 the latest available data published by the Department of Revenue, divided by the county's sales
 4 assessment ratio determined under G.S. 105-289(h). The amount of matching funds for a county
 5 awarded a grant shall be published annually by the Department of Public Instruction prior to any
 6 application period. The local match requirement applied to the project shall be based on the match
 7 requirement effective at the time of the grant award. The local match requirement is calculated
 8 as follows:

9 **Adjusted Market Value of Taxable Real Property**

10	11	12	13
	Over	Up to	Percentage Match
12	\$0	\$2 billion	0%
13	\$2 billion	\$10 billion	5%
14	\$10 billion	\$20 billion	15%
15	\$20 billion	\$30 billion	25%
16	\$30 billion	\$40 billion	35%

17 (b) Grant funds shall be used only for the construction of new school buildings and
 18 additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or
 19 for capital improvements to administrative buildings. Grant funds shall be disbursed in a series
 20 of payments based on the progress of the project. To obtain a payment, the grantee shall submit
 21 a request for payment along with documentation of the expenditures for which the payment is
 22 requested and evidence that the matching requirement contained in subsection (a) of this section
 23 has been met. No portion of grant funds may be used to acquire a Leadership in Energy and
 24 Environmental Design (LEED) certification.

25 (c) Maximum grant award amounts shall be determined as follows:

- 26 (1) Up to forty-two million dollars (\$42,000,000) for an elementary school.
- 27 (2) Up to fifty-two million dollars (\$52,000,000) for a middle school or a
 28 combination of an elementary and middle school.
- 29 (3) Up to sixty-two million dollars (\$62,000,000) for a high school.

30 (d) The Department of Public Instruction shall review projected enrollment to evaluate
 31 the reasonableness of a project's size and scope. A county may include in a grant application a
 32 minimum grant amount that would enable the project to proceed. A grant application that
 33 proposes to consolidate two or more schools by (i) making additions or renovations at one or
 34 more school facilities and (ii) closing one or more existing school facilities may be submitted
 35 and considered by the Department of Public Instruction as a single project. Each application for
 36 a grant under this Article shall be evaluated independent of other grant applications submitted. A
 37 county may not apply for projects that exceed an aggregate amount greater than the maximum
 38 grant award amounts listed in subsection (c) of this section in any single year. The Department
 39 of Public Instruction shall not award a grant to an applicant at less than the requested amount or
 40 less than the maximum grant amounts listed in subsection (c) of this section for the purpose of
 41 reserving the amount of grant funds available for other grant applications. If a county declines or
 42 otherwise forfeits a grant awarded under this section, the Department shall not award additional
 43 grants to that county for 24 months from the date the grant award was declined or forfeited.

44 (e) No later than October 1 of each year, the Department of Public Instruction shall
 45 publish the application requirements, including the applicable county match requirements
 46 calculated pursuant to subsection (a) of this section, for grant awards under this Article to be
 47 considered for the following fiscal year. The Department of Public Instruction shall open the
 48 grant application period on January 1 of each year and shall accept grant applications meeting
 49 the criteria established under this Article from that date until March 15 of each year. During the
 50 grant application period, the Department of Public Instruction may work with applicants to
 51 supplement grant applications with any information needed to evaluate the grant application.

1 Upon the closing of the grant application period on March 15 of each year, the Department shall
2 evaluate all applications received during the grant application period and, no later than May 1 of
3 each year, shall submit an unranked list of grant applications, to include a technical evaluation
4 and a statement of comparison to the priorities listed in G.S. 115C-546.10 for each application,
5 that qualify under the conditions imposed by this Article to the chairs of the Senate Committee
6 on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the
7 Fiscal Research Division.

8 **"§ 115C-546.12. Grant agreement; requirements.**

9 (a) A county receiving grant funds pursuant to this Article shall enter into an agreement
10 with the Department of Public Instruction detailing the use of grant funds. The agreement shall
11 contain at least all of the following:

- 12 (1) A requirement that the grantee seek planning assistance and plan review from
13 the School Planning Section of the Department of Public Instruction.
- 14 (2) A progress payment provision governing disbursements to the county for the
15 duration of the school construction project based upon the construction
16 progress and documentation satisfactory to the Department that the matching
17 requirement in G.S. 115C-546.11 has been met.
- 18 (3) A provision requiring periodic reports to the Department of Public Instruction
19 on the use of disbursed grant funds and the progress of the school construction
20 project.
- 21 (4) A requirement that matching funds paid by the county pursuant to
22 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.
- 23 (5) A provision requiring repayment in full of awarded grant funds in the event
24 the grant recipient declines the grant award or the grant is forfeited.

25 (b) Project construction must be initiated within 24 months of the award of grant funds.
26 The Superintendent of Public Instruction may grant a 12-month extension under extraordinary
27 circumstances.

28 (c) A grant awarded under this section may be forfeited if any of the following occur:

- 29 (1) Project construction is not initiated on time.
- 30 (2) Project scope changes significantly from what was outlined in the grant
31 agreement.
- 32 (3) Any statement or information provided in the grant application is later
33 determined to be materially false.
- 34 (4) Local funding is subsequently decreased from the amount provided in the
35 grant application.

36 (d) For grant awards that, due to extraordinary circumstances, are forfeited or declined,
37 the Department of Public Instruction may deduct reasonable administrative costs incurred by the
38 grant recipient in connection with the project from grant funds disbursed to the grant recipient in
39 the calculation of fund repayment. A grant recipient shall provide documentation satisfactory to
40 the Department to support any administrative costs to be deducted.

41 **"§ 115C-546.13. Lease exception; requirements.**

42 (a) Notwithstanding any provision of this Article to the contrary, a county may utilize
43 grant funds for a lease agreement if all of the following criteria are met:

- 44 (1) Ownership of the subject property on which the leased school is constructed
45 shall be retained by the county.
- 46 (2) The lease agreement shall include a repairs and maintenance provision that
47 requires the landlord to bear the entire expense of all repairs, maintenance,
48 alterations, or improvements to the basic structure, fixtures, appurtenances,
49 and grounds of the subject property for the term of the lease.
- 50 (3) The lease agreement shall be for a term of at least 15 years and no more than
51 25 years.

1 (4) In lieu of the progress payment requirement provided in G.S. 115C-546.11(b),
 2 a county that has entered into a lease agreement shall provide a copy of the
 3 lease agreement to the Department of Public Instruction and shall be
 4 periodically reimbursed upon submission of documentation satisfactory to the
 5 Department that the matching requirement of this section has been met.

6 (b) For the purposes of this section, the term "lease agreement" shall include any ancillary
 7 agreements or predevelopment agreements entered into in anticipation of or in accordance with
 8 a lease. A lease agreement entered into pursuant to this subsection shall be subject to the
 9 requirements of Article 8 of Chapter 159 of the General Statutes. In determining whether the
 10 lease agreement is necessary or expedient pursuant to G.S. 159-151(a)(1) and
 11 G.S. 159-151(b)(1), the Local Government Commission may consider any other relevant
 12 construction and financing methods available to the county.

13 **"§ 115C-546.14. Reporting.**

14 (a) On or before April 1 of each year, a grant recipient shall submit to the Department of
 15 Public Instruction an annual report for the preceding year that describes the progress of the
 16 project for which the grant was received. The grant recipient shall submit a final report to the
 17 Department of Public Instruction within three months of the completion of the project.

18 (b) On or before May 1 of each year, the Department of Public Instruction shall submit a
 19 report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the
 20 chairs of the House Appropriations Committee on Education, and the Fiscal Research Division.
 21 The report shall contain at least all of the following information for the fiscal year:

- 22 (1) Number, description, and geographic distribution of ~~projects awarded~~ project
 23 applications received.
- 24 (2) Total cost of each project and amount supported by the Needs-Based Public
 25 School Capital Fund.
- 26 (3) Projections for local school administrative unit capital needs for the next 30
 27 years based upon present conditions and estimated demographic changes.
- 28 (4) Any legislative recommendations for improving the Needs-Based Public
 29 School Capital Fund program."

30 **SECTION 4.3A.(b)** G.S. 115C-546.10, as amended by subsection (a) of this section,
 31 reads as rewritten:

32 **"§ 115C-546.10. Fund created; purpose; prioritization.**

33 There is created the Needs-Based Public School Capital Fund as an interest-bearing,
 34 nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be
 35 the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in
 36 accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public
 37 Instruction shall ~~award-administer grants allocated by an act of the General Assembly~~ from the
 38 Fund to counties to assist with their critical public school building capital needs in accordance
 39 with this Article. Grant awards will be considered in accordance with the following priorities:

- 40 (1) Counties designated as development tier one areas.
- 41 (2) Counties with greater need and less ability to generate sales tax and property
 42 tax revenue.
- 43 (3) Counties with a high debt-to-tax revenue ratio.
- 44 (4) The extent to which a project will address critical deficiencies in adequately
 45 serving the current and future student population.
- 46 (5) Projects with new construction or complete renovation of existing facilities.
- 47 (6) Projects that will consolidate two or more schools into one new facility.
- 48 (7) Counties that have not received a grant under this Article in the previous three
 49 years.
- 50 (8) Whether the county has declined or forfeited a previous grant awarded under
 51 this Article.

(9) Whether the county has submitted a certification of intent to provide funding necessary for project completion."

SECTION 4.3A.(c) G.S. 115C-546.11, as amended by subsection (a) of this section, reads as rewritten:

"§ 115C-546.11. **Matching requirement; use of funds; maximum awards; project review; application time lines.**

...

(b) Grant funds shall be used only for the construction of new school buildings and additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or for capital improvements to administrative buildings. Grant funds shall be disbursed in a series of payments based on the progress of the project. To obtain a payment, the grantee shall submit a request for payment along with documentation of the expenditures for which the payment is requested and evidence that the matching requirement contained in subsection (a) of this section has been met. No portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design (LEED) certification. Grant funds awarded under this section shall not revert but shall remain available until expended or until project completion.

...

(d) The Department of Public Instruction shall review projected enrollment to evaluate the reasonableness of a project's size and scope. A county may include in a grant application a minimum grant amount that would enable the project to proceed. A grant application that proposes to consolidate two or more schools by (i) making additions or renovations at one or more school facilities and (ii) closing one or more existing school facilities may be submitted and considered by the Department of Public Instruction as a single project. Each application for a grant under this Article shall be evaluated independent of other grant applications submitted. A county may not apply for projects that exceed an aggregate amount greater than the maximum grant award amounts listed in subsection (c) of this section in any single year. ~~The Department of Public Instruction shall not award a grant to an applicant at less than the requested amount or less than the maximum grant amounts listed in subsection (c) of this section for the purpose of reserving the amount of grant funds available for other grant applications. If a county declines or otherwise forfeits a grant awarded under this section, the Department shall not award additional grants to that county for 24 months from the date the grant award was declined or forfeited.~~

...."

SECTION 4.3A.(d) Subsections (b) and (c) of this section become effective January 1, 2026. The remainder of this section becomes effective July 1, 2025.

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATIONS

SECTION 4.4. The allocations made from the Indian Gaming Education Revenue Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
Instructional Materials Allotment	\$3,500,000	\$15,500,000
Classroom Materials Allotment	10,000,000	10,000,000
Total Appropriation	\$13,500,000	\$25,500,000

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.5. The allocations made from the Civil Penalty and Forfeiture Fund for the 2025-2027 fiscal biennium are as follows:

	FY 2025-2026	FY 2026-2027
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Training	31,493,768	31,493,768
State Public School Fund	166,041,640	186,041,640
Total Appropriation	\$215,535,408	\$235,535,408

ARPA TEMPORARY SAVINGS FUND

SECTION 4.6.(a) General. – Funds appropriated in this act from the ARPA Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, to State agencies and departments shall be used for the purposes described in this act, or in the Committee Report described in Section 45.2 of this act, for the fiscal year in which they are appropriated. Funds appropriated in this act from the ARPA Temporary Savings Fund shall not revert.

SECTION 4.6.(b) Availability of Funds and Timing of Disbursements. – The funds appropriated in this act from the ARPA Temporary Savings Fund shall become available during the course of the 2025-2026 fiscal year as the funds are deposited into that Fund. The Department of Health and Human Services (DHHS) shall not disburse allocations of the funds appropriated in this act from the ARPA Temporary Savings Fund until the funds are available within that Fund. DHHS shall disburse funds on at least a quarterly basis, or more frequently, provided funds are available within the Fund. Funds allocated as described in this act, or in the Committee Report described in Section 45.2 of this act, shall be disbursed as directed under subsection (c) of this section.

SECTION 4.6.(c) Priority of Disbursement of Funds in the 2025-2026 Fiscal Year. – For the 2025-2026 fiscal year, funds appropriated in this act from the ARPA Temporary Savings Fund and allocated as described in this act, or in the Committee Report described in Section 45.2 of this act, shall be disbursed based upon the amount of funds being allocated, least to most.

PART V. GENERAL PROVISIONS**ESTABLISHING OR INCREASING FEES**

SECTION 5.1.(a) Notwithstanding G.S. 12-3.1, an agency is not required to consult with the Joint Legislative Commission on Governmental Operations prior to establishing or increasing a fee to the level authorized or anticipated in this act.

SECTION 5.1.(b) Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter 150B of the General Statutes.

DIRECTED GRANTS TO NON-STATE ENTITIES

SECTION 5.2.(a) Definitions. – For purposes of this act and the Committee Report described in Section 45.2 of this act, the following definitions apply:

- (1) Directed grant. – Nonrecurring funds, specifically identified as "directed grants", that are allocated by a State agency to a non-State entity as directed by an act of the General Assembly.
- (2) Non-State entity. – As defined in G.S. 143C-1-1.

SECTION 5.2.(b) Requirements. – Nonrecurring funds appropriated in this act as directed grants are subject to all of the following requirements:

- (1) Directed grants are subject to the provisions of subsections (b) through (k) of G.S. 143C-6-23, with the exception that the deadline for expending, encumbering, or disbursing grant funds established by G.S. 143C-6-23(f1)(1) shall not apply unless the terms of the applicable appropriation specifically state otherwise.
- (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars (\$100,000) shall be made in quarterly or monthly payments in the discretion

1 of the Director of the Budget. A State agency administering a directed grant
2 shall begin disbursement of funds to a non-State entity that meets all
3 applicable requirements as soon as practicable, but no later than 100 days after
4 the date this act becomes law. Full disbursement of funds to a non-State entity
5 that meets all applicable requirements shall be completed no later than nine
6 months after the date this act becomes law.

7 (3) Beginning on the first day of a quarter following the deadline provided in
8 subdivision (2) of this subsection and quarterly thereafter, State agencies
9 administering directed grants shall report to the Fiscal Research Division on
10 the status of funds disbursed for each directed grant until all funds are fully
11 disbursed. At a minimum, the report required under this subdivision shall
12 include updates on (i) the date of the initial contact, (ii) the date the contract
13 was sent to the entity receiving the funds, (iii) the date the disbursing agency
14 received the fully executed contract back from the entity, (iv) the contract
15 execution date, and (v) the payment date.

16 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,
17 nonrecurring funds appropriated in this act for the 2025-2026 fiscal year as
18 directed grants shall not revert until two years after this act becomes law, and
19 nonrecurring funds appropriated in this act for the 2026-2027 fiscal year as
20 directed grants shall not revert until June 30, 2028.

21 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious
22 purposes only.

23 **SECTION 5.2.(c)** This section expires on June 30, 2028.

24 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

25 **SECTION 5.3.** No more than one hundred forty thousand dollars (\$140,000) in State
26 funds, including any interest earnings accruing from those funds, may be used for the annual
27 salary of any individual employee of a nonprofit organization.
28

29 **VACANT POSITION FLEXIBILITY**

30 **SECTION 5.4.** By October 1 of each year of the 2025-2027 fiscal biennium, State
31 agencies with vacant position reductions identified in the Committee Report described in Section
32 45.2 of this act that are not identified by position number shall eliminate vacant positions that
33 remain vacant at the end of the 2024-2025 fiscal year to achieve the budgeted reduction in each
34 of those years. Each State agency with vacant position reductions shall report to the Fiscal
35 Research Division by December 1 of each year of the 2025-2027 fiscal biennium on the actions
36 taken to achieve the budgeted reduction for vacant position eliminations for that fiscal year. The
37 report shall include a list of each position eliminated, identified by position number, title, and the
38 amount of salary and fringe benefits associated with the position.
39

40 **DISTRIBUTION OF SALARY RESERVE**

41 **SECTION 5.4A.** The funds appropriated for salaries and benefits set forth in this
42 act, including the reductions associated with the Labor Market Adjustment Reserve increases and
43 the vacant positions in Section 41.2B of this act, shall be distributed to the respective State
44 agencies, departments, and institutions based on the provisions of Part V-IIA and Part XLI of
45 this act.
46

47 **NCINNOVATION**

48 **SECTION 5.7.(a)** Return of Funds. – NCInnovation shall transfer back to the State,
49 after consultation with, and in conformity with direction received from, the State Controller, the
50 sum of five hundred million dollars (\$500,000,000).
51

1 **SECTION 5.7.(b)** Helene Fund. – The State Controller shall facilitate the return of
 2 transferred funds from NCInnovation pursuant to subsection (a) of this section and shall deposit
 3 the funds into the Hurricane Helene Disaster Recovery Fund established in Section 4.1 of S.L.
 4 2024-51. The transfer and deposit of funds into reserves pursuant to this section does not
 5 constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of
 6 the North Carolina Constitution. The funds shall remain unappropriated unless the General
 7 Assembly appropriates the funds in this or a subsequent act. In accordance with G.S. 147-69.1(d),
 8 funds in the Reserves shall be invested by the Department of the State Treasurer, with earnings
 9 and interest therefrom being transferred to and deposited in the General Fund.

10 **SECTION 5.7.(c)** Repeal. – Upon the return of the transferred funds to the State
 11 pursuant to subsection (a) of this section, Article 76A of Chapter 143 of the General Statutes is
 12 repealed. The State Controller shall notify the Revisor of Statutes when the transfer has been
 13 completed.

14 **SECTION 5.7.(d)** This section is effective when it becomes law.

16 STATE BUDGET ACT TECHNICAL CHANGES

17 **SECTION 5.8.(a)** G.S. 143C-1-1 reads as rewritten:

18 "§ 143C-1-1. Purpose and definitions.

19 ...

20 (d) Definitions. – The following definitions apply in this Chapter:

21 ...

22 (20) Object or line item. – An expenditure or receipt in a recommended or enacted
 23 budget that is designated in the Budget Code Structure of the North Carolina
 24 ~~Accounting-Financial~~ System Uniform Chart of Accounts prescribed by the
 25 Office of the State Controller.

26 ...

27 (23) Purpose or program. – A group of objects or line items for support of a specific
 28 activity for a State agency outlined in a recommended or enacted budget that
 29 is designated by a ~~nine-digit six-digit~~ fund code in accordance with the Budget
 30 Code Structure of the North Carolina ~~Accounting-Financial~~ System Uniform
 31 Chart of Accounts prescribed by the Office of the State Controller.

32 "

33 **SECTION 5.8.(b)** G.S. 143C-3-5 reads as rewritten:

34 "§ 143C-3-5. Budget recommendations and budget message.

35 ...

36 (b) Odd-Numbered Years. – In odd-numbered years the budget recommendations shall
 37 include the following components:

38 ...

39 (2) A Recommended Base Budget showing, for each budget code and purpose or
 40 program in State government, accounting detail corresponding to the
 41 Recommended State Budget.

42 a. The Recommended Base Budget shall employ the North Carolina
 43 ~~Accounting-Financial~~ System Uniform Chart of Accounts adopted by
 44 the State Controller to show both uses and sources of funds and shall
 45 display in separate parallel columns all of the following: (i) actual
 46 expenditures and receipts for the most recent fiscal year for which
 47 actual information is available, (ii) the certified budget for the
 48 preceding fiscal year, (iii) the currently authorized budget for the
 49 preceding fiscal year, (iv) program base budget requirements for each
 50 fiscal year of the biennium, (v) proposed expenditures and receipts for

each fiscal year of the biennium, and (vi) proposed increases and decreases.

(7) The Governor's Recommended State Budget shall include a transfer to the State Capital and Infrastructure Fund of four percent (4%) of the estimated net State tax revenues that are deposited in the General Fund for each fiscal year of the upcoming biennium, in accordance with G.S. 143C-4-3.1(b)(1).

...."

SECTION 5.8.(c) G.S. 143C-6-11 reads as rewritten:

"Part 2. Highway Appropriations.

"§ 143C-6-11. Highway appropriation.

...

(l) It is the intent of the General Assembly to (i) prevent the inclusion of duplicative fund codes in the Highway Fund certified budget and (ii) correctly align authorized positions and associated operating costs with the appropriate purposes and definitions as defined in G.S. 143C-1-1. To that end, the Office of State Budget and Management, in consultation with the Department of Transportation, the Office of the State Controller, and the Fiscal Research Division of the General Assembly, shall include, as an appendix to the Highway Fund certified budget, object detail using the North Carolina Accounting-Financial System Uniform Chart of Accounts prescribed by the Office of the State Controller to provide a more detailed accounting of the proposed budgets and receipts and actual expenditures and revenue collections. This requirement includes applying object detail at the four-digit level for all accounts to full-time and part-time positions, to operating expenditures and receipts, and to intrafund transfers. Additionally, work order positions shall be budgeted within existing fund codes.

...."

SECTION 5.8.(d) G.S. 143C-6-13 is repealed.

STATE FISCAL RECOVERY FUND FLEXIBILITY

SECTION 5.9.(a) Notwithstanding any provision of law to the contrary, and subject to the conditions set out in this section, the North Carolina Pandemic Recovery Office (NCPRO), in consultation with the Director of the Budget, is authorized to reallocate State Fiscal Recovery Funds (SFRF) appropriated by this act or any act of the General Assembly, including, but not limited to:

- (1) S.L. 2021-180.
(2) S.L. 2021-189.
(3) S.L. 2022-6.
(4) S.L. 2022-74.
(5) S.L. 2023-134.
(6) S.L. 2024-1.
(7) S.L. 2024-40.
(8) S.L. 2024-53.
(9) S.L. 2024-55.

SECTION 5.9.(b) The funds set out in subsection (a) of this section may be reallocated only when all of the following conditions are met:

- (1) The appropriated funds have not been expended by December 31, 2025.
(2) There is a reasonable expectation that the funds will not be expended before the deadline established by applicable federal law or guidance.
(3) The reallocation is made to support one or more SFRF related activities authorized and receiving appropriations under this act or one of the acts listed above in subsection (a) of this section. Reallocated funds shall not be used for any new activity, purpose, or program.

1 (4) The funds were not appropriated for a broadband project or activity.

2 **SECTION 5.9.(c)** To the extent the Office of State Budget and Management is aware
3 of any unappropriated SFRF funds, including interest earned, that remain unexpended and may
4 be reallocated to another eligible project, the OSBM shall report that information to the Fiscal
5 Research Division not later than January 15, 2026.

6 **SECTION 5.9.(d)** At least 30 days prior to executing the reallocation of funds as
7 proposed by NCPRO under subsection (a) of this section, the Office of State Budget and
8 Management shall report to the Joint Legislative Commission on Governmental Operations and
9 the Fiscal Research Division on the proposed plan to reallocate the funds, including the amounts
10 to be reallocated and the projects to which the funds will be reallocated. The OSBM shall submit
11 a monthly report to the Joint Legislative Commission on Governmental Operations and the Fiscal
12 Research Division on all reallocated SFRF expenditures.

13 **SECTION 5.9.(e)** Any funds remaining after the reallocation of funds authorized in
14 subsection (a) and subsection (b) of this section shall be allocated to the State Treasurer up to an
15 amount equal to the remaining unreimbursed COVID-19 related expenses incurred by the North
16 Carolina State Health Plan for Teachers and State Employees between March 3, 2021, and
17 December 31, 2024.

18 **SECTION 5.9.(f)** If the deadline for the expenditure of SFRF funds is extended to
19 June 30, 2027, or later, by the federal government, the provisions of this section shall be void
20 and have no effect.

21 **BREAST CANCER PREVENTION IMAGING PARITY**

22 **SECTION 5.10.(a)** G.S. 58-51-57 is recodified as G.S. 58-3-271.

23 **SECTION 5.10.(b)** G.S. 58-3-271, as enacted by subsection (a) of this section, reads
24 as rewritten:

25 **"§ 58-3-271. Coverage for diagnostic, screening, and supplemental examinations for**
26 **breast cancer, including mammograms and other imaging, and cervical cancer**
27 **screening.**

28 (a) The following definitions apply in this section:

29 (1) Breast magnetic resonance imaging. – A diagnostic tool that uses a powerful
30 magnetic field, radio waves, and a computer to produce detailed pictures of
31 the structures within the breast.

32 (2) Breast ultrasound. – A noninvasive diagnostic tool that uses high-frequency
33 sound waves to produce detailed images of the breast.

34 (3) Cost-sharing. – A deductible, coinsurance, copayment, and any maximum
35 limitation on the application of a deductible, coinsurance, copayment, or
36 similar out-of-pocket expense.

37 (4) Diagnostic examination for breast cancer. – An examination for breast cancer
38 that is determined by the healthcare provider treating the patient to be
39 medically necessary and appropriate and that may include breast magnetic
40 resonance imaging, breast ultrasound, and diagnostic low-dose
41 mammography to evaluate the abnormality in the breast that meets one of the
42 following criteria:

43 a. Is seen or suspected from a screening examination for breast cancer.

44 b. Is detected by another means of examination.

45 (5) High-deductible health plan. – As defined under the Internal Revenue Code.

46 (6) Low-dose mammography. – A radiologic procedure for the early detection of
47 breast cancer using equipment dedicated specifically for mammography,
48 including a physician's interpretation of the results of the procedure.
49

1 (7) Screening examination for breast cancer. – Low-dose mammography, or an
2 equivalent procedure, that is used to determine if there is abnormality in the
3 breast.

4 (8) Screening of early detection of cervical cancer. – Examinations and laboratory
5 tests used to detect cervical cancer, including conventional PAP smear
6 screening, liquid-based cytology, and human papilloma virus (HPV) detection
7 methods for women with equivocal findings on cervical cytologic analysis
8 that are subject to the approval of and have been approved by the United States
9 Food and Drug Administration.

10 (9) Section 223. – Section 223 of the Internal Revenue Code or its equivalent.

11 (10) Supplemental examination for breast cancer. – An examination for breast
12 cancer that is determined by the healthcare provider treating the patient to be
13 medically necessary and appropriate and that may include breast magnetic
14 resonance imaging or breast ultrasound to screen for cancer when there is no
15 abnormality seen or suspected if the patient meets either of the following
16 criteria:

17 a. The patient is at increased risk for breast cancer based on the patient's
18 personal medical history or family medical history of breast cancer.

19 b. The patient has a breast cancer risk profile that qualifies the patient
20 based on current recommendations of the United States Preventive
21 Services Task Force, also known as USPSTF.

22 ~~(a)(a1) Every policy or contract of accident or health insurance, and every preferred provider~~
23 ~~benefit plan under G.S. 58-50-56, that is issued, renewed, or amended on or after January 1, 1992,~~
24 ~~health benefit plan offered by an insurer in this State shall provide coverage for examinations~~
25 ~~and laboratory tests for the screening for the early detection of cervical cancer and for low-dose~~
26 ~~screening mammography. The same deductibles, coinsurance, and other limitations as apply to~~
27 ~~similar services covered under the policy, contract, or plan shall apply to coverage for~~
28 ~~examinations and laboratory tests for the screening for the early detection of cervical cancer and~~
29 ~~low-dose screening mammography.~~

30 ~~(a1) As used in this section, "examinations and laboratory tests for the screening for the~~
31 ~~early detection of cervical cancer" means conventional PAP smear screening, liquid based~~
32 ~~eytology, and human papilloma virus (HPV) detection methods for women with equivocal~~
33 ~~findings on cervical cytologic analysis that are subject to the approval of and have been approved~~
34 ~~by the United States Food and Drug Administration.~~

35 ~~(b) As used in this section, "low dose screening mammography" means a radiologic~~
36 ~~procedure for the early detection of breast cancer provided to an asymptomatic woman using~~
37 ~~equipment dedicated specifically for mammography, including a physician's interpretation of the~~
38 ~~results of the procedure.~~

39 (b1) Every health benefit plan offered by an insurer that provides benefits for a diagnostic
40 or supplemental examination for breast cancer shall ensure that the cost-sharing requirements
41 applicable to a diagnostic or supplemental examination for breast cancer are no less favorable
42 than the cost-sharing requirements applicable to low-dose screening mammography for breast
43 cancer.

44 (b2) An insurer shall not be required to reimburse a healthcare provider that is not a
45 contracted provider in the provider network of a health benefit plan offered by the insurer any
46 reimbursement rate more than the rate paid to a provider that has contracted with the insurer to
47 participate in the provider network of the health benefit plan for any of the following services:

48 (1) Diagnostic, screening, or supplemental examination for breast cancer.

49 (2) Low-dose mammography.

50 (3) Breast ultrasound.

51 (4) Breast magnetic resonance imaging.

1 (c) Coverage for low-dose screening mammography shall be provided as follows:

2 (1) One or more mammograms a year, as recommended by a physician, for any
3 woman who is at risk for breast cancer. For purposes of this subdivision, a
4 woman is at risk for breast cancer if any one or more of the following is true:

5 a. The woman has a personal history of breast ~~cancer~~; cancer.

6 b. The woman has a personal history of biopsy-proven benign breast
7 ~~disease~~; disease.

8 c. The woman's mother, sister, or daughter has or has had breast ~~cancer~~;
9 ~~or cancer~~.

10 d. The woman has not given birth prior to the age of ~~30~~; 30.

11 (2) One baseline mammogram for any woman 35 through 39 years of age,
12 ~~inclusive~~; inclusive.

13 (3) A mammogram every other year for any woman 40 through 49 years of age,
14 inclusive, or more frequently upon recommendation of a ~~physician~~;
15 ~~and physician~~.

16 (4) A mammogram every year for any woman 50 years of age or older.

17 (d) Reimbursement for a mammogram authorized under this section shall be made only
18 if the facility in which the mammogram was performed meets mammography accreditation
19 standards established by the North Carolina Medical Care Commission.

20 (e) Coverage for the screening for the early detection of cervical cancer shall be in
21 accordance with the most recently published ~~American Cancer Society~~ American College of
22 Obstetricians and Gynecologists' guidelines or guidelines adopted by the North Carolina
23 Advisory Committee on Cancer Coordination and Control. Coverage shall include the
24 examination, the laboratory fee, and the physician's interpretation of the laboratory results.
25 Reimbursements for laboratory fees shall be made only if the laboratory meets accreditation
26 standards adopted by the North Carolina Medical Care Commission.

27 (f) If the application of any provision of this section would render the insured ineligible
28 for a health savings account under section 223, then that provision shall apply only for
29 high-deductible health plans with respect to the deductible of that plan after the insured has
30 satisfied the minimum deductible under section 223, except with respect to items or services that
31 are preventative care. For items or services that are preventative care under section 223, all
32 provisions of this section shall apply regardless of whether or not the minimum deductible under
33 section 223 has been satisfied."

34 **SECTION 5.10.(b1)** Subsection (b) of this section applies to insurance contracts
35 issued, renewed, or amended on or after October 1, 2025.

36 **SECTION 5.10.(c)** G.S. 135-48.51 reads as rewritten:

37 "**§ 135-48.51. Coverage and operational mandates related to Chapter 58 of the General**
38 **Statutes.**

39 The following provisions of Chapter 58 of the General Statutes apply to the State Health Plan:

40 ...

41 (9a) G.S. 58-3-271, Coverage for diagnostic, screening, and supplemental
42 examinations for breast cancer, including mammograms and other imaging,
43 and cervical cancer screening.

44"

45 **SECTION 5.10.(c1)** Subsection (c) of this section applies to the next plan year after
46 this act becomes effective.

47 **SECTION 5.10.(d)** G.S. 58-65-92 and G.S. 58-67-76 are repealed.

48 **SECTION 5.10.(e)** G.S. 90-701 is recodified as G.S. 90-705.

49 **SECTION 5.10.(f)** Article 41 of Chapter 90 of the General Statutes, as amended by
50 subsection (d) of this section, reads as rewritten:

51 "Article 41.

~~"Pathology Services Billing-Transparency in Healthcare Provider Billing Practices.~~

"§ 90-702. Definitions.

The following definitions shall apply in this Article:

- (1) Breast cancer prevention service. – All services listed under G.S. 58-3-271(b2).
- (2) Cost-sharing. – As defined in G.S. 58-3-271.
- (3) Reserved for future codification purposes.
- (4) Health benefit plan. – As defined in G.S. 58-3-167.
- (5) Healthcare provider. – A health services facility or a person who is licensed, registered, or certified under Chapter 90 or Chapter 90B of the General Statutes, or under the laws of another state, to provide healthcare services in the ordinary care of business or practice, or as a profession, or in an approved education or training program.
- (6) Health services facility. – As defined in G.S. 131E-214.25
- (7) Reserved for future codification purposes.
- (8) Insurer. – As defined in G.S. 58-3-167.

"§ 90-704. Billing for certain breast cancer prevention services.

(a) A healthcare provider who has not contracted with an insurer to participate in the provider network of a health benefit plan shall accept as reimbursement for any breast cancer prevention service provided to an individual insured under a health benefit plan the amount of reimbursement provided by that insurer, including any cost-sharing required to be paid by the patient.

(b) No healthcare provider may bill a patient covered under a health benefit plan or request additional reimbursement from the insurer for any amount above the amount required to be accepted under subsection (a) of this section.

...."

SECTION 5.10.(f1) Subsection (f) of this section applies to services provided on or after October 1, 2025.

SECTION 5.10.(g) This section is effective October 1, 2025.

CARE FIRST/CUT AUTHORIZATION RED TAPE EFFICIENTLY AND FACILITATE INTERVENTIONS RAPIDLY, START TREATMENT

SECTION 5.11.(a) G.S. 58-50-61 reads as rewritten:

"§ 58-50-61. Utilization review.

~~(a) Definitions. – As used in this section, in G.S. 58-50-62, and in Part 4 of this Article, the term:~~
The following definitions apply in this section:

- ~~(1) "Certificate of coverage" includes a~~ "Certificate of coverage" includes a ~~Certificate of coverage. – A policy of insurance issued to an individual person or a franchise policy issued pursuant to G.S. 58-51-90.~~
- ~~(1a) Chronic or long-term condition. – A condition that has an expected duration of one year or more and that (i) requires ongoing medical attention, (ii) limits activities of daily living, or (iii) both.~~
- ~~(1b) "Clinical peer" means a health care~~ Clinical peer. – A healthcare professional who holds an unrestricted license in a state of the United States, in the same or similar specialty, specialty as those subject to utilization review and who also routinely provides the health care ~~healthcare~~ healthcare services subject to utilization review.
- ~~(2) "Clinical-Clinical review criteria" means the criteria. – The written screening procedures, decision abstracts, clinical protocols, and practice guidelines used by an insurer to determine medically necessary services and supplies.~~

- 1 (2a) Closely related service. – A healthcare service subject to utilization review
2 that is closely related in purpose, diagnostic utility, or designated healthcare
3 billing code; that was provided on the same date of service as another
4 healthcare service that was authorized to be performed by a previous
5 utilization review determination; and for which a provider, acting within the
6 scope of the provider's license and expertise, may reasonably be expected to
7 perform in conjunction with, or in lieu of, the originally authorized service
8 due to differences in the observed patient characteristics or needs for
9 diagnostic information that were not readily identifiable until the provider was
10 performing the originally authorized service. The term does not include an
11 order for, or administration of, a prescription drug or any part of a series or
12 course of treatments.
- 13 (2b) Course of treatment. – Any prescribed order or all ordered treatments,
14 including all prescription drugs and medical therapies, for a specific covered
15 person with a specific condition that is outlined and decided upon ahead of
16 time with the covered person and healthcare provider.
- 17 (3) ~~"Covered person" means a~~ Covered person. – A policyholder, subscriber,
18 enrollee, or other individual covered by a health benefit plan. ~~"Covered~~
19 ~~person"~~ This term includes another person, other than the covered person's
20 provider, who is authorized to act on behalf of a covered person.
- 21 (4) ~~"Emergency~~ Emergency medical condition" ~~means a~~ condition. – A medical
22 condition manifesting itself by acute symptoms of sufficient severity
23 including, but not limited to, severe pain, or by acute symptoms developing
24 from a chronic medical condition that would lead a prudent layperson,
25 possessing an average knowledge of health and medicine, to reasonably
26 expect the absence of immediate medical attention to result in any of the
27 following:
28 ...
- 29 (5) ~~"Emergency services" means health care~~ Emergency services. – Healthcare
30 items and services furnished or required to screen for or treat an emergency
31 medical condition until the condition is stabilized, including prehospital care
32 transportation services, including ambulance services and ancillary services
33 routinely available to the emergency department.
- 34 (6) ~~"Grievance" means a~~ Grievance. – A written complaint submitted by a
35 covered person about any of the following:
36 a. An insurer's decisions, policies, or actions related to availability,
37 delivery, or quality of ~~health care~~ healthcare services. A written
38 complaint submitted by a covered person about a decision rendered
39 solely on the basis that the health benefit plan contains a benefits
40 exclusion for the ~~health care~~ service in question is not a grievance if
41 the exclusion of the specific service requested is clearly stated in the
42 certificate of coverage.
43 b. Claims payment or ~~handling;~~ handling or the reimbursement for
44 services.
45 ...
- 46 (8) ~~"Health care provider" means any~~ Healthcare provider. – Any person who is
47 licensed, registered, or certified under Chapter 90 of the General Statutes or
48 the laws of another state to provide ~~health care~~ healthcare services in the
49 ordinary care of ~~business or practice or a profession~~ business, practice, or
50 profession, or in an approved education or training program; in a health care

- 1 facility~~facility~~, as defined in G.S. 131E-176(9b) or the laws of another state
 2 to operate as a health care facility; or in a pharmacy.
- 3 (9) ~~"Health care services" means services~~ Healthcare services. – Services
 4 provided for the diagnosis, prevention, treatment, cure, or relief of a health
 5 condition, illness, injury, or disease.
- 6 (10) ~~"Insurer" means an~~ Insurer. – An entity that writes a health benefit plan and
 7 that is an insurance company subject to this Chapter, a service corporation
 8 under Article 65 of this Chapter, a health maintenance organization under
 9 Article 67 of this Chapter, or a multiple employer welfare arrangement under
 10 Article 50A of this Chapter.
- 11 (11) ~~"Managed care plan" means a~~ Managed care plan. – A health benefit plan in
 12 which an insurer either (i) requires a covered person to use or (ii) creates
 13 incentives, including financial incentives, for a covered person to use
 14 providers that are under contract with or managed, owned, or employed by the
 15 insurer.
- 16 (12) ~~"Medically necessary services or supplies" means those supplies.~~ –
 17 Those covered services or supplies that are: meet any of the following criteria:
 18 a. ~~Provided~~ Are provided for the diagnosis, treatment, cure, or relief of a
 19 health condition, illness, injury, or disease.
 20 b. Except as allowed under G.S. 58-3-255, are not for experimental,
 21 investigational, or cosmetic purposes.
 22 c. ~~Necessary~~ Are necessary for and appropriate to the diagnosis,
 23 treatment, cure, or relief of a health condition, illness, injury, disease,
 24 or its symptoms.
 25 d. ~~Within~~ Provision of the services or supplies is within generally
 26 accepted standards of medical care in the community.
 27 e. ~~Not~~ Are not provided solely for the convenience of the insured, the
 28 insured's family, or the provider.
 29 ...
- 30 (13) ~~"Noncertification" means a~~ Noncertification. – A determination by an insurer
 31 or its designated utilization review organization that an admission, availability
 32 of care, continued stay, or other ~~health care~~ healthcare service has been
 33 reviewed and, based upon the information provided, does not meet the
 34 insurer's requirements for medical necessity, appropriateness, ~~health care~~
 35 healthcare setting, level of ~~care~~ care, or effectiveness, or does not meet the
 36 prudent layperson standard for coverage of emergency services in
 37 G.S. 58-3-190, and the requested service is therefore denied, reduced, or
 38 terminated. A ~~"noncertification"~~ noncertification is not a decision rendered
 39 solely on the basis that the health benefit plan does not provide benefits for
 40 the ~~health care~~ healthcare service in question, if the exclusion of the specific
 41 service requested is clearly stated in the certificate of coverage. A
 42 ~~"noncertification"~~ noncertification includes any situation in which an insurer
 43 or its designated agent makes a decision about a covered person's condition to
 44 determine whether a requested treatment is experimental, investigational, or
 45 cosmetic, and the extent of coverage under the health benefit plan is affected
 46 by that decision.
- 47 (14) ~~"Participating provider" means a~~ Participating provider. – A provider who,
 48 under a contract with an insurer or with an insurer's contractor or
 49 subcontractor, has agreed to provide ~~health care~~ healthcare services to covered
 50 persons in return for direct or indirect payment from the insurer, other than

- 1 cost-sharing by the covered person, such as coinsurance, copayments, or
 2 deductibles.
- 3 (14a) Prior authorization. – The process by which insurers and utilization review
 4 organizations determine the medical necessity or medical appropriateness of
 5 otherwise covered healthcare services prior to the rendering of those
 6 healthcare services. Prior authorization includes any insurer's or utilization
 7 review organization's requirement that a covered person or healthcare
 8 provider notify the insurer or utilization review organization prior to providing
 9 a healthcare service.
- 10 (15) ~~"Provider" means a health care~~ Provider. – A healthcare provider.
- 11 (16) ~~"Stabilize" means to Stabilize. – To provide medical care that is appropriate~~
 12 ~~to prevent a material deterioration of the person's condition, within reasonable~~
 13 ~~medical probability, in accordance with the HCFA (Health Care Financing~~
 14 ~~Administration) Centers for Medicare and Medicaid Services interpretative~~
 15 ~~guidelines, policies, and regulations pertaining to responsibilities of hospitals~~
 16 ~~in emergency cases (as provided cases under the Emergency Medical~~
 17 ~~Treatment and Labor Act, section 1867 of the Social Security Act, 42 U.S.C.S.~~
 18 ~~§ 1395dd), 42 U.S.C.S. § 1395dd, and including any medically necessary~~
 19 ~~services and supplies to maintain stabilization until the person is transferred.~~
- 20 (16a) Urgent healthcare service. – A healthcare service with respect to which the
 21 application of the time periods for making a non-expedited utilization review
 22 that, in the opinion of a medical doctor with knowledge of the covered person's
 23 medical condition, could either (i) seriously jeopardize the life or health of the
 24 covered person or the ability of the covered person to regain maximum
 25 function or (ii) subject the covered person to severe pain that cannot be
 26 adequately managed without the care or treatment that is the subject of the
 27 utilization review. The term urgent healthcare service includes mental and
 28 behavioral healthcare services.
- 29 (17) ~~"Utilization review" means a Utilization review. – A set of formal techniques~~
 30 ~~designed to monitor the use of or evaluate the clinical necessity,~~
 31 ~~appropriateness, efficacy efficacy, or efficiency of health care healthcare~~
 32 ~~services, procedures, providers, or facilities. These techniques may~~
 33 ~~include:include any of the following:~~
- 34 ...
- 35 c. Certification. – A determination by an insurer or its designated URO
 36 that an admission, availability of care, continued stay, or other service
 37 has been reviewed and, based on the information provided, satisfies
 38 the insurer's requirements for medically necessary services and
 39 supplies, appropriateness, ~~health care healthcare~~ setting, level of care,
 40 and effectiveness.
- 41 d. Concurrent review. – Utilization review conducted during a patient's
 42 hospital stay or course of ~~treatment~~treatment and for which payment
 43 will be made for that service.
- 44 ...
- 45 e1. Prior authorization.
- 46 ...
- 47 (18) ~~"Utilization Utilization review organization" or "URO" means an organization~~
 48 ~~or URO. – An entity that conducts utilization review under a managed care~~
 49 ~~plan, but does not mean an insurer performing utilization review for its own~~
 50 ~~health benefit plan.~~
- 51 ...

1 (c) Scope and Content of Program. – Every insurer shall prepare and maintain a
2 utilization review program document that describes all delegated and nondelegated review
3 functions for covered services ~~including~~including all of the following:

4 (1) Procedures to evaluate the clinical necessity, appropriateness, efficacy, or
5 efficiency of ~~health~~healthcare services.

6 ...

7 (5) Data collection processes and analytical methods used in assessing utilization
8 of ~~health care~~healthcare services.

9 ...

10 (7) The organizational ~~structure (e.g., structure, such as a utilization review~~
11 ~~committee, quality assurance, or other committee)~~committees, that
12 periodically assesses utilization review activities and reports to the insurer's
13 governing body.

14 ...

15 (9) The methods of collection and assessment of data about underutilization and
16 overutilization of ~~health care~~healthcare services and how the assessment is
17 used to evaluate and improve procedures and criteria for utilization review.

18 (d) ~~Program Operations. Clinical Review Criteria, Generally.~~ – In every utilization
19 review program, an insurer or URO shall use documented clinical review criteria that are based
20 on sound clinical evidence and that are ~~periodically~~evaluated at least annually to assure ongoing
21 efficacy. An insurer may develop its own clinical review criteria or purchase or license clinical
22 review ~~criteria.~~criteria, provided that the clinical review meets, at a minimum, all of the
23 following standards:

24 (1) The criteria used is based on applicable nationally recognized medical
25 standards.

26 (2) The clinical review and standards used are consistent with applicable
27 government guidelines.

28 (3) The clinical review provides for the delivery of a healthcare service in a
29 clinically appropriate type, frequency, and setting and for a clinically
30 appropriate duration.

31 (4) The criteria used in the clinical review reflects the current medical and
32 scientific evidence regarding emerging procedures, clinical guidelines, and
33 best practices, as articulated in independent, peer-reviewed medical literature.

34 (5) The clinical review is sufficiently flexible to allow deviations from the norm
35 when justified on a case-by-case basis to ensure access to care.

36 (d1) Clinical Review Criteria, Substance Use Treatment. – Criteria for determining when
37 a patient needs to be placed in a substance abuse treatment program shall be ~~either (i) the~~
38 ~~diagnostic criteria contained in the most recent revision of the American Society of Addiction~~
39 ~~Medicine Patient Placement Criteria for the Treatment of Substance-Related Disorders or (ii)~~
40 ~~criteria adopted by the insurer or its URO.~~Disorders. The Department, in consultation with the
41 Department of Health and Human Services, may require proof of compliance with this subsection
42 by a plan or URO.

43 (d2) Administration of Program. – All of the following shall apply in the administration of
44 a utilization review program under this section:

45 (1) Qualified health care professionals shall administer the utilization review
46 program and oversee review decisions under the direction of a medical doctor.
47 A medical doctor licensed to practice medicine in this State shall evaluate the
48 clinical appropriateness of noncertifications. An insurer and its URO shall
49 ensure that all noncertifications are made by a medical doctor possessing a
50 current and valid license to practice medicine in this State who (i) is of the
51 same specialty as the healthcare provider who typically manages the medical

1 condition or disease or provides the healthcare service involved in the request
2 and (ii) has experience treating patients with the condition or disease for which
3 the healthcare service is being requested. Medical doctors shall issue
4 noncertifications under the clinical direction of one of the insurer's medical
5 directors responsible for the provision of healthcare services provided to
6 covered persons.

7 (2) Compensation to persons involved in utilization review shall not contain any
8 direct or indirect incentives for them to make any particular review decisions.

9 (3) Compensation to utilization reviewers shall not be directly or indirectly based
10 on the number or type of noncertifications they render.

11 (4) In issuing a utilization review decision, an insurer shall: ~~obtain~~ or its URO
12 shall do all of the following:

13 a. Obtain all information required to make the decision, including
14 pertinent clinical ~~information~~; ~~employ~~ information.

15 b. Employ a process to ensure that utilization reviewers apply clinical
16 review criteria ~~consistently~~; and ~~issue~~ consistently.

17 c. Apply the decision in a timely manner pursuant to this section.

18 (d3) Consultation Prior to Issuing Noncertifications. – If an insurer or its URO is
19 questioning the medical necessity of a healthcare service, then the covered person's relevant
20 provider shall be notified that medical necessity is being questioned within five business days of
21 the date the insurer or its URO received the utilization review request for the healthcare service
22 in question. Prior to issuing a noncertification, the covered person's provider shall be given the
23 opportunity to discuss the medical necessity of the healthcare service by telephonic or tele-video
24 means with the medical doctor who will be responsible for making the utilization review
25 determination of the healthcare service under review. The insurer or its URO is required to make
26 documented personal contact with the covered person's provider, or with the medical staff of that
27 provider, via telephone before the five business days otherwise required under this section for
28 notification.

29 (e) Insurer Responsibilities. – Every insurer shall: ~~shall~~ do all of the following regarding
30 its utilization review process under this section:

31 ...

32 (7) Maintain a complete, publicly available list of healthcare services for which
33 utilization review is required, including for all healthcare services where
34 utilization review is to be performed by an entity under contract with the
35 insurer.

36 (8) Ensure that its URO is in compliance with this section.

37 (f) Time Lines for Prospective and Concurrent Utilization Reviews Based Upon Type of
38 Healthcare Service. – As used in this subsection, the term "necessary information" includes the
39 results of any patient examination, clinical evaluation, or second opinion that may be required.
40 ~~Prospective and concurrent determinations shall be communicated to the covered person's~~
41 ~~provider within three business days after the insurer obtains all necessary information about the~~
42 ~~admission, procedure, or health care service. The time line for completion of a prospective or~~
43 ~~current utilization review, if required by an insurer, is as follows:~~

44 (1) Non-urgent healthcare services. – An insurer or its URO shall both render a
45 utilization review determination or noncertification concerning non-urgent
46 healthcare services and notify the covered person and the covered person's
47 provider of that determination or noncertification within 48 hours of obtaining
48 all necessary information to make the utilization review determination or
49 noncertification.

50 (2) Urgent healthcare services. – An insurer or its URO shall both render a
51 utilization review determination or noncertification concerning urgent

1 healthcare services and notify the covered person and the covered person's
2 provider of that determination or noncertification not later than 24 hours after
3 receiving all necessary information needed to complete the review of the
4 requested healthcare services.

5 (3) Emergency services. – All of the following shall apply to utilization review
6 for emergency services:

7 a. Utilization review shall not be required for prehospital transportation
8 or the provision of emergency services.

9 b. A minimum period of 24 hours following the provision of emergency
10 services to or an emergency admission of a covered person shall be
11 allowed for a covered person or the relevant provider to notify an
12 insurer or its URO of the admission or provision of emergency
13 services. If the admission or emergency service occurs on a State or
14 federal holiday or on a weekend, then notification shall not be required
15 until the next business day after the admission or provision of the
16 emergency services.

17 c. An insurer shall cover emergency services necessary to screen and
18 stabilize a covered person. If a provider attests in writing to an insurer
19 within 72 hours of a covered person's admission that the covered
20 person's condition required emergency services, then that attestation
21 creates a presumption that the emergency services were medically
22 necessary and that presumption may be rebutted only if the insurer is
23 able to establish, with clear and convincing evidence, that the
24 emergency services were not medically necessary.

25 d. The medical necessity or appropriateness of emergency services shall
26 not be based on whether those services were provided by participating
27 or nonparticipating providers. Restrictions on coverage of emergency
28 services provided by nonparticipating providers cannot be greater than
29 restrictions that apply when those same services are provided by
30 participating providers.

31 e. If a covered person receives an emergency service that requires one or
32 more immediate post-evaluation or post-stabilization services, then an
33 insurer or its URO shall make a utilization review determination for
34 those services within 60 minutes of receiving a request. If the
35 authorization determination is not made within 60 minutes, then the
36 services for which the utilization review was requested are deemed
37 approved.

38 (f1) Utilization Review Requests for Additional Information. – If an insurer or its URO
39 requests additional information to process a claim subject to utilization review, then an insurer
40 shall notify the provider of the specific information necessary to complete the utilization review
41 and the specific purpose of the request. The notification shall reference all relevant clinical and
42 administrative criteria and be written in easily understandable language. The notification shall be
43 sent to the provider as soon as possible but not later than 48 hours after receipt of the initial
44 utilization review request. The requesting provider or a member of the requesting provider's
45 clinical or administrative staff may submit the specified additional information within 14 business
46 days of the notification that clinical information is missing. Any claim subject to a request for
47 additional information shall be processed within the time periods for prompt payment of claims
48 pursuant to G.S. 58-3-225.

49 (f2) Utilization Review Determination Notifications. – If an insurer or its URO certifies a
50 health care healthcare service, the insurer shall notify then notification of the determination shall
51 be sent to the covered person's provider. For ~~If an insurer or its URO issues a noncertification,~~

1 ~~the insurer shall notify the covered person's provider and send then~~ written or electronic
2 confirmation of the noncertification shall be sent to the covered person's provider and covered
3 person. In person that is in compliance with subsection (h) of this section.

4 (f3) Concurrent Review Liability. – For concurrent reviews, the insurer shall remain liable
5 for ~~health care~~ healthcare services until the covered person has been notified of the
6 noncertification.

7 (g) Retrospective Reviews. – As used in this subsection, the term "necessary information"
8 includes the results of any patient examination, clinical evaluation, or second opinion that may
9 be required. For retrospective review determinations, an insurer or its URO shall make the
10 determination within 30 days after receiving all necessary information. For a certification, the
11 insurer may give written notification to the covered person's provider. For a noncertification, if
12 a noncertification is issued, then the insurer or its URO shall give written notification to the
13 covered person and the covered person's provider within five business days after making issuing
14 the noncertification. The notice of the noncertification shall meet all requirements under
15 subsection (h) of this section.

16 (g1) Retrospective Denial. – Subject to subsection (n1) of this section, an insurer may not
17 revoke, limit, condition, or restrict a utilization review determination if care that has been
18 previously certified by the insurer or its URO is provided within 45 business days from the date
19 the provider received the utilization review determination. An insurer is required to pay a
20 provider at the contracted payment rate for a healthcare service provided by the provider per a
21 utilization review determination unless any of the following apply:

- 22 (1) The provider knowingly and materially misrepresented the healthcare service
23 in the utilization review request with the specific intent to deceive and obtain
24 an unlawful payment from the insurer.
- 25 (2) The healthcare service was no longer a covered benefit on the day it was
26 provided.
- 27 (3) The provider was no longer contracted with the covered person's health benefit
28 plan on the date the care was provided.
- 29 (4) The provider failed to meet the insurer's timely filing requirements.
- 30 (5) The insurer does not have liability for the claim.
- 31 (6) The covered person was no longer eligible for healthcare coverage on the day
32 the care was provided.

33 (h) Requirements for Notice of Noncertification. – A written notification of a
34 noncertification made in accordance with this section shall include all reasons for the
35 noncertification, including the clinical rationale, the name and medical specialty of all medical
36 doctors that were involved in the noncertification, the instructions for initiating a voluntary appeal
37 or reconsideration of the noncertification, and the instructions for requesting a written statement
38 of the clinical review criteria used to make the noncertification. An insurer shall provide the
39 clinical review criteria used to make the noncertification to any person who received the
40 notification of the noncertification and who follows the procedures for a request. An insurer shall
41 also inform the covered person in writing about the availability of assistance from the
42 Department's Health Insurance Smart NC, including the telephone number and address of the
43 Program-program.

44 (h1) Failure to Make a Timely Utilization Review Determination. – An insurer or its URO
45 failing to approve, deny, or request additional information for a requested utilization review
46 within the applicable time frames under this section is deemed to have approved the request.

47 (i) Requests for Informal Reconsideration. – An insurer may establish procedures for
48 informal reconsideration of noncertifications and, if established, the procedures shall be in
49 writing. After a written notice of noncertification has been issued in accordance with ~~subsection~~
50 ~~(h)~~ of this section, the reconsideration shall be conducted between the covered person's provider
51 and a medical doctor licensed to practice medicine in this State designated by the insurer. An

1 insurer shall not require a covered person to participate in an informal reconsideration before the
2 covered person may appeal a noncertification under subsection (j) of this section. If, after
3 informal reconsideration, the insurer upholds the noncertification decision, then the insurer shall
4 issue a new notice ~~in accordance with subsection (h) that meets the requirements~~ of this section.
5 If the insurer is unable to render an informal reconsideration decision within 10 business days
6 after the date of receipt of the request for an informal reconsideration, ~~it~~ then the insurer shall
7 treat the request for informal reconsideration as a request for an appeal; ~~provided that appeal and~~
8 the requirements of subsection (k) of this section for acknowledging the request shall apply
9 beginning on the day the insurer determines an informal reconsideration decision cannot be made
10 before the tenth business day after receipt of the request for an informal reconsideration.

11 (j) Appeals of Noncertifications. – Every insurer shall have written procedures for
12 appeals of noncertifications by covered persons or their providers acting on their behalves,
13 including expedited review to address a situation where the time frames for the standard review
14 procedures set forth in this section would reasonably appear to seriously jeopardize the life or
15 health of a covered person or jeopardize the covered person's ability to regain maximum function.
16 Each appeal shall be evaluated by a medical doctor licensed to practice medicine in this State
17 who was not involved in the noncertification.

18 (j1) Requirements Applicable to Appeals Reviews. – All appeals shall be reviewed by a
19 medical doctor who meets all of the following criteria:

- 20 (1) Possesses a current and valid non-restricted license to practice medicine in
21 this State.
- 22 (2) Is currently in active practice for a period of at least five consecutive years in
23 the same or similar specialty as a medical doctor who typically manages the
24 medical condition or disease for which utilization review is required.
- 25 (3) Is knowledgeable of, and has experience providing, the healthcare services
26 under appeal.
- 27 (4) Has not been directly involved in making the adverse determination.

28 As part of the appeals review, the medical doctor shall consider all known clinical aspects of
29 the healthcare service under review, including all pertinent medical records and any medical
30 literature that have been provided by the covered person's provider or by a health care facility.

31 (k) Nonexpedited Appeals. – Within three business days after receiving a request for a
32 standard, nonexpedited appeal, the insurer or its URO shall provide the covered person with the
33 name, address, and telephone number of the coordinator and information on how to submit
34 written material. For standard, nonexpedited appeals, the insurer or its URO shall give written
35 notification of the decision, in clear terms, to the covered person and the covered person's
36 provider within 30 days after the insurer receives the request for an appeal. If the decision is not
37 in favor of the covered person, then the written decision shall ~~contain~~ contain all of the following
38 information:

- 39 (1) The professional qualifications and licensure of the person or persons
40 reviewing the appeal.
- 41 (2) A statement of the reviewers' understanding of the reason for the covered
42 person's appeal.
- 43 (3) The reviewers' decision in clear terms and the medical rationale in sufficient
44 detail for the covered person to respond further to the insurer's position.
- 45 (4) A reference to the evidence or documentation that is the basis for the decision,
46 including the clinical review criteria used to make the determination, and
47 instructions for requesting the clinical review criteria.
- 48 (5) A statement advising the covered person of the covered person's right to
49 request a second-level grievance review and a description of the procedure for
50 submitting a second-level grievance under G.S. 58-50-62.

1 (6) Notice of the availability of assistance from the Department's Health
2 Insurance Smart NC, including the telephone number and address of the
3 Program-program.

4 (l) Expedited Appeals. – An expedited appeal of a noncertification may be requested by
5 a covered person or ~~his or her~~ the provider acting on the covered person's behalf only when a
6 nonexpedited appeal would reasonably appear to seriously jeopardize the life or health of a
7 covered person or jeopardize the covered person's ability to regain maximum function. The
8 insurer may require documentation of the medical justification for the expedited appeal. The
9 insurer shall, in consultation with a medical doctor licensed to practice medicine in this State,
10 provide expedited review, and the insurer or its URO shall communicate its decision in writing
11 to the covered person and his or her provider as soon as possible, but not later than four days
12 after receiving the information justifying expedited review. The written decision shall contain
13 the provisions specified in subsection (k) of this section. If the expedited review is a concurrent
14 review determination, then the insurer shall remain liable for the coverage of ~~health care~~
15 healthcare services until the covered person has been notified of the determination. An insurer is
16 not required to provide an expedited review for retrospective noncertifications.

17 (m) Disclosure of Utilization Review Requirements. – Information required to be
18 provided under this section shall be described in detail and in easily understandable language.
19 All of the following apply to an insurer's responsibility to disclose any utilization review
20 procedures:

21 (1) Coverage and member handbook. – In the certificate of coverage and member
22 handbook provided to covered persons, an insurer shall include a clear and
23 comprehensive description of its utilization review procedures, including the
24 procedures for appealing noncertifications and a statement of the rights and
25 responsibilities of covered persons, including the voluntary nature of the
26 appeal process, with respect to those procedures. An insurer shall also include
27 in the certificate of coverage and the member handbook information about the
28 availability of assistance from the Department's Health Insurance Smart NC,
29 including the telephone number and address of the ~~Program-program.~~

30 (2) Prospective materials. – An insurer shall include a summary of its utilization
31 review procedures in materials intended for prospective covered persons.

32 (3) Membership cards. – An insurer shall print on its membership cards a toll-free
33 telephone number to call for utilization review purposes.

34 (4) Website. – An insurer shall make any current utilization review requirements
35 and restrictions readily accessible on its website.

36 (m1) Changes to Utilization Review. – If an insurer intends either to implement a new
37 utilization review requirement or restriction or to amend an existing requirement or restriction,
38 then all of the following apply:

39 (1) The new or amended requirement or restriction shall not be in effect unless
40 and until the insurer's website has been updated to reflect the new or amended
41 requirement or restriction. A claim shall not be denied for failure to obtain a
42 prior authorization if the new or amended requirement or restriction was not
43 in effect on the date of service of the claim.

44 (2) The insurer shall provide participating providers written notice of the new or
45 amended requirement or restriction no less than 60 calendar days before the
46 requirement or restriction is implemented.

47 This subsection does not apply if an insurer removes a utilization review requirement or
48 restriction or amends a requirement or restriction to be less restrictive.

49 (n) Maintenance of Records. – Every insurer and URO shall maintain records of each
50 review performed and each appeal received or reviewed, as well as documentation sufficient to
51 demonstrate compliance with this section. The maintenance of these records, including electronic

1 reproduction and storage, shall be governed by rules adopted by the Commissioner that apply to
2 insurers. These records shall be retained by the insurer and URO for a period of five years or, for
3 domestic companies, until the Commissioner has adopted a final report of a general examination
4 that contains a review of these records for that calendar year, whichever is later.

5 (n1) Utilization Review Statistics. – An insurer using utilization review shall make
6 statistics available regarding utilization review approvals and noncertifications on its website in
7 a readily accessible format and shall update the information available, at a minimum, on a
8 monthly basis. These statistics shall include the most recent 12-month rolling data reported
9 separately for medications and procedural codes for all of the following:

- 10 (1) The total number of medications and procedural codes subject to utilization
11 review, and specifically prior authorization.
- 12 (2) The percentage of medications and procedural codes requiring prior
13 authorization.
- 14 (3) The reasons for any noncertifications issued.
- 15 (4) The number and percentage of utilization review determinations that are
16 appealed and the number and percentage of appeals that are approved or
17 denied at each stage of the appeal process.
- 18 (5) The average time and distribution by percentile of number of days between
19 submission and response of each stage of the appeal process.
- 20 (6) The number and percentage of providers who qualify for an exemption from
21 the utilization review process under this section.

22 (n2) Utilization Review Determination Validity. – A utilization review determination shall
23 be valid for the entire duration of the approved course of treatment and shall be effective
24 regardless of any changes in dosage for a prescription drug prescribed by a provider. If an insurer
25 requires a utilization review determination for a healthcare service for the treatment of a chronic
26 or long-term care condition, then the utilization review determination shall remain valid for the
27 length of the treatment and the insurer may not require the covered person to obtain a utilization
28 review determination again for the healthcare service.

29 (o) Violation. – A-In accordance with this Chapter, a violation of this section subjects an
30 insurer and an agent of the insurer to G.S. 58-2-70.

31 (p) Continuity of Care. – The following requirements shall apply to ensure continuity of
32 care for covered persons:

- 33 (1) On receipt from a covered person or the covered person's provider of
34 information documenting a prior utilization review determination, an insurer
35 shall honor a utilization review determination granted to the covered person
36 from a previous insurer for at least 90 calendar days of a covered person's
37 coverage under a new health benefit plan. During this 90-day time period, an
38 insurer may perform its own utilization review.
- 39 (2) If the insurer makes a change in coverage of, or approval criteria for, a
40 previously authorized healthcare service, then the change in coverage or
41 approval criteria shall not affect a covered person who received a utilization
42 review determination before the effective date of the change for the remainder
43 of that covered person's health benefit plan year.
- 44 (3) An insurer shall continue to honor a utilization review determination that the
45 insurer or its URO certified for a covered person when that covered person
46 changes products or health benefit plans under the same insurer, provided that
47 the medically necessary services or supplies subject to the utilization review
48 determination do not change.
- 49 (4) If a provider performs a healthcare service that is closely related to the service
50 for which certification has already been granted by an insurer or its URO, then
51 that insurer or its URO shall not deny a claim for the closely related service

1 for failure of the provider to seek or obtain a utilization review so long as the
2 provider had notified the insurer or its URO of the performance of the closely
3 related service both no later than three business days following the completion
4 of the closely related service and prior to the submission of a claim for
5 payment for that service. The submission of the notification shall include the
6 submission of all relevant clinical information necessary for the insurer to
7 evaluate the medical necessity of the service. Nothing in this subsection shall
8 be construed to limit an insurer's retrospective review of medical necessity of
9 the closely related service nor limit the need for verification of the covered
10 person's eligibility for coverage under the health benefit plan.

11 (5) An insurer shall not restrict benefits for any hospital stay of a covered person
12 in connection with childbirth for the mother or newborn child (i) following a
13 normal vaginal delivery to less than 48 hours or (ii) following a cesarean
14 section to less than 96 hours. An insurer shall not require that a provider obtain
15 a utilization review determination from an insurer for prescribing the length
16 of stay required under this subdivision.

17 (q) Exemptions. – This subsection shall not apply to utilization review requests that are
18 pending review by an insurer or its URO. An insurer may not require a provider to request a
19 utilization review for a healthcare service in order for the covered person to whom the healthcare
20 service is being provided to receive coverage for the service if, within the most recent 12-month
21 period, the insurer or its URO has issued certifications, or would have issued certifications, for
22 not less than eighty percent (80%) of the utilization review requests submitted by the provider
23 for that healthcare service. An insurer may evaluate whether a provider continues to qualify for
24 this exemption not more than once every 12 months. All of the following apply to an exemption
25 under this subsection:

26 (1) A provider is not required to request an exemption in order to qualify for the
27 exemption.

28 (2) No more than once per year per healthcare service, a provider who does not
29 receive an exemption under this subsection may request from the insurer
30 evidence to support the insurer's decision. A healthcare provider may appeal
31 an insurer's decision to deny the exemption.

32 (3) An insurer may only revoke an exemption at the end of the applicable
33 12-month period if the insurer does all of the following:

34 a. Makes a determination that the provider would not have met the eighty
35 percent (80%) approval criteria based on a retrospective review of the
36 claims for the particular service for which the exemption applies for
37 the previous three months or for a longer period if needed to reach a
38 minimum of 10 claims for review.

39 b. Provides the provider with the information the insurer relied upon in
40 making the determination to revoke the exemption.

41 c. Provides the provider a plain language explanation of how to appeal
42 the decision.

43 (4) If an insurer revokes an exemption, then that exemption will remain in effect
44 until the thirtieth calendar day after the date the insurer notifies the provider
45 of its revocation of the exemption unless the provider appeals the revocation.
46 If the provider appeals the revocation, then the exemption shall remain in
47 effect until the fifth calendar day after the revocation is upheld on appeal.

48 (5) An insurer shall provide a healthcare provider that receives an exemption all
49 of the following:

50 a. A statement that the provider qualifies for an exemption from
51 preauthorization requirements.

- 1 b. A list of services for which the exemption applies.
2 c. A statement of the duration of the exemption.
3 (6) An insurer shall not deny or reduce payment for a healthcare service exempted
4 from a utilization review requirement under this subsection, including a
5 healthcare service performed or supervised by another provider when the
6 provider who ordered the service received an exemption, unless the rendering
7 provider meets one of the following criteria:
8 a. Knowingly and materially misrepresented the healthcare service as a
9 part of the request for payment submitted to the insurer with the
10 specific intent to deceive and obtain an unlawful payment from the
11 insurer.
12 b. Failed to substantially perform the healthcare service.

13 Nothing in this subsection requires an insurer to evaluate an existing exemption or prevents
14 an insurer from establishing a longer exemption period.

15 (r) Deemed Approval. – Any failure by an insurer or its URO to comply with the
16 deadlines and other requirements specified in this section will result in any healthcare services
17 subject to review to be automatically deemed authorized by the insurer."

18 **SECTION 5.11.(b)** Article 3 of Chapter 58 of the General Statutes is amended by
19 adding a new section to read:

20 **"§ 58-3-500. Reports due regarding health benefit plans.**

21 (a) Health Benefit Plan Reporting Requirements. – All insurers offering health benefits
22 shall be required to provide the following information to the Commissioner no later than March
23 1 of each year:

- 24 (1) Utilization review. – At a minimum, and subject to any rules adopted by the
25 Commissioner, insurers shall provide information regarding utilization review
26 approvals and noncertifications for the previous calendar year, reported
27 separately for medications and procedural codes, for all of the following:
28 a. The total number of medications and procedural codes subject to
29 utilization review, and specifically prior authorization.
30 b. The percentage of medications and procedural codes requiring prior
31 authorization.
32 c. The reasons for any noncertifications issued.
33 d. The number and percentage of utilization review determinations that
34 are appealed and the number and percentage of appeals that are
35 approved or denied at each stage of the appeal process.
36 e. The average time and distribution by percentile of number of days
37 between submission and response of each stage of the appeal process.
38 f. The number and percentage of providers who qualify for an exemption
39 from the utilization review process under this section.

40 (2) Reserved for future codification purposes.

41 (b) Commissioner Authority Over Required Information. – The Commissioner is
42 authorized to adopt rules related to this section. By rule, the Commissioner is authorized to
43 require additional information related to the subject of the required report. By rule, the
44 Commissioner is authorized to clarify or define further any information required under this
45 section to be the subject of a report.

46 (c) Commissioner Reporting Requirements. – No later than April 1 of each year, the
47 Commissioner shall compile the information received under subsection (a) of this section and
48 submit a report containing that compiled information to the Joint Legislative Commission on
49 Governmental Operations.

1 (d) Notwithstanding the penalty limits under G.S. 58-2-70, the failure of an insurer to
2 provide information required under this section is a violation subject to a fine of five thousand
3 dollars (\$5,000) per day that the information is not provided."

4 **SECTION 5.11.(c)** Subsections (a) and (b) of this section become effective October
5 1, 2025, and apply to insurance contracts issued, renewed, or amended on or after that date.

6 **SECTION 5.11.(d)** In accordance with G.S. 135-48.24(b) and G.S. 135-48.30(a)(7),
7 which require the State Treasurer to implement procedures that are substantially similar to the
8 provisions of G.S. 58-50-61 for the North Carolina State Health Plan for Teachers and State
9 Employees (State Health Plan), the State Treasurer and the Executive Administrator of the State
10 Health Plan shall review all practices of the State Health Plan and all contracts with, and practices
11 of, any third party conducting any utilization review on behalf of the State Health Plan to ensure
12 compliance with subsection (a) of this section no later than the start of the next plan year.

13 **SECTION 5.11.(e)** G.S. 90-1.1(5) reads as rewritten:

14 "(5) The practice of medicine or surgery. – Except as otherwise provided by this
15 subdivision, the practice of medicine or surgery, for purposes of this Article,
16 includes any of the following acts:

17 ...

18 g. Performing any portion of the utilization review process under
19 G.S. 58-50-51 that is required under that section to be performed by a
20 physician licensed to practice medicine, including making a final
21 utilization review decision, issuing a noncertification, and
22 participating on behalf of an insurer in the utilization reconsideration
23 and appeal process.

24 "

25 **SECTION 5.11.(f)** Part 2 of Article 50 of Chapter 58 of the General Statutes is
26 amended by adding a new section to read:

27 **"§ 58-50-64. Utilization review disciplinary actions; North Carolina Medical Board.**

28 (a) Performing any portion of the utilization review process under G.S. 58-50-61 that is
29 required to be performed by a licensed physician, including making a final utilization review
30 decision, issuing a noncertification, and participating on behalf of the insurer in the utilization
31 reconsideration and appeal process, is the practice of medicine under G.S. 90-1.1(5).

32 (b) The North Carolina Medical Board has the authority to subpoena an insurer, or a
33 utilization review organization acting on behalf of an insurer, for any records, documents, or
34 other materials pertaining to the involvement of any physician licensed in this State in the
35 utilization review process under G.S. 58-50-61.

36 (c) If an insurer, or a utilization review organization acting on behalf of an insurer, fails
37 to comply with a subpoena issued in accordance with this section, the North Carolina Medical
38 Board shall report the failure to comply and any information supporting the failure to the
39 Commissioner.

40 (d) Notwithstanding the penalty minimum limit under G.S. 58-2-70, the failure of an
41 insurer, or a utilization review organization acting on behalf of an insurer, to provide information
42 required by a subpoena issued in accordance with this section is a violation subjecting the insurer
43 to a fine of no less than five hundred dollars (\$500.00) for each 90-day period in which the
44 information is not produced.

45 (e) If the North Carolina Medical Board takes any disciplinary action under G.S. 90-14(a)
46 against a licensed physician as a result of that physician's involvement in the utilization review
47 process under G.S. 58-50-61, then any noncertifications that were issued that are related, in whole
48 or in part, to the disciplinary action shall be subject to reconsideration or appeal under
49 G.S. 58-50-61 so long as the noncertification had not been reversed prior to the disciplinary
50 action. The North Carolina Medical Board shall notify the insurer of the disciplinary action and
51 the utilization determinations involved."

1 **SECTION 5.11.(g)** G.S. 135-48.10 reads as rewritten:

2 "**§ 135-48.10. Confidentiality of information and medical records; provider contracts.**

3 (a) Any information described in this section that is in the possession of the State Health
4 Plan for Teachers and State Employees or its Claims Processor under the Plan or the Predecessor
5 Plan shall be confidential and shall be exempt from the provisions of Chapter 132 of the General
6 Statutes or any other provision requiring information and records held by State agencies to be
7 made public or accessible to the public. This section shall apply to all information concerning
8 individuals, including the fact of coverage or noncoverage, whether or not a claim has been filed,
9 medical information, whether or not a claim has been paid, and any other information or materials
10 concerning a plan participant, including Claim Payment Data and any documents or other
11 materials derived from the Claim Payment Data. This information may, however, be released to
12 the State Auditor or to the Auditor, the Attorney General-General, or the North Carolina Medical
13 Board in furtherance of ~~their~~ the respective statutory duties and responsibilities, responsibilities
14 of each party or to ~~such~~ persons or organizations as may be designated and approved by the State
15 Treasurer. Any information ~~so that is~~ released shall remain confidential ~~as stated above and any~~
16 as stipulated by this section. Any party obtaining such information under this section shall assume
17 the same level of responsibility for maintaining such confidentiality as that of the State Health
18 Plan for Teachers and State Employees.

19 (b) The terms of a contract between the Plan and its third party administrator or between
20 the Plan and its pharmacy benefit manager are a public record under Chapter 132 of the General
21 Statutes. No provision of law, however, shall be construed to prevent or restrict the release of
22 any information in a Plan contract to the State Treasurer, the State Auditor, the Attorney General,
23 the North Carolina Medical Board, the Director of the State Budget, the Plan's Board of Trustees,
24 and the Plan's Executive Administrator solely and exclusively for their use in the furtherance of
25 their duties and responsibilities.

26 (c) Performing any portion of the utilization review process under G.S. 58-50-61 that is
27 required to be performed by a licensed physician, including making a final utilization review
28 decision, issuing a noncertification, and participating on behalf of the insurer in the utilization
29 reconsideration and appeal process, is the practice of medicine under G.S. 90-1.1(5). Subject to
30 this section, all of the following shall apply:

31 (1) The North Carolina Medical Board has the authority to subpoena the Plan, or
32 a utilization review organization acting on behalf of the Plan, for any records,
33 documents, or other materials pertaining to the involvement of any physician
34 licensed in this State in the utilization review process under the Plan.

35 (2) If the North Carolina Medical Board takes any disciplinary action under
36 G.S. 90-14(a) against a licensed physician as a result of that physician's
37 involvement in the Plan's utilization review process, then any
38 noncertifications that were issued that are related, in whole or in part, to the
39 disciplinary action shall be subject to reconsideration or appeal so long as the
40 noncertification had not been reversed prior to the disciplinary action. The
41 North Carolina Medical Board shall notify the Plan of the disciplinary action
42 and the utilization determinations involved."

43 **SECTION 5.11.(h)** G.S. 58-50-62 is amended by adding a new subsection to read:

44 "(a1) The definitions under G.S. 58-50-61(a) apply in this section."

45 **SECTION 5.11.(i)** G.S. 58-50-61(a)(7) is repealed.

46 **SECTION 5.11.(j)** G.S. 58-50-75 reads as rewritten:

47 "**§ 58-50-75. Purpose, scope, and definitions.**

48 ...

49 (b) This Part applies to all insurers that offer a health benefit plan and that provide or
50 perform utilization review pursuant to ~~G.S. 58-50-61, the State Health Plan for Teachers and~~
51 ~~State Employees, G.S. 58-50-61~~ and any optional plans or programs operating under Part 2 of

1 Article 3A of Chapter 135 of the General Statutes. With respect to second-level grievance review
2 decisions, this Part applies only to second-level grievance review decisions involving
3 noncertification decisions.

4 (c) ~~In addition to the~~ The definitions in G.S. 58-50-61(a), as used in this Part: under
5 G.S. 58-50-61(a) and the following definitions apply in this Part:

- 6 (1) ~~"Covered benefits" or "benefits" means those~~ Covered benefits or benefits. –
7 Those benefits consisting of medical care, provided directly through insurance
8 or ~~otherwise~~ otherwise, and ~~including~~ items and services paid for as medical
9 care, ~~under care under~~ the terms of a health benefit plan.
- 10 (2) ~~"Covered person" means a policyholder, subscriber, enrollee, or other~~
11 ~~individual covered by a health benefit plan. "Covered person" includes~~
12 ~~another person, including the covered person's health care provider, acting on~~
13 ~~behalf of the covered person. Nothing in this subdivision shall require the~~
14 ~~covered person's health care provider to act on behalf of the covered person.~~
- 15 (3) ~~"Independent~~ Independent review organization" or "organization" means an
16 organization or organization. – An entity that conducts independent external
17 reviews of appeals of noncertifications and second-level grievance review
18 decisions."

19 **SECTION 5.11.(k)** G.S. 90-21.52(c)(1) reads as rewritten:

- 20 "(1) The liability of the managed care entity is based on an administrative decision
21 to approve or disapprove payment or reimbursement for, or denial, reduction,
22 or termination of coverage, for a health care service and the physician
23 organizations, health care providers, or entities wholly owned by physicians
24 or health care providers or any combination thereof, which have made the
25 decision at issue, have agreed explicitly, in a written addendum or agreement
26 separate from the managed care organization's standard professional service
27 agreement, to assume responsibility for making noncertification ~~decisions~~
28 decisions, as defined under ~~G.S. 58-50-61(13)~~ G.S. 58-50-61, with respect to
29 certain insureds or enrollees; and"

30 **SECTION 5.11.(l)** Subsections (a) and (b) of this section are effective October 1,
31 2025, and apply to insurance contracts issued, renewed, or amended on or after that date. The
32 remainder of this section is effective when it becomes law.

33
34 **ALLOW JUDGE TO ISSUE A PERMANENT NO CONTACT ORDER AGAINST A**
35 **DEFENDANT CONVICTED OF CERTAIN VIOLENT OFFENSES AND CLARIFY**
36 **CHANGES TO FELONY CHILD ABUSE LAWS**

37 **SECTION 5.12.(a)** Article 81D of Chapter 15A of the General Statutes reads as
38 rewritten:

39 "Article 81D.

40 "Permanent No Contact Order Against Convicted ~~Sex~~ Violent Offender.

41 "**§ 15A-1340.50. Permanent no contact order prohibiting future contact by convicted ~~sex~~**
42 **violent offender with crime victim.**

43 (a) The following definitions apply in this Article:

- 44 (1) Permanent no contact order. – A permanent injunction that prohibits any
45 contact by a defendant with the victim of the ~~sex-violent~~ offense for which the
46 defendant is ~~convicted~~ convicted, with the victim's immediate family, or both.
47 The duration of the injunction is the lifetime of the defendant.
- 48 (2) ~~Sex offense. — Any criminal offense that requires registration under Article~~
49 ~~27A of Chapter 14 of the General Statutes.~~
- 50 (3) Victim. – The person against whom the ~~sex-violent~~ offense was committed.
- 51 (4) Violent offense. – Any of the following:

- 1 a. A criminal offense that requires registration under Article 27A of
 2 Chapter 14 of the General Statutes.
 3 b. A Class A through G felony that is not otherwise covered under
 4 sub-subdivision a. of this subdivision.
 5 c. An offense under subsection (b) of G.S. 14-32.4.

6 (b) When sentencing a defendant convicted of a ~~sex-violent~~ offense, the judge, at the
 7 request of the district attorney, shall determine whether to issue a permanent no contact order.
 8 The judge shall order the defendant to show cause why a permanent no contact order shall not be
 9 issued and shall hold a show cause hearing as part of the sentencing procedures for the defendant.

10 (c) The ~~victim-victim, the victim's immediate family, or both~~ shall have a right to be heard
 11 at the show cause hearing.

12 ...
 13 (e) At the conclusion of the show cause hearing the judge shall enter a finding for or
 14 against the defendant. If the judge determines that reasonable grounds exist for the ~~victim-victim,~~
 15 the victim's immediate family, or both to fear any future contact with the defendant, the judge
 16 shall issue the permanent no contact order. The judge shall enter written findings of fact and the
 17 grounds on which the permanent no contact order is ~~issued-issued.~~ If any member of the victim's
 18 immediate family is included in the permanent no contact order, they must be specifically
 19 identified. The no contact order shall be incorporated into the judgment imposing the sentence
 20 on the defendant for the conviction of the ~~sex-violent~~ offense.

21 (f) The court may grant one or more of the following forms of relief in a permanent no
 22 contact order under this Article:

- 23 (1) Order the defendant not to threaten, visit, assault, molest, or otherwise
 24 interfere with the ~~victim-victim, the victim's immediate family, or both.~~
 25 (2) Order the defendant not to follow the victim, the victim's immediate family,
 26 or both, including at ~~the victim's each individual's~~ workplace.
 27 (3) Order the defendant not to harass the ~~victim-victim, the victim's immediate~~
 28 family, or both.
 29 (4) Order the defendant not to abuse or injure the ~~victim-victim, the victim's~~
 30 immediate family, or both.
 31 (5) Order the defendant not to contact the ~~victim-victim, the victim's immediate~~
 32 family, or both by telephone, written communication, or electronic means.
 33 (6) Order the defendant to refrain from entering or remaining present at the
 34 ~~victim's residence, school, place of employment, school, or place of~~
 35 employment of the victim, the victim's immediate family, or both, or other
 36 specified places at times when the ~~victim-victim, the victim's immediate~~
 37 family, or both are present.
 38 (7) Order other relief deemed necessary and appropriate by the court.

39 ...
 40 (h) At any time after the issuance of the order, the State, at the request of the victim, or
 41 the defendant may make a motion to rescind or modify the permanent no contact order. If the
 42 court determines that reasonable grounds for the ~~victim-victim, the victim's immediate family, or~~
 43 both to fear any future contact with the defendant no longer exist, the court may rescind or modify
 44 the permanent no contact order.

45 "

46 **SECTION 5.12.(b)** G.S. 14-318.4 reads as rewritten:

47 "**§ 14-318.4. Child abuse a felony.**

48 (a) A parent or any other person providing care to or supervision of a child less than 16
 49 years of age who intentionally inflicts any serious physical injury upon or to the child or who
 50 intentionally commits an assault upon the child which results in any serious physical injury to

1 the child is guilty of a Class D felony, except as otherwise provided in subsection (a3) of this
2 section.

3 (a1) ~~Any A parent or any other person providing care to or supervision of a child less than~~
4 ~~16 years of age, or any other person providing care to or supervision of the child, age who~~
5 commits, permits, or encourages any act of prostitution with or by the child is guilty of child
6 abuse and shall be punished as a Class D felon.

7 (a2) ~~Any A parent or legal guardian of any other person providing care to or supervision~~
8 ~~of a child less than 16 years of age who commits or allows the commission of any sexual act~~
9 upon the child is guilty of a Class D felony.

10 (a3) A parent or any other person providing care to or supervision of a child less than 16
11 years of age who intentionally inflicts any serious bodily injury to the child or who intentionally
12 commits an assault upon the child which results in any serious bodily injury to the child, or which
13 results in permanent or protracted loss or impairment of any mental or emotional function of the
14 child, is guilty of a Class B2 felony.

15 (a4) A parent or any other person providing care to or supervision of a child less than 16
16 years of age who, for the purpose of causing fear, emotional injury, or deriving sexual
17 gratification, intentionally and routinely (i) inflicts physical injury on that child and (ii) deprives
18 that child of necessary food, clothing, shelter, or proper physical care is guilty of a Class B2
19 felony.

20 (a4)(a5) A parent or any other person providing care to or supervision of a child less than
21 16 years of age whose willful act or grossly negligent omission in the care of the child shows a
22 reckless disregard for human life is guilty of a Class E felony if the act or omission results in
23 serious bodily injury to the child.

24 (a5)(a7) A parent or any other person providing care to or supervision of a child less than
25 16 years of age whose willful act or grossly negligent omission in the care of the child shows a
26 reckless disregard for human life is guilty of a Class G felony if the act or omission results in
27 serious physical injury to the child.

28 (a6) ~~For purposes of this section, a "grossly negligent omission" in providing care to or~~
29 ~~supervision of a child includes the failure to report a child as missing to law enforcement as~~
30 ~~provided in G.S. 14-318.5(b).~~

31 (b) The felony of child abuse is an offense additional to other civil and criminal
32 provisions and is not intended to repeal or preclude any other sanctions or remedies.

33 (c) Abandonment of an infant less than seven days of age pursuant to G.S. 14-322.3 may
34 be treated as a mitigating factor in sentencing for a conviction under this section involving that
35 infant.

36 (d) The following definitions apply in this section:

37 (1) Grossly negligent omission. – In the context of providing care to or
38 supervision of a child, this term includes the failure to report a child as missing
39 to law enforcement as provided in G.S. 14-318.5(b).

40 (2) Serious bodily injury. – Bodily injury that creates a substantial risk of death
41 or that causes serious permanent disfigurement, coma, a permanent or
42 protracted condition that causes extreme pain, or permanent or protracted loss
43 or impairment of the function of any bodily member or organ, or that results
44 in prolonged hospitalization.

45 (2)(3) Serious physical injury. – Physical injury that causes great pain and suffering.
46 The term includes serious mental injury."

47 **SECTION 5.12.(c)** This section becomes effective December 1, 2025, and applies
48 to offenses committed on or after that date.

49
50 **PROVIDE SOCIAL MEDIA PROTECTIONS FOR MINORS UNDER SIXTEEN YEARS**
51 **OF AGE**

1 SECTION 5.13.(a) The General Statutes are amended by adding a new Chapter to
2 read:

3 **"Chapter 114B.**

4 **"Social Media Protections for Minors.**

5 **"§ 114B-1. Title; definitions.**

6 (a) Title. – This Chapter shall be known and may be cited as the "Social Media Protection
7 for Minors Act."

8 (b) Definitions. – The following definitions apply in this Chapter:

9 (1) Account holder. – A person who opens an account or creates a profile or is
10 identified by the social media platform by a unique identifier while using or
11 accessing a social media platform when the social media platform knows or
12 has reason to believe the person is a resident of this State.

13 (2) Anonymous age verification. – A commercially reasonable method used by a
14 government agency or a business for the purpose of age verification, that is
15 conducted by a nongovernmental, independent third party organized under the
16 laws of a state of the United States that meets all of the following criteria:

17 a. Has its principal place of business in a state of the United States.

18 b. Is not owned or controlled by a company formed in a foreign country,
19 a government of a foreign country, or any other entity formed in a
20 foreign country.

21 (3) Daily active users. – The number of unique users in the United States who
22 used the online forum, website, or application at least eighty percent (80%) of
23 the days during the previous 12 months or, if the online forum, website, or
24 application did not exist during the previous 12 months, the number of unique
25 users in the United States who used the online forum, website, or application
26 at least eighty percent (80%) of the days during the previous month.

27 (4) Department. – The North Carolina Department of Justice.

28 (5) Minor. – A person who is under 16 years of age.

29 (6) Resident. – A person who lives in this State for more than six months of the
30 year.

31 (7) Social media platform or platform. – An online forum, website, or application
32 that satisfies all of the following criteria:

33 a. Allows users to upload content or view the content or activity of other
34 users.

35 b. Ten percent (10%) or more of the daily active users who are younger
36 than 16 years of age spend on average two hours per day or longer on
37 the online forum, website, or application on the days when using the
38 online forum, website, or application during the previous 12 months
39 or, if the online forum, website, or application did not exist during the
40 previous 12 months, during the previous month.

41 c. Employs algorithms that analyze user data or information on users to
42 select content for users.

43 d. Has any of the following addictive features:

44 1. Infinite scrolling, which means either (i) continuously loading
45 content or content that loads as the user scrolls down the page
46 without the need to open a separate page or (ii) seamless
47 content or the use of pages with no visible or apparent end or
48 page breaks.

49 2. Push notifications or alerts sent by the online forum, website,
50 or application to inform a user about specific activities or
51 events related to the user's account.

- 1 3. Displays personal interactive metrics that indicate the number
2 of times other users have clicked a button to indicate their
3 reaction to content or have shared or reposted the content.
- 4 4. Auto-play video or video that begins to play without the user
5 first clicking on the video or on a play button for that video.
- 6 5. Live-streaming or a function that allows a user or advertiser to
7 broadcast live video content in real time.

8 The term does not include (i) an online service, website, or application where
9 the exclusive function is email or direct messaging consisting of text,
10 photographs, pictures, images, or videos shared only between the sender and
11 the recipients, without displaying or posting publicly or to other users not
12 specifically identified as the recipients by the sender, (ii) an online service,
13 website, or application that consists primarily of news, sports, entertainment,
14 or other information or content that is not user generated but preselected by
15 the provider, and for which any chat, comments, or interactive functionality is
16 incidental to, directly related to, or dependent on the provision of such content,
17 (iii) a community forum where the primary purpose of the forum is for
18 customer self-service support related to products, sellers, services, events, or
19 places, or any combination thereof, (iv) an interactive video game service
20 equipped with parental controls, (v) online shopping, or (vi) e-commerce.

- 21 (8) Standard age verification. – Any commercially reasonable method of age
22 verification approved by the social media platform.

23 **§ 114B-2. Social media protections for minors.**

24 (a) Minors Under 14 Years of Age. – A social media platform shall prohibit a minor who
25 is younger than 14 years of age from entering into a contract with the platform to become an
26 account holder and shall do all of the following:

- 27 (1) Terminate any account held by a minor under 14 years of age upon 30 days'
28 notice to the account holder. Termination must be effective upon the
29 expiration of the 30 days if the account holder fails to effectively dispute the
30 termination.
- 31 (2) Permanently delete all personal information held by the social media platform
32 relating to the terminated account, unless there are legal requirements to
33 maintain the information.

34 (b) Minors 14 or 15 Years of Age. – A social media platform shall prohibit a minor who
35 is 14 or 15 years of age from entering into a contract with the platform to become an account
36 holder unless the minor's parent or guardian provides consent for the minor to become an account
37 holder and shall do all of the following:

- 38 (1) Terminate any account held by an account holder who is 14 or 15 years of age
39 if the account holder's parent or guardian has not provided consent for the
40 minor to create or maintain the account. The social media platform shall
41 provide 30 days for an account holder to dispute the termination.
- 42 (2) Allow the parent or guardian of an account holder who is 14 or 15 years of
43 age to request that the minor's account be terminated. Termination must be
44 effective within 10 business days after the request.
- 45 (3) Permanently delete all personal information held by the social media platform
46 relating to the terminated account unless there are legal requirements to
47 maintain the information.

48 (c) Violations. – If the Department has reason to believe that a social media platform is
49 in violation of this section, the Department, as the enforcing entity, may bring an action against
50 the platform for an unfair or deceptive act or practice.

1 Any knowing or reckless violation of this section is deemed an unfair and deceptive trade
2 practice actionable under Chapter 75 of the General Statutes actionable solely by the Department
3 against a social media platform.

4 In addition to other remedies allowed by law, the Department may collect a civil penalty of
5 up to fifty thousand dollars (\$50,000) per violation and reasonable attorneys' fees and court costs.
6 When the social media platform's failure to comply with this section is a consistent pattern of
7 knowing or reckless conduct, punitive damages may be assessed against the platform.

8 A social media platform that knowingly or recklessly violates this section is liable to the
9 minor account holder, including court costs and reasonable attorneys' fees. Claimants may be
10 awarded up to ten thousand dollars (\$10,000) in damages. Any action brought under this
11 paragraph may only be brought on behalf of a minor account holder. A civil action for a claim
12 under this paragraph must be brought within one year from the date the complainant knew, or
13 reasonably should have known, of the alleged violation.

14 If a social media platform allows an account holder to use the social media platform, the
15 parties have entered into a contract.

16 This section does not preclude any other available remedy at law or in equity.

17 For purposes of bringing an action under this section, a social media platform that allows a
18 minor to create an account on the platform is considered to be both engaged in substantial and
19 not isolated activities within this State and operating, conducting, engaging in, or carrying on a
20 business and doing business in this State, and is therefore subject to the jurisdiction of the courts
21 of this State.

22 (d) Enforcement. – If, by its own inquiry or as a result of complaints, the Department has
23 reason to believe that an entity or person has engaged in, or is engaging in, an act or practice that
24 violates this section, the Department may administer oaths and affirmations, subpoena witnesses
25 or matter, and collect evidence. Within five days, excluding weekends and legal holidays, after
26 the service of a subpoena or at any time before the return date specified therein, whichever is
27 longer, the party served may file in the superior court in the county in which it resides or in which
28 it transacts business and serve upon the enforcing authority a petition for an order modifying or
29 setting aside the subpoena. The petitioner may raise any objection or privilege which would be
30 available upon service of such subpoena in a civil action. The subpoena shall inform the party
31 served of its rights under this subsection.

32 If the matter that the Department seeks to obtain by subpoena is located outside the State, the
33 entity or person subpoenaed may make it available to the Department or its representative to
34 examine the matter at the place where it is located. The Department may designate
35 representatives, including officials of the state in which the matter is located, to inspect the matter
36 on its behalf, and may respond to similar requests from officials of other states.

37 Upon failure of an entity or person without lawful excuse to obey a subpoena and upon
38 reasonable notice to all persons affected, the Department may apply to the superior court for an
39 order compelling compliance.

40 The Department may request that an entity or person that refuses to comply with a subpoena
41 on the ground that testimony or matter may incriminate the entity or person be ordered by the
42 court to provide the testimony or matter. Except in a prosecution for perjury, an entity or
43 individual that complies with a court order to provide testimony or matter after asserting a valid
44 privilege against self-incrimination shall not have the testimony or matter so provided, or
45 evidence derived therefrom, received against the entity or person in any criminal investigation or
46 proceeding.

47 Any entity or person upon whom a subpoena is served pursuant to this subsection shall
48 comply with the terms thereof unless otherwise provided by order of the court.

49 Any entity or person that fails to appear with the intent to avoid, evade, or prevent compliance
50 in whole or in part with any investigation under this Chapter or who removes from any place,
51 conceals, withholds, mutilates, alters, or destroys, or by any other means falsifies any

1 documentary material in the possession, custody, or control of any entity or person subject to any
2 such subpoena, or knowingly conceals any relevant information with the intent to avoid, evade,
3 or prevent compliance shall be liable for a civil penalty of not more than five thousand dollars
4 (\$5,000) per week in violation, reasonable attorneys' fees, and costs.

5 (e) Rules. – The Department may adopt rules to implement this Chapter.

6 (f) Civil Penalties. – The clear proceeds of civil penalties provided for in this section
7 shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

8 **"§ 114B-3. Age verification for social media platforms.**

9 (a) A social media platform must use either anonymous age verification or standard age
10 verification to verify that an account holder is 16 years of age or older and, except as provided in
11 G.S. 114B-2(b), prevent creation of an account by a person younger than 16 years of age. The
12 social media platform must offer anonymous age verification and standard age verification, and
13 a person attempting to create an account may select which method will be used to verify the
14 person's age.

15 (b) A social media platform must ensure that the requirements of subsection (c) of this
16 section are met.

17 (c) A third party conducting anonymous age verification pursuant to this section must
18 comply with all of the following:

19 (1) Shall not retain personal identifying information used to verify age once the
20 age of an account holder or a person seeking an account has been verified.

21 (2) Shall not use personal identifying information used to verify age for any other
22 purpose.

23 (3) Must keep anonymous any personal identifying information used to verify
24 age. The information may not be shared or otherwise communicated to any
25 person.

26 (4) Must protect personal identifying information used to verify age from
27 unauthorized or illegal access, destruction, use, modification, or disclosure
28 through reasonable security procedures and practices appropriate to the nature
29 of the personal information.

30 (d) Any violation of subsection (a) or (b) of this section is deemed an unfair and deceptive
31 trade practice actionable under Chapter 75 of the General Statutes solely by the Department on
32 behalf of a resident minor against a social media platform.

33 If the Department has reason to believe that a social media platform is in violation, the
34 Department may bring an action against the social media platform for an unfair or deceptive act
35 or practice under Chapter 75 of the General Statutes. In addition to other remedies allowed by
36 law, the Department may collect a civil penalty of up to fifty thousand dollars (\$50,000) per
37 violation and reasonable attorneys' fees and court costs.

38 When the social media platform's failure to comply with subsection (a) or (b) of this section
39 is a consistent pattern of knowing or reckless conduct, punitive damages may be assessed against
40 the social media platform.

41 **"§ 114B-4. Miscellaneous provisions.**

42 (a) It is the intent of the General Assembly that this Chapter be liberally construed for the
43 protection of minors.

44 (b) If any provision of this Chapter or its application to any person or circumstances is
45 held invalid, the invalidity does not affect other provisions or applications of this Chapter which
46 can be given effect without the invalid provision or application and, to this end, the provisions of
47 this Chapter are severable."

48 **SECTION 5.13.(b)** This section becomes effective October 1, 2025.

49
50 **RESIDENTIAL BUILDING CODE/FAMILY CHILD CARE HOME CLASSIFICATION**

1 **SECTION 5.14.(a)** Definitions. – For the purposes of this section, the following
2 definitions apply:

- 3 (1) Code. – The North Carolina State Building Code, and amendments to the
4 Code, as adopted by the Councils.
- 5 (2) Councils. – The Residential Code Council and the Building Code Council.
- 6 (3) Family child care home. – As described in G.S. 110-86(3)b.

7 **SECTION 5.14.(b)** Family Child Care Home. – Until the effective date of the rules
8 to create a family child care home occupancy classification within a dwelling subject to the North
9 Carolina Residential Code, the Office of the State Fire Marshal, the Councils, and State and local
10 governments enforcing the Code shall adhere to family child care home requirements as provided
11 in subsection (c) of this section.

12 **SECTION 5.14.(c)** Implementation. – Notwithstanding Section 310, Residential
13 Group R, of the North Carolina Building Code, and Section 203.10, Residential Group R, of the
14 North Carolina Fire Code, a family child care home located within a dwelling subject to the North
15 Carolina Residential Code shall be treated as a Residential Group R-3 occupancy. The building
16 where the family child care home is located shall be permitted to comply with the North Carolina
17 Residential Code, provided that a family child care home must meet only the following additional
18 requirements:

- 19 (1) Rooms and areas within a family child care home where occupants receive
20 care shall be on the same level of exit discharge.
- 21 (2) Rooms and areas within a family child care home where occupants receive
22 care shall be located on the same level with, and within a maximum of 40 feet
23 travel distance to, at least one 2A:10B:C fire extinguisher.
- 24 (3) A family child care home shall have and maintain a Fire Safety, Evacuation,
25 and Lockdown Plan compliant with Section 404 of the North Carolina Fire
26 Code.
- 27 (4) A family child care home shall have carbon monoxide alarm and detection
28 systems compliant with Section R315 of the North Carolina Residential Code.
- 29 (5) A family child care home shall have smoke alarms compliant with Section
30 R314 of the North Carolina Residential Code.

31 **SECTION 5.14.(d)** Additional Residential Code Council Rulemaking Authority. –
32 The Residential Code Council shall adopt rules to amend the North Carolina Residential Code to
33 create a family child care home occupancy classification within a dwelling subject to the North
34 Carolina Residential Code consistent with subsection (c) of this section. Notwithstanding
35 G.S. 150B-19(4), the rules adopted by the Residential Code Council pursuant to this subsection
36 shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted
37 pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B of the General
38 Statutes. Rules adopted pursuant to this subsection shall become effective as provided in
39 G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in
40 G.S. 150B-21.3(b2).

41 **SECTION 5.14.(e)** Additional Building Code Council Rulemaking Authority. – The
42 Building Code Council shall adopt rules to amend the North Carolina State Building Code
43 volumes specified within G.S. 143-138(a)(1) through (9) to make conforming changes consistent
44 with rules adopted by the Residential Code Council as required by subsection (d) of this section.
45 Rules adopted pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B
46 of the General Statutes. Rules adopted pursuant to this subsection shall become effective as
47 provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as
48 provided in G.S. 150B-21.3(b2).

49 **SECTION 5.14.(f)** Sunset. – This section expires when permanent rules adopted as
50 required by subsections (d) and (e) of this section become effective.
51

STATE BUILDING CODE/FAMILY CHILD CARE HOME CLASSIFICATION

SECTION 5.15.(a) Definitions. – For the purposes of this section, the following definitions apply:

- (1) Code. – The North Carolina State Building Code, and amendments to the Code, as adopted by the Councils.
- (2) Councils. – The Residential Code Council and the Building Code Council.
- (3) Family child care home. – As described in G.S. 110-86(3)b.

SECTION 5.15.(b) Family Child Care Home. – Until the effective date of the rules to create a family child care home occupancy classification within a dwelling subject to the North Carolina Building Code, the Office of the State Fire Marshal, the Councils, and State and local governments enforcing the Code shall adhere to family child care home requirements as provided in subsection (c) of this section.

SECTION 5.15.(c) Implementation. – Notwithstanding Section 310, Residential Group R, of the North Carolina Building Code, and Section 203.10, Residential Group R, of the North Carolina Fire Code, a family child care home located within a dwelling subject to the North Carolina Building Code shall be treated as a Residential Group R-3 occupancy. The dwelling where the family child care home is located shall be permitted to comply with the North Carolina Building Code, provided that a family child care home must meet only the following additional requirements:

- (1) Rooms and areas within a family child care home where occupants receive care shall be on the same level of exit discharge.
- (2) Rooms and areas within a family child care home where occupants receive care shall be located on the same level with, and within a maximum of 40 feet travel distance to, at least one 2A:10B:C fire extinguisher.
- (3) A family child care home shall have and maintain a Fire Safety, Evacuation, and Lockdown Plan compliant with Section 404 of the North Carolina Fire Code.
- (4) A family child care home shall have carbon monoxide alarm and detection systems compliant with Section 915 of the North Carolina Building Code.
- (5) A family child care home shall have smoke alarms compliant with Section R907 of the North Carolina Building Code.

SECTION 5.15.(d) Additional Building Code Council Rulemaking Authority. – The Building Code Council shall adopt rules to amend the North Carolina State Building Code volumes specified within G.S. 143-138(a)(1) through (9) to create a family child care home occupancy classification within a dwelling subject to the North Carolina Building Code consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rules adopted by the Building Code Council pursuant to this subsection shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this subsection shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

SECTION 5.15.(e) Additional Residential Code Council Rulemaking Authority. – The Residential Code Council shall adopt rules to amend the North Carolina Residential Code to make conforming changes consistent with rules adopted by the Building Code Council as required by subsection (d) of this section. Rules adopted pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this subsection shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

SECTION 5.15.(f) Sunset. – This section expires when permanent rules adopted as required by subsections (d) and (e) of this section become effective.

1 **MANUFACTURED HOME BUILDING CODE/FAMILY CHILD CARE HOME**
2 **CLASSIFICATION**

3 **SECTION 5.16.(a)** Definitions. – For the purposes of this section, the following
4 definitions apply:

- 5 (1) Code. – The North Carolina State Building Code, and amendments to the
6 Code, as adopted by the Councils.
- 7 (2) Councils. – The Residential Code Council and the Building Code Council.
- 8 (3) Family child care home. – As described in G.S. 110-86(3)b.

9 **SECTION 5.16.(b)** Family Child Care Home. – Until the effective date of the rules
10 to create a family child care home occupancy classification within a dwelling subject to the State
11 of North Carolina Regulations for Manufactured Homes, the Office of the State Fire Marshal,
12 the Councils, and State and local governments enforcing the Code shall adhere to family child
13 care home requirements as provided in subsection (c) of this section.

14 **SECTION 5.16.(c)** Implementation. – Notwithstanding Section 310, Residential
15 Group R, of the North Carolina Building Code, and Section 203.10, Residential Group R, of the
16 North Carolina Fire Code, a family child care home located within a dwelling subject to the State
17 of North Carolina Regulations for Manufactured Homes shall be treated as a Residential Group
18 R-3 occupancy. The dwelling where the family child care home is located shall be permitted to
19 comply with the North Carolina Regulations for Manufactured Homes, provided that a family
20 child care home must meet only the following additional requirements:

- 21 (1) Rooms and areas within a family child care home where occupants receive
22 care shall be on the same level of exit discharge.
- 23 (2) Rooms and areas within a family child care home where occupants receive
24 care shall be located on the same level with, and within a maximum of 40 feet
25 travel distance to, at least one 2A:10B:C fire extinguisher.
- 26 (3) A family child care home shall have and maintain a Fire Safety, Evacuation,
27 and Lockdown Plan compliant with Section 404 of the North Carolina Fire
28 Code.
- 29 (4) A family child care home shall have carbon monoxide alarm and detection
30 systems compliant with Section R315 of the North Carolina Residential Code.
- 31 (5) A family child care home shall have smoke alarms compliant with Section
32 R314 of the North Carolina Residential Code.

33 **SECTION 5.16.(d)** Additional Building Code Council Rulemaking Authority. – The
34 Building Code Council shall adopt rules to amend the North Carolina State Building Code
35 volumes specified within G.S. 143-138(a)(1) through (9) to create a family child care home
36 occupancy classification within a dwelling subject to the State of North Carolina Regulations for
37 Manufactured Homes consistent with subsection (c) of this section. Notwithstanding
38 G.S. 150B-19(4), the rules adopted by the Building Code Council pursuant to this subsection
39 shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted
40 pursuant to this subsection are not subject to Part 3 of Article 2A of Chapter 150B of the General
41 Statutes. Rules adopted pursuant to this subsection shall become effective as provided in
42 G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in
43 G.S. 150B-21.3(b2).

44 **SECTION 5.16.(e)** Additional Residential Code Council Rulemaking Authority. –
45 The Residential Code Council shall adopt rules to amend the North Carolina Residential Code to
46 make conforming changes consistent with rules adopted by the Building Code Council as
47 required by subsection (d) of this section. Rules adopted pursuant to this subsection are not
48 subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant
49 to this subsection shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or
50 more written objections had been received as provided in G.S. 150B-21.3(b2).

1 **SECTION 5.16.(f)** Sunset. – This section expires when permanent rules adopted as
2 required by subsections (d) and (e) of this section become effective.

3
4 **OTHER FAMILY CHILD CARE HOME CHANGES**

5 **SECTION 5.17.(a)** G.S. 110-86 reads as rewritten:

6 **"§ 110-86. Definitions.**

7 Unless the context or subject matter otherwise requires, the terms or phrases used in this
8 Article shall be defined as follows:

9 ...

10 (3) Child care facility. – Includes child care centers, family child care homes, and
11 any other child care arrangement not excluded by G.S. 110-86(2), that
12 provides child care, regardless of the time of day, wherever operated, and
13 whether or not operated for profit.

14 a. A child care center is an arrangement where, at any one time, there are
15 three or more preschool-age children or nine or more school-age
16 children receiving child care.

17 b. A family child care home is a child care arrangement located in a
18 ~~residence~~ an operator occupied private dwelling where, at any one
19 time, more than two children, but less than 11 children, receive child
20 care, provided the arrangement is in accordance with G.S. 110-91(7)b.

21 "

22 **SECTION 5.17.(b)** G.S. 110-91 reads as rewritten:

23 **"§ 110-91. Mandatory standards for a license.**

24 All child care facilities shall comply with all State laws and federal laws and local ordinances
25 that pertain to child health, safety, and welfare. Except as otherwise provided in this Article, the
26 standards in this section shall be complied with by all child care facilities. However, none of the
27 standards in this section apply to the school-age children of the operator of a child care facility
28 but do apply to the preschool-age children of the operator. Children 13 years of age or older may
29 receive child care on a voluntary basis provided all applicable required standards are met. The
30 standards in this section, along with any other applicable State laws and federal laws or local
31 ordinances, shall be the required standards for the issuance of a license by the Secretary under
32 the policies and procedures of the Commission except that the Commission may, in its discretion,
33 adopt less stringent standards for the licensing of facilities which provide care on a temporary,
34 part-time, drop-in, seasonal, after-school or other than a full-time basis.

35 ...

36 (4) Building. – Each child care facility shall be located in a building which meets
37 the appropriate requirements of the North Carolina State Building Code ~~under~~
38 ~~standards which shall be developed by the Building Code Council, Code,~~
39 subject to adoption by the Commission specifically for child care facilities,
40 including facilities operated ~~in a private residence,~~ as family child care homes.
41 These standards shall be consistent with the provisions of this Article. A local
42 building code enforcement officer shall approve any proposed alternate
43 material, design, or method of construction, provided the building code
44 enforcement officer finds that the alternate, for the purpose intended, is at least
45 the equivalent of that prescribed in the technical building codes in quality,
46 strength, effectiveness, fire resistance, durability, or safety. A local building
47 code enforcement officer shall require that sufficient evidence or proof be
48 submitted to substantiate any claim made regarding the alternate. The Child
49 Care Commission may request changes to the North Carolina State Building
50 Code to suit the special needs of preschool children. Satisfactorily written
51 reports from representatives of building inspection agencies shall be required

prior to the issuance of a license and whenever renovations are made to a child care center, or when the operator requests licensure of space not previously approved for child care.

- (5) Fire Prevention. – Each child care facility shall be located in a building that meets appropriate requirements for fire prevention and safe evacuation that apply to child care facilities as established by the ~~Department of Insurance~~ Office of the State Fire Marshal in consultation with the Department. Except for child care centers located on State property, each child care center shall be inspected at least annually by a local fire department or volunteer fire department for compliance with these requirements. Child care centers located on State property shall be inspected at least annually by an official designated by the ~~Department of Insurance~~ Office of the State Fire Marshal.

...."

OLD REX PROPERTY SALE

SECTION 5.18. Section 40.6(g) of S.L. 2022-74, as amended by Section 40.5(d) of S.L. 2023-134, reads as rewritten:

"SECTION 40.6.(g) The Department of Administration shall sell the properties situated on the parcels of land in the City of Raleigh, with Wake County real estate ID# 0102702 (Department land asset 5498), and real estate ID# 0180361 (Department land asset 5783) for fair market value. No service charge into the State Land Fund shall be deducted from or levied against the proceeds of the sale of the properties listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the properties listed in this subsection shall be handled in accordance with the following priority:

- (1) First, in accordance with the provisions of any trust or other instrument of title whereby title to the subject real property was acquired by the State.
- (2) Second, to reimburse the Department of Administration for any funds expended in the sale of the subject real property.
- (3) Third, to be deposited into the State Capital and Infrastructure Fund.

The Department of Administration shall obtain an appraisal assessing the value for the properties listed in this subsection according to their best and highest use and shall submit the appraisals to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than January 1, 2023. The Legislative Services Officer shall have oversight of the sale of the property with Wake County real estate ID# 0102702 (Department land asset 5498) and shall ensure the following activities are expedited:

- (1) The relocation and removal of any current occupants or tenants.
- (2) The marketing and sale of the parcel in a manner most advantageous to the State."

INCREASE PUNISHMENT FOR ASSAULTING TEACHERS

SECTION 5.19.(a) G.S. 14-33 reads as rewritten:

"§ 14-33. Misdemeanor assaults, Assaults, batteries, and affrays, simple and aggravated; punishments.

...

(c) Unless the conduct is covered under some other provision of law providing greater punishment, any person who commits any assault, assault and battery, or affray is guilty of a Class A1 misdemeanor if, in the course of the assault, assault and battery, or affray, he or she:

...

- (6) ~~Assaults a school employee or school volunteer when the employee or volunteer is discharging or attempting to discharge his or her duties as an employee or volunteer, or assaults a school employee or school volunteer as a~~

~~result of the discharge or attempt to discharge that individual's duties as a school employee or school volunteer. For purposes of this subdivision, the following definitions shall apply:~~

~~a. "Duties" means:~~

- ~~1. All activities on school property;~~
- ~~2. All activities, wherever occurring, during a school authorized event or the accompanying of students to or from that event; and~~
- ~~3. All activities relating to the operation of school transportation.~~

~~b. "Employee" or "volunteer" means:~~

- ~~1. An employee of a local board of education; or a charter school authorized under G.S. 115C-218.5, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes;~~
- ~~2. An independent contractor or an employee of an independent contractor of a local board of education, charter school authorized under G.S. 115C-218.5, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes, if the independent contractor carries out duties customarily performed by employees of the school; and~~
- ~~3. An adult who volunteers his or her services or presence at any school activity and is under the supervision of an individual listed in sub-sub-subdivision 1. or 2. of this sub-subdivision.~~

~~...~~

~~(c1) No school personnel as defined in G.S. 14-33(c)(6) who takes reasonable actions in good faith to end a fight or altercation between students shall incur any civil or criminal liability as the result of those actions.~~

~~(c2) Unless the conduct is covered under some other provision of law providing greater punishment, any person who commits any assault, assault and battery, or affray is guilty of a Class I felony if, in the course of the assault, assault and battery, or affray, he or she assaults a school employee or school volunteer when the employee or volunteer is discharging or attempting to discharge his or her duties as an employee or volunteer, or assaults a school employee or school volunteer as a result of the discharge or attempt to discharge that individual's duties as a school employee or school volunteer. No school personnel who takes reasonable actions in good faith to end a fight or altercation between students shall incur any civil or criminal liability as the result of those actions. For purposes of this subsection, the following definitions apply:~~

~~(1) Duties. – Means any of the following:~~

- ~~a. All activities on school property.~~
- ~~b. All activities, wherever occurring, during a school authorized event or the accompanying of students to or from that event.~~
- ~~c. All activities relating to the operation of school transportation.~~

~~(2) Employee or volunteer. – Means any of the following:~~

- ~~a. An employee of a local board of education, a charter school authorized under G.S. 115C-218.5, or a nonpublic school which has filed intent to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the General Statutes.~~
- ~~b. An independent contractor or an employee of an independent contractor of a local board of education, charter school authorized under G.S. 115C-218.5, or a nonpublic school which has filed intent~~

1 to operate under Part 1 or Part 2 of Article 39 of Chapter 115C of the
 2 General Statutes, if the independent contractor carries out duties
 3 customarily performed by employees of the school.

4 c. An adult who volunteers his or her services or presence at any school
 5 activity and is under the supervision of an individual listed in
 6 sub-subdivision a. or b. of this subdivision.

7"

8 **SECTION 5.19.(b)** G.S. 15A-301 reads as rewritten:

9 **"§ 15A-301. Criminal process generally.**

10 ...

11 (b1) Approval by District Attorney; school personnel. – Notwithstanding any other
 12 provision of law, no warrant for arrest, order for arrest, criminal summons, or other criminal
 13 process shall be issued by a magistrate against a school employee, as defined in ~~G.S. 14-33(e)(6),~~
 14 G.S. 14-33(c2), for an offense that occurred while the school employee was in the process of
 15 discharging his or her duties of employment, without the prior written approval of the district
 16 attorney or the district attorney's designee. For purposes of this subsection, the term "district
 17 attorney" means the person elected to the office of district attorney. This subsection does not
 18 apply if the offense is a traffic offense or if the offense occurred in the presence of a sworn law
 19 enforcement officer. The district attorney may decline to accept the authority set forth in this
 20 subsection; in such case, the procedure and review authority shall be as set forth in subsection
 21 (b2) of this section.

22 (b2) (For effective date, see note) Magistrate review; school personnel. – A district
 23 attorney may decline the authority provided under subsection (b1) of this section by filing a letter
 24 so indicating with the clerk of superior court. The district attorney shall provide a copy of the
 25 filed letter to the chief district court judge. Upon receipt of the letter from the district attorney,
 26 the chief district court judge shall appoint a magistrate or magistrates to review any application
 27 for a warrant for arrest, order for arrest, criminal summons, or other criminal process against a
 28 school employee, as defined in ~~G.S. 14-33(e)(6),~~ G.S. 14-33(c2), where the allegation is that the
 29 school employee committed a misdemeanor offense while discharging his or her duties of
 30 employment. The failure to comply with any of the requirements in this subsection shall not
 31 affect the validity of any warrant, order, summons, or other criminal process. The following
 32 exceptions apply to the requirements in this subsection:

33 (1) The offense is a traffic offense.

34 (2) The offense occurred in the presence of a sworn law enforcement officer.

35 (3) There is no appointed magistrate available to review the application.

36"

37 **SECTION 5.19.(c)** G.S. 115C-289.1 reads as rewritten:

38 **"§ 115C-289.1. Supervisor duty to report; intimidation of school employee.**

39 (a) When a supervisor of a school employee has actual notice that the school employee
 40 has been the victim of an assault by a student in violation of ~~G.S. 14-33(e)(6)~~ G.S. 14-33(c2)
 41 resulting in physical injury, as that term is defined in G.S. 14-34.7, the supervisor shall
 42 immediately report to the principal the assault against the school employee. For the purpose of
 43 this subsection, the term "supervisor of a school employee" does not include the principal or
 44 superintendent.

45 (b) A principal, superintendent, or supervisor of a school employee shall not, by threats
 46 or in any other manner, intimidate or attempt to intimidate that school employee from reporting
 47 to law enforcement an assault by a student under ~~G.S. 14-33(e)(6)~~ G.S. 14-33(c2).

48"

49 **SECTION 5.19.(d)** This section becomes effective December 1, 2025, and applies
 50 to offenses committed on or after that date.

ZONING REGULATIONS/UNIVERSITY PROPERTY

SECTION 5.20. G.S. 160D-913 reads as rewritten:

"§ 160D-913. Public buildings.

(a) Except as provided in G.S. 143-345.5 and this section, local government zoning and development regulations are applicable to the erection, construction, and use of buildings by the State of North Carolina and its political subdivisions.

(b) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction, erection, alteration, enlargement, renovation, substantial repair, movement to another site, demolition, or use of any building or property by the State of North Carolina, ~~including if the project is managed by the State Construction Office, or The University of North Carolina or any of its constituent institutions, if the project is managed by The University of North Carolina, and the project is located in whole or in part in Buncombe or Wake County and the project is managed by the State Construction Office.~~County.

(c) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction, erection, alteration, enlargement, renovation, substantial repair, movement to another site, demolition, or use of any building or property when the project is managed by the Legislative Services Commission.

(d) Notwithstanding the provisions of any general or local law or ordinance, except as provided in Part 4 of Article 9 of this Chapter, no land owned by the State of North Carolina may be included within an overlay district or a conditional zoning district without approval of the Council of State or its delegate.

(e) For properties exempt from this Chapter under subsection (b) or (c) of this section, the State Construction Office or the Legislative Services Commission shall consult with the appropriate county or city with jurisdiction with regard to all of the following:

- (1) Water and sewer services to be provided to the project.
- (2) Stormwater implications of the project.
- (3) Impacts on traffic patterns and parking.
- (4) Perimeter buffering, landscaping, tree protection, and riparian buffer requirements.
- (5) Local environmental regulations adopted under Part 2 of Article 9 of this Chapter."

NC CARES CHANGES

SECTION 5.21. Section 4.10 of S.L. 2023-134, as amended by Section 1.7(m) of S.L. 2024-1 and Section 10(a) of S.L. 2024-34, reads as rewritten:

"...

"SECTION 4.10.(z) The General Assembly makes the following findings:

- (1) North Carolina's rural population is among the largest in the United States and is in need of dedicated effort and investment to help improve health outcomes in many of the State's rural communities.
- (2) The East Carolina University Brody School of Medicine, the University of North Carolina School of Medicine, University Health Systems of Eastern Carolina, Inc., a nonprofit corporation doing business as ECU Health (ECU Health), and the University of North Carolina Health Care System are dedicated to extending and improving health care services and health provider education for the benefit of North Carolina citizens and communities; delivering care close to where citizens live and work; and transforming rural health care for the benefit of North Carolina.

"SECTION 4.10.(aa) It is the intent of the General Assembly that ECU Health, UNC Health Care System, and their affiliated schools of medicine (East Carolina University Brody School of Medicine and the University of North Carolina School of Medicine) will collaborate to establish

1 a new initiative to be known as NC Care. The purpose of the NC Care initiative is to improve
 2 access to high quality health care for citizens and communities located in rural areas of North
 3 Carolina by establishing outcome driven regional systems of care, beginning in eastern North
 4 Carolina. To that end, of the funds authorized in this act or appropriated in this act to the Board
 5 of Governors of The University of North Carolina over the 2023-2025 fiscal biennium, a total of
 6 ~~four hundred twenty five million dollars (\$420,000,000) (\$50,000,000)~~ is provided for
 7 investment in the NC Care initiative as follows:

- 8 (1) ~~The sum of ten million dollars (\$10,000,000) for Clinically Integrated~~
 9 ~~Network.~~
- 10 (2) ~~The sum of two hundred ten million dollars (\$210,000,000) for three health~~
 11 ~~clinics, of which the sum of one hundred five million dollars (\$105,000,000)~~
 12 ~~has been appropriated.~~
- 13 (3) ~~The sum of one hundred fifty million dollars (\$150,000,000) for hospital~~
 14 ~~investment.~~
- 15 (4) ~~The sum of fifty million dollars (\$50,000,000) for a regional behavioral health~~
 16 ~~facility.~~

17 ~~"SECTION 4.10.(bb) The University of North Carolina Health Care System and ECU~~
 18 ~~Health, through the NC Care initiative, shall use the funds allocated under subsection (aa) of this~~
 19 ~~section to do the following:~~

- 20 (1) ~~Invest in strengthening and providing operational support for community~~
 21 ~~hospitals affiliated with the University of North Carolina Health Care System~~
 22 ~~and ECU Health that will be integrated into the new regional systems of care~~
 23 ~~developed through the NC Care initiative.~~
- 24 (2) ~~Clinically integrate these community hospitals into the new regional systems~~
 25 ~~of care developed through the NC Care initiative.~~

26 **"SECTION 4.10.(cc)** By April 1, 2024, and every six months thereafter, ECU Health and
 27 the University of North Carolina Health Care System shall jointly report to the Senate Committee
 28 on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research
 29 Division regarding the NC Care initiative. The report shall include at least all of the following:

- 30 (1) Progress on the development and implementation of the NC Care initiative.
- 31 (2) Plans developed through the NC Care initiative for the establishment of new
 32 regional systems of care, new rural care centers, or both. The report shall
 33 include the location and projected cost of any new regional systems of care,
 34 new rural care centers, or both; and the location and projected cost for each.
- 35 (3) Plans developed through the NC Care initiative for ~~investments in~~
 36 ~~strengthening and providing operational support for integrating~~ community
 37 hospitals affiliated with the University of North Carolina Health Care System
 38 and ECU Health. ~~The report shall include the amount of funds appropriated~~
 39 ~~by this act that are used for these purposes, broken down by hospital name,~~
 40 ~~hospital location, and the purpose of the investment; and information about~~
 41 ~~how these community hospitals will be integrated Health into the new regional~~
 42 ~~systems of care developed through the NC Care initiative.~~
- 43 (4) ~~The implementation status of the UNC Health and ECU Health Clinically~~
 44 ~~Integrated Network funded by this act.~~
- 45 (5) Progress on capital projects and grant projects funded by the State Capital
 46 Infrastructure Fund pursuant to Section 40.1 of this act.
- 47 (6) Any other information the University of North Carolina Health Care System
 48 and ECU Health deem necessary for the General Assembly to evaluate the
 49 effectiveness of the NC Care initiative.

50"

51

PANDEMIC RECOVERY OFFICE REPORTING

SECTION 5.22. Section 1.7(b) of S.L. 2020-4, as enacted by Section 3.3 of S.L. 2021-1, reads as rewritten:

"**SECTION 1.7.(b)** Beginning April 10, 2021, the Pandemic Recovery Office shall submit a ~~monthly~~ quarterly report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on allocations from the Fund that were not fully expended as of December 30, 2020. A final report is due no later than 30 days after the date of the final expenditure of funds allocated from the Fund."

ADD MEMBERS TO THE BOARD OF TRUSTEES FOR THE STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES

SECTION 5.23.(a) G.S. 135-48.20 reads as rewritten:

"**§ 135-48.20. Board of Trustees established.**

(a) There is established the Board of Trustees of the State Health Plan for Teachers and State Employees.

(b) The Board of Trustees of the State Health Plan for Teachers and State Employees shall consist of ~~40~~ 12 members.

(c) The State Treasurer shall be an ex officio member of the Board and shall serve as its Chair, but shall only vote in order to break a tie vote.

(d) The Director of the Office of State Budget and Management shall be an ex officio nonvoting member of the Board.

(d1) One member of the Senate, appointed by the President Pro Tempore of the Senate, and one member of the House of Representatives, appointed by the Speaker of the House of Representatives, who shall be nonvoting members of the Board.

(e) Two members shall be appointed by the Governor. Terms shall be for two years. Vacancies shall be filled by the Governor.

(f) Two members shall be appointed by the State Treasurer. Terms shall be for two years. Vacancies shall be filled by the State Treasurer.

(g) Two members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. Terms shall be for two years. Vacancies shall be filled in accordance with G.S. 120-122.

(h) Two members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Terms shall be for two years. Vacancies shall be filled in accordance with G.S. 120-122.

...

(j) In making appointments, the appointing authorities shall appoint individuals from the following categories:

(1) Individuals with expertise in actuarial science or health economics.

(2) Repealed by Session Laws 2018-84, s. 9, effective June 25, 2018.

(3) Individuals with expertise in health benefits and administration.

(4) Individuals with expertise in health law and policy.

(5) Physicians who are licensed to practice medicine in this State.

In making appointments to the Board under this section, each appointing authority shall consult with all other appointing authorities prior to making its own appointments to ensure that each of the areas of expertise listed in subdivisions (1) through (5) of this subsection is represented by at least one member of the Board. This subsection does not apply to any member of the General Assembly appointed under subsection (d1) of this section.

...."

SECTION 5.23.(b) G.S. 120-123(35) is repealed.

PART V-A. DISASTER FUNDING AND FLEXIBILITY

EMERGENCY FLEXIBILITY OF FUNDS

SECTION 5A.6. G.S. 166A-19.40 reads as rewritten:

"§ 166A-19.40. Use of contingency and emergency funds.

(a) Use of Contingency and Emergency Funds. – The Governor may use contingency and emergency funds:

(1) As necessary and appropriate to provide relief and assistance from the effects of an emergency.

(2) As necessary and appropriate for National Guard training in preparation for emergencies with the concurrence of the Council of State.

(b) Repealed by Session Laws 2015-241, s. 6.19(a), effective July 1, 2015.

(c) Use of Other Funds. – The Governor may reallocate on a nonrecurring basis such other funds as may reasonably be available within the appropriations of the various departments when all of the following conditions are satisfied:

(1) The severity and magnitude of the emergency so requires.

(2) Contingency and emergency funds are insufficient or inappropriate.

(3) A state of emergency has been declared pursuant to ~~G.S. 166A-19.20(a)~~ G.S. 166A-19.20(a) and has not expired pursuant to G.S. 166A-19.20(c).

(4) Funds in the State Emergency Response and Disaster Relief Fund are insufficient."

PART VI. COMMUNITY COLLEGE SYSTEM**REPEAL MINORITY MALE SUCCESS INITIATIVE REPORT**

SECTION 6.2. G.S. 115D-58.17(a) reads as rewritten:

"(a) No later than February 15, 2024, and annually thereafter, the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on outcomes related to ~~the following recurring programs:~~

(1) ~~Minority male mentoring programs, including the Minority Male Success Initiative.~~

(2) ~~The~~ the Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis."

PROPEL NC

SECTION 6.3.(a) Section 8.3(b) of S.L. 2011-145 and Section 10.4(a) of S.L. 2013-360 are repealed.

SECTION 6.3.(b) The State Board of Community Colleges may revise its funding formula for community colleges and allocate funds under that revised formula, beginning with the 2025-2026 fiscal year. Revisions made pursuant to this section are subject to the following minimum criteria:

(1) Each community college shall continue to receive a base allocation of funds.

(2) In addition to the base allocation of funds, funds shall be provided to community colleges based on the number of full-time equivalent (FTE) students enrolled in the following:

a. Curriculum, workforce continuing education, and Basic Skills courses.

b. Courses and programming conducted under the Customized Training Program and the Small Business Center Network.

(3) Funds allocated pursuant to subdivision (2) of this subsection shall be weighted based on the workforce sector of each course, as determined by the

1 State Board. In making its determinations, the State Board shall consider
2 salary data and labor market demand for the applicable workforce sector.

3 **SECTION 6.3.(c)** Part 3 of Article 1 of Chapter 115D of the General Statutes, as
4 enacted by this act, is further amended by adding a new section to read:

5 **"§ 115D-10.55. Course review.**

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

9 **SECTION 6.3.(d)** The State Board of Community Colleges may increase tuition
10 rates to accommodate any revisions made to the funding formula pursuant to subsection (b) of
11 this section.

12 **SECTION 6.3.(e)** G.S. 115D-31(e) reads as rewritten:

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

21 **SECTION 6.3.(f)** G.S. 115D-31 is amended by adding a new subsection to read:

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

24 **SECTION 6.3.(g)** Article 3 of Chapter 115D of the General Statutes is amended by
25 adding a new section to read:

26 **"§ 115D-31.4. Enrollment Increase Reserve.**

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

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

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

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

40 a. Curriculum.

41 b. Workforce continuing education.

42 c. Basic Skills.

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

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

46 **SECTION 6.3.(h)** No later than April 1, 2027, the Community Colleges System
47 Office shall report to the Joint Legislative Education Oversight Committee on any revisions to
48 its funding formula for community colleges pursuant to subsection (b) of this section, including
49 the structure of the revised formula, the process for implementing the revised formula, and any
50 recommended changes to the revised formula.

NCCCS IDD WORKFORCE TRAINING EXPANSION

SECTION 6.4.(a) G.S. 115D-10.21(a), as enacted by this act, reads as rewritten:

"(a) The State Board of Community Colleges shall establish a community college training program for up to ~~15~~25 community colleges. The program shall provide opportunities for micro-credentials or other credentials that lead to increased employment outcomes for individuals with intellectual and developmental disabilities (IDD). To the extent funds are appropriated for this purpose, the program shall improve the ability of participating community colleges to offer training and educational components that include improving employability skills and providing on-the-job training and apprenticeships with business and industry for individuals with IDD. The goal of the program shall be to inform community colleges and address cross-departmental supports within the individual community colleges on programs for individuals with IDD related to at least the following:

- (1) Establishing best practices for providing vocational training for individuals with IDD.
- (2) Providing financial and benefits counseling.
- (3) Developing strategies on integrating assistive technology.
- (4) Maximizing access, with supports, to credential and degree programs, including micro-credentials that are established by the State Board.
- (5) Identifying methods to increase orientation and integration of individuals with IDD into the college community to the greatest extent possible.
- (6) Determining a needs assessment, marketing, and evaluation to serve a broad array of individuals with developmental and other similar disabilities or learning challenges to assure adequate demand for new or existing programs."

SECTION 6.4.(b) Of the funds appropriated for North Carolina Community Colleges System IDD Workforce Training Expansion in this act, the Community Colleges System Office shall use the funds as follows:

- (1) The sum of six hundred forty thousand dollars (\$640,000) in recurring funds shall be used to create two positions to facilitate the creation of work-based learning opportunities and be dedicated to engagement with business and industry partners statewide. These funds shall also be used for the expansion of Career and College Promise high school pathways and pre-apprenticeships and work-based learning for individuals with intellectual and developmental disabilities.
- (2) The sum of eight hundred ten thousand dollars (\$810,000) may be used for marketing evaluation, online resources, professional development, and infrastructure support.
- (3) The remaining funds shall be used to expand the program developed pursuant to G.S. 115D-10.21, as amended by this section.

SECTION 6.4.(c) The Community Colleges System Office shall continue to provide funds to community colleges participating in the program developed pursuant to G.S. 115D-10.21, as amended by this section, at the rate of one hundred ninety-four thousand dollars (\$194,000) per participating community college.

CHAPTER 115D REORGANIZATION

SECTION 6.5.(a) Article 1 of Chapter 115D of the General Statutes reads as rewritten:

"Article 1.

"General Provisions for State Administration.

"Part 1. Establishment and Administration of the North Carolina Community Colleges System.

"§ 115D-1. Statement of purpose.

1 The purposes of this Chapter are to provide for the establishment, organization, and
2 administration of a system of educational institutions throughout the State offering courses of
3 instruction in one or more of the general areas of two-year college parallel, technical, vocational,
4 and adult education programs, to serve as a legislative charter for such institutions, and to
5 authorize the levying of local taxes and the issuing of local bonds for the support thereof. The
6 major purpose of each and every institution operating under the provisions of this Chapter shall
7 be and shall continue to be the offering of vocational and technical education and training, and
8 of basic, high school level, academic education needed in order to profit from vocational and
9 technical education, for students who are high school graduates or who are beyond the
10 compulsory age limit of the public school system and who have left the public schools, provided,
11 juveniles of any age committed to the Division of Juvenile Justice of the Department of Public
12 Safety by a court of competent jurisdiction may, if approved by the director of the youth
13 development center to which they are assigned, take courses offered by institutions of the system
14 if they are otherwise qualified for admission.

15 The Community Colleges System Office is designated as the primary lead agency for
16 delivering workforce development training, adult literacy training, and adult education programs
17 in the State.

18 ...

19 ~~"§ 115D-1.3. Accreditation of secondary school located in North Carolina shall not be a
20 factor in admissions, loans, scholarships, or other educational policies.~~

21 (a) ~~For purposes of this section, the term "accreditation" shall include certification or any
22 other similar approval process.~~

23 (b) ~~The State Board of Community Colleges shall adopt a policy that prohibits any
24 community college from soliciting or using information regarding the accreditation of a
25 secondary school located in North Carolina that a person attended as a factor affecting
26 admissions, loans, scholarships, or other educational activity at the community college, unless
27 the accreditation was conducted by a State agency.~~

28 ...

29 ~~"§ 115D-4.1. College transfer program approval; standards for programs; annual
30 reporting requirements.~~

31 (a) ~~Repealed by Session Laws 1995, c. 288, s. 1, effective September 1, 1995.~~

32 (b) ~~The State Board of Community Colleges may approve the addition of the college
33 transfer program to a community college. If addition of the college transfer program to an
34 institution would require a substantial increase in funds, State Board approval shall be subject to
35 appropriation of funds by the General Assembly for this purpose.~~

36 (c) ~~Addition of the college transfer program shall not decrease an institution's ability to
37 provide programs within its basic mission of vocational and technical training and basic academic
38 education.~~

39 (d) ~~The State Board of Community Colleges shall develop appropriate criteria and
40 standards to regulate the addition of the college transfer program to institutions.~~

41 (e) ~~The State Board of Community Colleges shall develop appropriate criteria and
42 standards to regulate the operation of college transfer programs.~~

43 (f) ~~The Board of Governors of The University of North Carolina shall report to each
44 community college and to the State Board of Community Colleges in accordance with
45 G.S. 116-11(10b) on the academic performance of that community college's transfer students. If
46 the State Board of Community Colleges finds that college transfer students from a community
47 college are not consistently performing adequately at a four-year college, the Board shall review
48 the community college's program and determine what steps are necessary to remedy the problem.
49 The Board shall report annually to the General Assembly on the reports it receives and on what
50 steps it is taking to remedy problems that it finds.~~

1 (g) The Community Colleges System Office shall report by April 15, 2011, and annually
 2 thereafter, to the Joint Legislative Education Oversight Committee, the State Board of Education,
 3 the Office of State Budget and Management, and the Fiscal Research Division of the General
 4 Assembly on the implementation of the UNC NCCCS 2+2 E Learning Initiative. This report
 5 shall include:

- 6 (1) The courses and programs within the 2+2 E Learning Initiative;
- 7 (2) The total number of prospective teachers that have taken or are taking part in
 8 this initiative to date broken down by the current academic period and each of
 9 the previous academic periods since the program's inception;
- 10 (3) The total number of teachers currently in the State's classrooms, by local
 11 school administrative unit, who have taken part in this initiative;
- 12 (4) The change in the number of teachers available to schools since the program's
 13 inception;
- 14 (5) The qualitative data from students, teachers, local school administrative unit
 15 personnel, university personnel, and community college personnel as to the
 16 impact of this initiative on our State's teaching pool; and
- 17 (6) An explanation of the expenditures and collaborative programs between the
 18 North Carolina Community College System and The University of North
 19 Carolina, including recommendations for improvement.

20 ~~"§ 115D-5. Administration of institutions by State Board of Community Colleges;
 21 personnel exempt from North Carolina Human Resources Act; extension
 22 courses; tuition waiver; in-plant training; contracting, etc., for establishment
 23 and operation of extension units of the community college system; use of existing
 24 public school facilities.~~

25 (a) ~~The State Board of Community Colleges may adopt and execute such policies,
 26 regulations and standards concerning the establishment, administration, and operation of
 27 institutions as the State Board may deem necessary to insure the quality of educational programs,
 28 to promote the systematic meeting of educational needs of the State, and to provide for the
 29 equitable distribution of State and federal funds to the several institutions.~~

30 ~~The State Board of Community Colleges shall establish standards and scales for salaries and
 31 allotments paid from funds administered by the State Board, and all employees of the institutions
 32 shall be exempt from the provisions of the North Carolina Human Resources Act. Any and all
 33 salary caps set by the State Board for community college presidents shall apply only to the
 34 State-paid portion of the salary. Except as otherwise provided by law, the employer contribution
 35 rate on the local-paid portion of the salary, to be paid from local funds, shall be set by the State
 36 Treasurer based on actuarial recommendations. The State Board shall have authority with respect
 37 to individual institutions: to approve sites, capital improvement projects, budgets; to approve the
 38 selection of the chief administrative officer; to establish and administer standards for professional
 39 personnel, curricula, admissions, and graduation; to regulate the awarding of degrees, diplomas,
 40 and certificates; to establish and regulate student tuition and fees within policies for tuition and
 41 fees established by the General Assembly; and to establish and regulate financial accounting
 42 procedures.~~

43 ~~The State Board of Community Colleges shall require each community college to meet the
 44 faculty credential requirements of its accrediting agency for all community college programs.~~

45 (a1) ~~Notwithstanding G.S. 66-58(c)(3) or any other provisions of law, the State Board of
 46 Community Colleges may adopt rules governing the expenditure of funds derived from bookstore
 47 sales by community colleges. These expenditures shall be consistent with the mission and
 48 purpose of the Community College System. Profits may be used in the support and enhancement
 49 of the bookstores, for student aid or scholarships, for expenditures of direct benefit to students,
 50 and for other similar expenditures authorized by the board of trustees, subject to rules adopted
 51 by the State Board. These funds shall not be used to supplement salaries of any personnel.~~

1 ~~(a2) The State Board of Community Colleges shall comply with the provisions of~~
2 ~~G.S. 116-11(10a) to plan and implement an exchange of information between the public schools~~
3 ~~and the institutions of higher education in the State.~~

4 ~~(a3) The State Board of Community Colleges shall adopt the following rules to assist~~
5 ~~community colleges in their administration of procedures necessary to implement G.S. 20-11 and~~
6 ~~G.S. 20-13.2:~~

7 ~~(1) To establish the procedures a person who is or was enrolled in a community~~
8 ~~college must follow and the requirements that person must meet to obtain a~~
9 ~~driving eligibility certificate.~~

10 ~~(2) To require the person who is required under G.S. 20-11(n) to sign the driving~~
11 ~~eligibility certificate to provide the certificate if he or she determines that one~~
12 ~~of the following requirements is met:~~

13 ~~a. The person seeking the certificate is eligible for the certificate under~~
14 ~~G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).~~

15 ~~b. The person seeking the certificate is eligible for the certificate under~~
16 ~~G.S. 20-11(n)(1) and G.S. 20-11(n1).~~

17 ~~(3) To provide for an appeal through the grievance procedures established by the~~
18 ~~board of trustees of each community college by a person who is denied a~~
19 ~~driving eligibility certificate.~~

20 ~~(4) To define exemplary student behavior and to define what constitutes the~~
21 ~~successful completion of a drug or alcohol treatment counseling program.~~

22 ~~The State Board also shall develop policies as to when it is appropriate to~~
23 ~~notify the Division of Motor Vehicles that a person who is or was enrolled in~~
24 ~~a community college no longer meets the requirements for a driving eligibility~~
25 ~~certificate. The State Board also shall adopt guidelines to assist the presidents~~
26 ~~of community colleges in their designation of representatives to sign driving~~
27 ~~eligibility certificates.~~

28 ~~The State Board shall develop a form for the appropriate individuals to~~
29 ~~provide their written, irrevocable consent for a community college to disclose~~
30 ~~to the Division of Motor Vehicles that the student no longer meets the~~
31 ~~conditions for a driving eligibility certificate under G.S. 20-11(n)(1) or~~
32 ~~G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to~~
33 ~~comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which~~
34 ~~statutory subsection the student is no longer eligible, no other details or~~
35 ~~information concerning the student's school record shall be released pursuant~~
36 ~~to this consent.~~

37 ~~(b) In order to make instruction as accessible as possible to all citizens, the teaching of~~
38 ~~curricular courses and of noncurricular extension courses at convenient locations away from~~
39 ~~institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata~~
40 ~~portion of the established regular tuition rate charged a full-time student shall be charged a~~
41 ~~part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of~~
42 ~~Community Colleges shall establish a uniform registration fee, or a schedule of uniform~~
43 ~~registration fees, to be charged students enrolling in extension courses for which instruction is~~
44 ~~financed primarily from State funds. The State Board of Community Colleges may provide by~~
45 ~~general and uniform regulations for waiver of tuition and registration fees for the following:~~

46 ~~(1) Persons not enrolled in elementary or secondary schools taking courses~~
47 ~~leading to a high school diploma or equivalent certificate.~~

48 ~~(2) Courses requested by the following entities that support the organizations'~~
49 ~~training needs and are on a specialized course list approved by the State Board~~
50 ~~of Community Colleges:~~

51 ~~a. Volunteer fire departments.~~

- 1 b. ~~Municipal, county, or State fire departments.~~
2 e. ~~Volunteer EMS or rescue and lifesaving departments.~~
3 d. ~~Municipal, county, or State EMS or rescue and lifesaving departments.~~
4 d1. ~~Law enforcement, fire, EMS or rescue and lifesaving entities serving~~
5 ~~a lake authority that was created by a county board of commissioners~~
6 ~~prior to July 1, 2012.~~
7 e. ~~Radio Emergency Associated Communications Teams (REACT)~~
8 ~~under contract to a county as an emergency response agency.~~
9 f. ~~Municipal, county, or State law enforcement agencies.~~
10 f1. ~~Campus police agencies of private institutions of higher education~~
11 ~~certified by the Attorney General pursuant to Chapter 74G of the~~
12 ~~General Statutes.~~
13 g. ~~The Division of Prisons of the Department of Adult Correction and the~~
14 ~~Division of Juvenile Justice of the Department of Public Safety for the~~
15 ~~training of full time custodial employees and employees of the~~
16 ~~Divisions required to be certified under Article 1 of Chapter 17C of~~
17 ~~the General Statutes and the rules of the Criminal Justice and Training~~
18 ~~Standards Commission.~~
19 h. ~~Repealed by Session Laws 2017-186, s. 2(hhhhh), effective December~~
20 ~~1, 2017.~~
21 i. ~~The Eastern Band of Cherokee Indians law enforcement, fire, EMS or~~
22 ~~rescue and lifesaving tribal government departments or programs.~~
23 j. ~~The Criminal Justice Standards Division of the Department of Justice~~
24 ~~for the training of criminal justice professionals, as defined in~~
25 ~~G.S. 17C-20(6), who are required to be certified under (i) Article 1 of~~
26 ~~Chapter 17C of the General Statutes and the rules of the North~~
27 ~~Carolina Criminal Justice Education and Training Standards~~
28 ~~Commission or (ii) Chapter 17E of the General Statutes and the rules~~
29 ~~of the North Carolina Sheriffs' Education and Training Standards~~
30 ~~Commission. The waivers provided for in this sub-subdivision apply~~
31 ~~to participants and recent graduates of the North Carolina Criminal~~
32 ~~Justice Fellows Program to obtain certifications for eligible criminal~~
33 ~~justice professions as defined in G.S. 17C-20(6).~~
34 (2a) ~~Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty~~
35 ~~station is located on a military installation within North Carolina for courses~~
36 ~~that support their organizations' training needs and are approved for this~~
37 ~~purpose by the State Board of Community Colleges.~~
38 (3) ~~Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.~~
39 (4) ~~Trainees enrolled in courses conducted under the Customized Training~~
40 ~~Program.~~
41 (5) ~~through (9) Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1,~~
42 ~~2011.~~
43 (10) ~~Elementary and secondary school employees enrolled in courses in first aid or~~
44 ~~cardiopulmonary resuscitation (CPR).~~
45 (11) ~~Repealed by Session Laws 2013-360, s. 10.6, effective July 1, 2013.~~
46 (12) ~~All courses taken by high school students at community colleges, in~~
47 ~~accordance with G.S. 115D-20(4) and this section.~~
48 (13) ~~Human resources development courses for any individual who (i) is~~
49 ~~unemployed; (ii) has received notification of a pending layoff; (iii) is working~~
50 ~~and is eligible for the Federal Earned Income Tax Credit (FEITC); or (iv) is~~

1 working and earning wages at or below two hundred percent (200%) of the
2 federal poverty guidelines.

3 (14) ~~Repealed by Session Laws 2011-145, s. 8.12(a), effective July 1, 2011.~~

4 (15) ~~Courses providing employability skills, job-specific occupational or technical
5 skills, or developmental education instruction to certain students who are
6 concurrently enrolled in an eligible community college literacy course, in
7 accordance with rules adopted by the State Board of Community Colleges.~~

8 (16) ~~Courses provided to students who are participating in a pre-apprenticeship or
9 apprenticeship program that meets all of the following criteria:~~

10 a. ~~Meets one of the following:~~

11 1. ~~Is a registered apprenticeship program recognized by the
12 United States Department of Labor.~~

13 2. ~~Is a pre-apprenticeship program recognized and approved by
14 the State agency administering the statewide apprenticeship
15 program.~~

16 b. ~~Has a documented plan of study with courses relating to a job-specific
17 occupational or technical skill.~~

18 e. ~~Requires the participants in the program to be North Carolina high
19 school students when entering the program.~~

20 ~~The State Board of Community Colleges shall not waive tuition and registration fees for other
21 individuals.~~

22 (b1) ~~The State Board of Community Colleges shall not waive tuition and registration fees
23 for community college faculty or staff members. Community colleges may, however, use State
24 or local funds to pay tuition and registration fees for one course per semester for full time
25 community college faculty or staff members employed for a nine , ten , eleven , or twelve month
26 term. Community colleges may also use State and local funds to pay tuition and registration fees
27 for professional development courses and for other courses consistent with the academic
28 assistance program authorized by the State Human Resources Commission.~~

29 (b2) ~~Beginning February 1, 2018, and annually thereafter, the Community Colleges
30 System Office shall report to the Joint Legislative Education Oversight Committee on the number
31 and type of waivers granted pursuant to subsection (b) of this section.~~

32 (c) ~~No course of instruction shall be offered by any community college at State expense
33 or partial State expense to any captive or co-opted group of students, as defined by the State
34 Board of Community Colleges, without prior approval of the State Board of Community
35 Colleges. All course offerings approved for State prison inmates or prisoners in local jails must
36 be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of
37 Community Colleges shall be presumed to constitute approval of both the course and the group
38 served by that institution. The State Board of Community Colleges may delegate to the President
39 the power to make an initial approval, with final approval to be made by the State Board of
40 Community Colleges. A course taught without such approval will not yield any full time
41 equivalent students, as defined by the State Board of Community Colleges.~~

42 (c1) ~~Community colleges shall report full-time equivalent (FTE) student hours for
43 correction education programs on the basis of student membership hours. No community college
44 shall operate a multi-entry/multi-exit class or program in a prison facility, except for a literacy
45 class or program.~~

46 ~~The State Board shall work with the Division of Adult Correction and Juvenile Justice of the
47 Department of Public Safety on offering classes and programs that match the average length of
48 stay of an inmate in a prison facility.~~

49 (c2) ~~Courses in federal prisons shall not earn regular budget full-time equivalents, but may
50 be offered on a self-supporting basis.~~

1 (c3) Funds appropriated for community college courses for prison inmates shall be used
2 only for inmates in State prisons. The first priority for the use of these funds shall be to restore
3 the FTE for basic skills courses to the FY 2008-2009 level. Funds not needed for this purpose
4 may be used for continuing education and curriculum courses related to job skills training.

5 (d) Recodified as G.S. 115D-5.1(a) by Session Laws 2005-276, s. 8.4(a), effective July
6 1, 2005.

7 (e) Repealed by Session Laws 1999-84, s. 3, effective May 21, 1999.

8 (f) A community college may not offer a new program without the approval of the State
9 Board of Community Colleges except that approval shall not be required if the tuition for the
10 program will fully cover the cost of the program. If at any time tuition fails to fully cover the cost
11 of a program that falls under the exception, the program shall be discontinued unless approved
12 by the State Board of Community Colleges. If a proposed new program would serve more than
13 one community college, the State Board of Community Colleges shall perform a feasibility study
14 prior to acting on the proposal. The State Board of Community Colleges shall consider whether
15 a regional approach can be used when developing new programs and, to the extent possible, shall
16 initiate new programs on a regional basis.

17 The State Board of Community Colleges shall collect data on an annual basis on all new
18 programs and program terminations it approved and any regionalization of programs during the
19 year, including the specific reasons for which each program was terminated or approved.

20 (f1) The State Board shall adopt a policy requiring community colleges to be accredited
21 in accordance with G.S. 115D-6.2.

22 (g) Funds appropriated to the Community Colleges System Office as operating expenses
23 for allocation to the institutions comprising the North Carolina Community College System shall
24 not be used to support recreation extension courses. The financing of these courses by any
25 institution shall be on a self-supporting basis, and membership hours produced from these
26 activities shall not be counted when computing full-time equivalent students (FTE) for use in
27 budget-funding formulas at the State level.

28 (h) Whenever a community college offers real estate continuing education courses
29 pursuant to G.S. 93A-4.1, the courses shall be offered on a self-supporting basis.

30 (i) Recodified as G.S. 115D-5.1(e) by Session Laws 2005-276, s. 8.4(a), effective July
31 1, 2005.

32 (j) The State Board of Community Colleges shall use its Board Reserve Fund for
33 feasibility studies, pilot projects, start-up of new programs, and innovative ideas.

34 (k) Recodified as G.S. 115D-5.1(b) by Session Laws 2005-276, s. 8.4(a), effective July
35 1, 2005.

36 (l) The State Board shall review and approve lease-purchase and installment purchase
37 contracts as provided under G.S. 115D-58.15(b). The State Board shall adopt policies and
38 procedures governing the review and approval process.

39 (m) The State Board of Community Colleges shall maintain an accountability function
40 that conducts periodic reviews of each community college operating under the provisions of this
41 Chapter. The purpose of the compliance review shall be to ensure that (i) data used to allocate
42 State funds among community colleges is reported accurately to the System Office and (ii)
43 community colleges are charging and waiving tuition and registration fees consistent with law.
44 The State Board of Community Colleges shall require the use of a statistically valid sample size
45 in performing compliance reviews of community colleges. All compliance review findings that
46 are determined to be material shall be forwarded to the college president, local college board of
47 trustees, the State Board of Community Colleges, and the State Auditor. The State Board of
48 Community Colleges shall adopt rules governing the frequency, scope, and standard of
49 materiality for compliance reviews.

50 (n) The North Carolina Community Colleges System Office shall provide the Department
51 of Revenue with a list of all community colleges, including name, address, and other identifying

1 information requested by the Department of Revenue. The North Carolina Community Colleges
2 System Office shall update this list whenever there is a change.

3 ~~(o) All multicampus centers approved by the State Board of Community Colleges shall
4 receive funding under the same formula. The State Board of Community Colleges shall not
5 approve any additional multicampus centers without identified recurring sources of funding. A
6 community college facility shall be considered a multicampus center if it meets all of the
7 following criteria:~~

8 ~~(1) Is at least 4 miles away from the main campus of the community college and
9 other multicampus center locations.~~

10 ~~(2) Any other criteria established by the State Board.~~

11 ~~(p) The North Carolina Community College System may offer courses, in accordance
12 with Article 17D of Subchapter V of Chapter 115C of the General Statutes, to individuals who
13 choose to enter the teaching profession through residency licensure.~~

14 ~~(q) Repealed by Session Laws 2009 451, s. 8.9, effective July 1, 2009.~~

15 ~~(r) The State Board of Community Colleges shall develop curriculum and continuing
16 education standards for courses of instruction in American Sign Language and shall encourage
17 community colleges to offer courses in American Sign Language as a modern foreign language.~~

18 ~~(s) The State Board of Community Colleges may establish, retain and budget fees
19 charged to students taking an adult high school equivalency diploma test, including fees for
20 retesting. Fees collected for this purpose shall be used only to (i) offset the costs of the test,
21 including the cost of scoring the test, (ii) offset the costs of printing adult high school equivalency
22 diplomas, and (iii) meet federal and State reporting requirements related to the test.~~

23 ~~(t) The purpose of the first semester of the Gateway to College Program is to address
24 additional support to successfully complete the program. Students may need to take
25 developmental courses necessary for the transition to more challenging courses; therefore, the
26 State Board of Community Colleges shall (i) permit high school students who are enrolled in
27 Gateway to College Programs to enroll in developmental courses based on an assessment of their
28 individual student needs by a high school and community college staff team and (ii) include this
29 coursework in computing the budget FTE for the colleges.~~

30 ~~(u) The State Board of Community Colleges shall direct each community college to adopt
31 a policy that authorizes a minimum of two excused absences each academic year for religious
32 observances required by the faith of a student. The policy may require that the student provide
33 written notice of the request for an excused absence a reasonable time prior to the religious
34 observance. The policy shall also provide that the student shall be given the opportunity to make
35 up any tests or other work missed due to an excused absence for a religious observance.~~

36 ~~(v) Community colleges may teach curriculum courses at any time during the year,
37 including the summer term. Student membership hours from these courses shall be counted when
38 computing full-time equivalent students (FTE) for use in budget funding formulas at the State
39 level.~~

40 ~~(w) The State Board of Community Colleges shall review, at least every five years,
41 service areas that include counties assigned to more than one community college to determine
42 the feasibility of continuing to assign those counties to more than one community college. The
43 State Board shall revise service areas as needed to ensure that counties are served effectively.
44 The first review and any revisions shall be completed no later than March 1, 2016, and the State
45 Board shall report its findings and any revisions to the Joint Legislative Education Oversight
46 Committee no later than March 1, 2016. All subsequent reviews and revisions shall also be
47 submitted to the Committee.~~

48 ~~(x) In addition to the evaluation of cooperative innovative high schools by the State Board
49 of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in
50 conjunction with the State Board of Education and the Board of Governors of The University of
51 North Carolina, shall evaluate the success of students participating in the Career and College~~

~~1 Promise Program, including the College Transfer pathway and the Career and Technical
2 Education pathway. Success shall be measured by high school retention rates, high school
3 completion rates, high school dropout rates, certification and associate degree completion,
4 admission to four year institutions, postgraduation employment in career or study related fields,
5 and employer satisfaction of employees who participated in the programs. The evaluation shall
6 also include an analysis of the cost of students participating in each of the programs within the
7 Career and College Promise Program, including at least the following:~~

- ~~8 (1) Total enrollment funding, the number of budgeted full-time equivalent
9 students, and the number of students enrolled in courses through cooperative
10 innovative high schools, the College Transfer pathway, and the Career and
11 Technical Education pathway.~~
- ~~12 (2) The cost and number of waivers of tuition and registration fees provided for
13 students enrolled in courses through cooperative innovative high schools, the
14 College Transfer pathway, and the Career and Technical Education pathway.~~
- ~~15 (3) Any additional costs of a student attending courses on campus if a student is
16 not attending public school in a local school administrative unit for the
17 majority of the student's instructional time.~~

~~18 The Boards shall jointly report by March 15 of each year to the Joint Legislative Education
19 Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the
20 House Appropriations Committee on Education, and the Fiscal Research Division of the General
21 Assembly. The report shall be combined with the evaluation of cooperative innovative high
22 schools required by G.S. 115C-238.55, and the Community Colleges System Office shall be
23 responsible for submitting the combined report.~~

~~24 (y) The State Board of Community Colleges shall adopt a policy to be applied uniformly
25 throughout the Community College System to provide that any student enrolled in a community
26 college who is a National Guard service member placed onto State active duty status during an
27 academic term shall be given an excused absence for the period of time the student is on active
28 duty. The policy shall further provide all of the following:~~

- ~~29 (1) The student shall be given the opportunity to make up any test or other work
30 missed during the excused absence.~~
- ~~31 (2) The student shall be given the option, when feasible, to continue classes and
32 coursework during the academic term through online participation for the
33 period of time the student is placed on active duty.~~
- ~~34 (3) The student shall be given the option of receiving a temporary grade of
35 "incomplete (IN)" or "absent from the final exam (AB)" for any course that
36 the student was unable to complete as a result of being placed on State active
37 duty status; however, the student must complete the course requirements
38 within the period of time specified by the community college to avoid
39 receiving a failing grade for the course.~~
- ~~40 (4) The student shall be permitted to drop, with no penalty, any course that the
41 student was unable to complete as a result of being placed on State active duty
42 status.~~

~~43 (z) The State Board of Community Colleges shall monitor community colleges for
44 compliance with Article 38 of Chapter 116 of the General Statutes. If the State Board determines
45 that a community college is in violation of Article 38, it shall report the identity of the community
46 college to the Joint Legislative Education Oversight Committee.~~

~~47 **"§ 115D-5.1. Workforce Development Programs.**~~

~~48 (a) Community colleges shall assist in the preemployment and in-service training of
49 employees in industry, business, agriculture, health occupation and governmental agencies. Such
50 training shall include instruction on worker safety and health standards and practices applicable
51 to the field of employment. The State Board of Community Colleges shall make appropriate~~

1 regulations including the establishment of maximum hours of instruction which may be offered
2 at State expense in each in-plant training program. No instructor or other employee of a
3 community college shall engage in the normal management, supervisory and operational
4 functions of the establishment in which the instruction is offered during the hours in which the
5 instructor or other employee is employed for instructional or educational purposes.

6 (b) through (d) Repealed by Session Laws 2008-107, s. 8.7(a), effective July 1, 2008.

7 (e) There is created within the North Carolina Community College System the
8 Customized Training Program. The Customized Training Program shall offer programs and
9 training services to assist new and existing business and industry to remain productive, profitable,
10 and within the State. Before a business or industry qualifies to receive assistance under the
11 Customized Training Program, the President of the North Carolina Community College System
12 shall determine that:

13 (1) The business is making an appreciable capital investment;

14 (2) The business is deploying new technology;

15 (2a) The business or individual is creating jobs, expanding an existing workforce,
16 or enhancing the productivity and profitability of the operations within the
17 State; and

18 (3) The skills of the workers will be enhanced by the assistance.

19 (f) The Community Colleges System Office shall report no later than September 1 of
20 each year to the Joint Legislative Education Oversight Committee on:

21 (1) The total amount of funds received by a company under the Customized
22 Training Program.

23 (1a) The types of services sought by the company, whether for new, expanding, or
24 existing industry.

25 (2) The amount of funds per trainee received by that company.

26 (3) The amount of funds received per trainee by the community college delivering
27 the training.

28 (4) The number of trainees trained by the company and community college.

29 (5) The number of years that company has been funded.

30 (f1) Notwithstanding any other provision of law, the State Board of Community Colleges
31 may adopt guidelines that allow the Customized Training Program to use funds appropriated for
32 that program to support training projects for the various branches of the Armed Forces of the
33 United States.

34 (f2) Funds available to the Customized Training Program shall not revert at the end of a
35 fiscal year but shall remain available until expended. Up to ten percent (10%) of the
36 college delivered training expenditures and up to five percent (5%) of the contractor delivered
37 training expenditures for the prior fiscal year for Customized Training may be allotted to each
38 college for capacity building at that college.

39 (f3) Of the funds appropriated in a fiscal year for the Customized Training Programs, the
40 State Board of Community Colleges may approve the use of up to eight percent (8%) for the
41 training and support of regional community college personnel to deliver Customized Training
42 Program services to business and industry.

43 (g) The State Board shall adopt guidelines to implement this section. At least 20 days
44 before the effective date of any criteria or nontechnical amendments to guidelines, the State
45 Board must publish the proposed guidelines on the Community Colleges System Office's web
46 site and provide notice to persons who have requested notice of proposed guidelines. In addition,
47 the State Board must accept oral and written comments on the proposed guidelines during the 15
48 business days beginning on the first day that the State Board has completed these notifications.
49 For the purpose of this subsection, a technical amendment is either of the following:

50 (1) An amendment that corrects a spelling or grammatical error.

- 1 (2) An amendment that makes a clarification based on public comment and could
2 have been anticipated by the public notice that immediately preceded the
3 public comment.

4 "~~§ 115D-5.1A. Short-Term Workforce Development Grant Program.~~

5 (a) Program Established. — There is established the North Carolina Community College
6 Short-Term Workforce Development Grant Program (Program) to be administered by the State
7 Board of Community Colleges. The State Board shall adopt rules for the disbursement of the
8 grants pursuant to this section.

9 (b) Programs of Study. — The State Board of Community Colleges, in collaboration with
10 the Department of Commerce, shall determine the eligible programs of study for the Program,
11 according to the occupations that are in the highest demand in the State. The eligible programs
12 of study shall include programs such as architecture and construction, health sciences,
13 information technology, electrical line worker, and manufacturing programs and may include
14 other programs to meet local workforce needs.

15 (c) Award Amounts. — To the extent funds are made available for the Program, the State
16 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty
17 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce
18 credentials. The State Board of Community Colleges shall establish criteria for initial and
19 continuing eligibility for students. At a minimum, students shall be required to qualify as a
20 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with
21 the coordinated and centralized residency determination process administered by the State
22 Education Assistance Authority.

23 (d) Report. — The State Board shall submit a report by April 1, 2024, and annually
24 thereafter, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal
25 Research Division. The report shall contain, for each academic year and by programs of study,
26 the amount of grant funds disbursed and the number of eligible students receiving funds.

27 "~~§ 115D-5.2. Commercial fishing and aquaculture classes.~~

28 (a) The General Assembly urges all community colleges serving the coastal area of the
29 State to offer classes on commercial fishing and aquaculture.

30 (b) The North Carolina Community Colleges System Office shall provide technical
31 assistance to these colleges on offering such classes.

32 (c) The North Carolina Community Colleges System Office shall report to the Joint
33 Legislative Education Oversight Committee on any fiscal and administrative issues it identifies
34 that limit colleges' ability to offer such courses.

35 "~~§ 115D-5.5. Board Reserve Fund.~~

36 The State Board of Community Colleges shall use its Board Reserve Fund for feasibility
37 studies, pilot projects, start-up of new programs, and innovative ideas.

38 "~~Part 2. Administration of Local Community Colleges by State Board of Community Colleges.~~

39 "~~§ 115D-6. Withdrawal of State support.~~

40 The State Board of Community Colleges may withdraw or withhold State financial and
41 administrative support of any institutions subject to the provisions of this Chapter in the event
42 ~~that~~of any of the following:

- 43 (1) The required local financial support of an institution is not ~~provided~~provided.
44 (2) Sufficient State funds are not ~~available~~available.
45 (3) The officials of an institution refuse or are unable to maintain prescribed
46 standards of administration or ~~instruction~~or instruction.
47 (4) Local educational needs for such an institution cease to exist.

48 "~~§ 115D-6.1. Administration of institutions.~~

49 (a) Policies. – The State Board of Community Colleges may adopt and execute such
50 policies, regulations, and standards concerning the establishment, administration, and operation
51 of institutions as the State Board may deem necessary to ensure the quality of educational

1 programs, to promote the systematic meeting of educational needs of the State, and to provide
 2 for the equitable distribution of State and federal funds to the several institutions.

3 (b) Authority. – The State Board shall have the following authority with respect to
 4 individual institutions:

5 (1) To approve sites, capital improvement projects, and budgets.

6 (2) To approve the selection of the chief administrative officer.

7 (3) To establish and administer standards for professional personnel, curricula,
 8 admissions, and graduation.

9 (4) To regulate the awarding of degrees, diplomas, and certificates.

10 (5) To establish and regulate student tuition and fees within policies for tuition
 11 and fees established by the General Assembly.

12 (6) To establish and regulate financial accounting procedures.

13 (c) Salaries. – The State Board shall establish standards and scales for salaries and
 14 allotments paid from funds administered by the State Board, and all employees of the institutions
 15 shall be exempt from the provisions of the North Carolina Human Resources Act. Any and all
 16 salary caps set by the State Board for community college presidents shall apply only to the
 17 State-paid portion of the salary. Except as otherwise provided by law, the employer contribution
 18 rate on the local-paid portion of the salary, to be paid from local funds, shall be set by the State
 19 Treasurer based on actuarial recommendations.

20 (d) Faculty Credentials. – The State Board of Community Colleges shall require each
 21 community college to meet the faculty credential requirements of its accrediting agency for all
 22 community college programs.

23 **"§ 115D-6.2. Accreditation. Accreditation policy.**

24 The State Board of Community Colleges shall adopt a policy requiring community colleges
 25 to be accredited in accordance with G.S. 115D-21.2.

26 (a) Definitions. – The following definitions apply in this section:

27 (1) Accreditation cycle. – The period of time during which a community college
 28 is accredited.

29 (2) Accrediting agency. – An agency or association that accredits institutions of
 30 higher education.

31 (3) Regional accrediting agency. – One of the following accrediting agencies:

32 a. Higher Learning Commission.

33 b. Middle States Commission on Higher Education.

34 c. New England Commission on Higher Education.

35 d. Northwest Commission on Colleges and Universities.

36 e. Southern Association of Colleges and Schools Commission on
 37 Colleges.

38 f. Western Association of Schools and Colleges Accrediting
 39 Commission for Community and Junior Colleges.

40 (b) Prohibit Consecutive Accreditation by an Accrediting Agency. – A community
 41 college shall not receive accreditation by an accrediting agency for consecutive accreditation
 42 cycles except as provided in subsection (c) of this section.

43 (c) Accreditation Transfer Procedure. – A community college that pursues accreditation
 44 with a different accrediting agency in accordance with this section shall pursue accreditation with
 45 a regional accrediting agency. If the community college is not granted candidacy status by any
 46 regional accrediting agency that is different from its current accrediting agency at least three
 47 years prior to the expiration of its current accreditation, the community college may remain with
 48 its current accrediting agency for an additional accreditation cycle.

49 (d) Certain Programs Exempt. – The requirements of this section do not apply to
 50 professional, departmental, or certificate programs at community colleges that have specific

1 accreditation requirements or best practices, as identified by the State Board of Community
2 Colleges.

3 (e) Cause of Action.—A community college may bring a civil action, as follows:

4 (1) Against any person who makes a false statement to the accrediting agency of
5 the community college, if all of the following criteria are met:

6 a. The statement, if true, would mean the community college is out of
7 compliance with its accreditation standards.

8 b. The person made the statement with knowledge that the statement was
9 false or with reckless disregard as to whether it was false.

10 c. The accrediting agency conducted a review of the community college
11 as a proximate result of the statement.

12 d. The review caused the community college to incur costs.

13 (2) A community college that prevails on a cause of action initiated pursuant to
14 this subsection shall be entitled to the following:

15 a. Costs related to the review conducted by the accrediting agency,
16 including for the following:

17 1. Additional hours worked by community college personnel.

18 2. Contracted services, including outside legal counsel.

19 3. Travel, lodging, and food expenses.

20 4. Fees required by the agency.

21 b. Reasonable attorney fees.

22 e. Court costs.

23 **"§ 115D-6.5. Notice of noncompliance; appointment of an interim board of trustees.**

24 ...

25 (c) Interim Board Assumption of Powers and Duties. – The adoption of the resolution to
26 remove the full board under this section shall have the effect of vacating the terms of all of the
27 members serving on the board of trustees. Notwithstanding G.S. 115D-12, the State Board of
28 Community Colleges shall appoint an interim five-member board of trustees for a period not to
29 exceed 12 months with input from the advisory committee listed in subsection (a) of this section.
30 To preserve local autonomy, the appointing authorities of the local administrative area of the
31 community college under G.S. 115D-12 shall make recommendations to the State Board on the
32 appointment of the members to the interim board of trustees. All appointees to the interim board
33 of trustees shall be residents of the administrative area of the institution for which they are
34 selected or of counties contiguous thereto with the exception of members provided for in
35 subsection (a) of G.S. 115D-12, Group Four. G.S. 115D-12(a)(3). At the end of the period of
36 service of the interim board of trustees, a board of trustees for the community college shall be
37 appointed in accordance with G.S. 115D-12. Initial terms of members of the new board of
38 trustees shall be staggered to align with the remainder of the vacated terms of the members of the
39 board of trustees.

40 ...

41 **"§ 115D-9.5. Bookstore sales.**

42 Notwithstanding G.S. 66-58(c)(3) or any other provisions of law, the State Board of
43 Community Colleges may adopt rules governing the expenditure of funds derived from bookstore
44 sales by community colleges. These expenditures shall be consistent with the mission and
45 purpose of the Community College System. Profits may be used in the support and enhancement
46 of the bookstores, for student aid or scholarships, for expenditures of direct benefit to students,
47 and for other similar expenditures authorized by the board of trustees, subject to rules adopted
48 by the State Board. These funds shall not be used to supplement salaries of any personnel.

49 **"§ 115D-9.10. Exchange of information with The University of North Carolina and North**
50 **Carolina public schools.**

1 The State Board of Community Colleges shall comply with the provisions of
2 G.S. 116-11(10a) to plan and implement an exchange of information between the public schools
3 and the institutions of higher education in the State.

4 **"§ 115D-9.15. Lease purchase and installment purchase contracts.**

5 The State Board of Community Colleges shall review and approve lease purchase and
6 installment purchase contracts as provided under G.S. 115D-58.15(b). The State Board shall
7 adopt policies and procedures governing the review and approval process.

8 **"§ 115D-9.20. Compliance review and requested information.**

9 (a) Compliance Review. – The State Board of Community Colleges shall maintain an
10 accountability function that conducts periodic reviews of each community college operating
11 under the provisions of this Chapter. The purpose of the compliance review shall be to ensure
12 that (i) data used to allocate State funds among community colleges is reported accurately to the
13 System Office and (ii) community colleges are charging and waiving tuition and registration fees
14 consistent with law. The State Board of Community Colleges shall require the use of a
15 statistically valid sample size in performing compliance reviews of community colleges. All
16 compliance review findings that are determined to be material shall be forwarded to the college
17 president, local college board of trustees, the State Board of Community Colleges, and the State
18 Auditor. The State Board of Community Colleges shall adopt rules governing the frequency,
19 scope, and standard of materiality for compliance reviews.

20 (b) Information to Department of Revenue. – The North Carolina Community Colleges
21 System Office shall provide the Department of Revenue with a list of all community colleges,
22 including name, address, and other identifying information requested by the Department of
23 Revenue. The North Carolina Community Colleges System Office shall update this list whenever
24 there is a change.

25 **"§ 115D-9.25. Multicampus centers.**

26 All multicampus centers approved by the State Board of Community Colleges shall receive
27 funding under the same formula. The State Board of Community Colleges shall not approve any
28 additional multicampus centers without identified recurring sources of funding. A community
29 college facility shall be considered a multicampus center if it meets the criteria established by the
30 State Board and is at least 4 miles away from the main campus of the community college and
31 other multicampus center locations.

32 **"§ 115D-9.30. Service areas.**

33 The State Board of Community Colleges shall review, at least every five years, service areas
34 that include counties assigned to more than one community college to determine the feasibility
35 of continuing to assign those counties to more than one community college. The State Board
36 shall revise service areas as needed to ensure that counties are served effectively. The State Board
37 shall report its findings and any revisions to the Joint Legislative Education Oversight Committee
38 within 60 days of revisions being made.

39 **"§ 115D-9.35. Athletic teams.**

40 The State Board of Community Colleges shall monitor community colleges for compliance
41 with Article 38 of Chapter 116 of the General Statutes. If the State Board determines that a
42 community college is in violation of Article 38 of Chapter 116 of the General Statutes, it shall
43 report the identity of the community college to the Joint Legislative Education Oversight
44 Committee.

45 ...

46 **"Part 3. Community College Programs.**

47 **"§ 115D-10.5. Program funding.**

48 (a) New Programs and Terminations of Programs. – A community college may not offer
49 a new program without the approval of the State Board of Community Colleges except that
50 approval shall not be required if the tuition for the program will fully cover the cost of the
51 program. If at any time tuition fails to fully cover the cost of a program that falls under the

1 exception, the program shall be discontinued unless approved by the State Board. If a proposed
2 new program would serve more than one community college, the State Board shall perform a
3 feasibility study prior to acting on the proposal. The State Board shall consider whether a regional
4 approach can be used when developing new programs and, to the extent possible, shall initiate
5 new programs on a regional basis. The State Board shall collect data on an annual basis on all
6 new programs and program terminations it approved and any regionalization of programs during
7 the year, including the specific reasons for which each program was terminated or approved.

8 (b) Recreation Extension Courses. – Funds appropriated to the Community Colleges
9 System Office as operating expenses for allocation to the institutions comprising the North
10 Carolina Community College System shall not be used to support recreation extension courses.
11 The financing of these courses by any institution shall be on a self-supporting basis, and
12 membership hours produced from these activities shall not be counted when computing full-time
13 equivalent students (FTE) for use in budget-funding formulas at the State level.

14 (c) Real Estate Continuing Education Courses. – Whenever a community college offers
15 real estate continuing education courses, the courses shall be offered on a self-supporting basis.

16 **"§ 115D-10.10. College transfer program approval; standards for programs; annual**
17 **reporting requirements.**

18 (a) The State Board of Community Colleges may approve the addition of the college
19 transfer program to a community college. If addition of the college transfer program to an
20 institution would require a substantial increase in funds, State Board approval shall be subject to
21 appropriation of funds by the General Assembly for this purpose.

22 (b) Addition of the college transfer program shall not decrease an institution's ability to
23 provide programs within its basic mission of vocational and technical training and basic academic
24 education.

25 (c) The State Board of Community Colleges shall develop appropriate criteria and
26 standards to regulate the addition of the college transfer program to institutions.

27 (d) The State Board of Community Colleges shall develop appropriate criteria and
28 standards to regulate the operation of college transfer programs.

29 (e) The Board of Governors of The University of North Carolina shall report to each
30 community college and to the State Board of Community Colleges in accordance with
31 G.S. 116-11(10b) on the academic performance of that community college's transfer students. If
32 the State Board of Community Colleges finds that college transfer students from a community
33 college are not consistently performing adequately at a four-year college, the Board shall review
34 the community college's program and determine what steps are necessary to remedy the problem.
35 The Board shall report annually to the General Assembly on the reports it receives and on what
36 steps it is taking to remedy problems that it finds.

37 (f) The Community Colleges System Office shall report annually by April 15 to the Joint
38 Legislative Education Oversight Committee, the State Board of Education, the Office of State
39 Budget and Management, and the Fiscal Research Division of the General Assembly on the
40 implementation of the UNC-NCCCS 2+2 E-Learning Initiative. This report shall include the
41 following:

- 42 (1) The courses and programs within the 2+2 E-Learning Initiative.
- 43 (2) The total number of prospective teachers that have taken or are taking part in
44 this initiative to date broken down by the current academic period and each of
45 the previous academic periods since the program's inception.
- 46 (3) The total number of teachers currently in the State's classrooms, by local
47 school administrative unit, who have taken part in this initiative.
- 48 (4) The change in the number of teachers available to schools since the program's
49 inception.

1 (5) The qualitative data from students, teachers, local school administrative unit
2 personnel, university personnel, and community college personnel as to the
3 impact of this initiative on our State's teaching pool.

4 (6) An explanation of the expenditures and collaborative programs between the
5 North Carolina Community College System and The University of North
6 Carolina, including recommendations for improvement.

7 **"§ 115D-10.15. Workforce development programs.**

8 Community colleges shall assist in the preemployment and in-service training of employees
9 in industry, business, agriculture, health occupation, and governmental agencies. Such training
10 shall include instruction on worker safety and health standards and practices applicable to the
11 field of employment. The State Board of Community Colleges shall make appropriate
12 regulations, including the establishment of maximum hours of instruction which may be offered
13 at State expense in each in-plant training program. No instructor or other employee of a
14 community college shall engage in the normal management, supervisory, and operational
15 functions of the establishment in which the instruction is offered during the hours in which the
16 instructor or other employee is employed for instructional or educational purposes.

17 **"§ 115D-10.17. Customized Training Program.**

18 (a) There is created within the North Carolina Community College System the
19 Customized Training Program. The Customized Training Program shall offer programs and
20 training services to assist new and existing business and industry to remain productive, profitable,
21 and within the State. Before a business or industry qualifies to receive assistance under the
22 Customized Training Program, the President of the North Carolina Community College System
23 shall determine the following:

24 (1) The business is making an appreciable capital investment.

25 (2) The business is deploying new technology.

26 (3) The business or individual is creating jobs, expanding an existing workforce,
27 or enhancing the productivity and profitability of the operations within the
28 State.

29 (4) The skills of the workers will be enhanced by the assistance.

30 (b) The Community Colleges System Office shall report no later than September 1 of
31 each year to the Joint Legislative Education Oversight Committee on the following:

32 (1) The total amount of funds received by a company under the Customized
33 Training Program.

34 (2) The types of services sought by the company, whether for new, expanding, or
35 existing industry.

36 (3) The amount of funds per trainee received by that company.

37 (4) The amount of funds received per trainee by the community college delivering
38 the training.

39 (5) The number of trainees trained by the company and community college.

40 (6) The number of years that company has been funded.

41 (c) Notwithstanding any other provision of law, the State Board of Community Colleges
42 may adopt guidelines that allow the Customized Training Program to use funds appropriated for
43 that program to support training projects for the various branches of the Armed Forces of the
44 United States.

45 (d) Funds available to the Customized Training Program shall not revert at the end of a
46 fiscal year but shall remain available until expended. Up to ten percent (10%) of the
47 college-delivered training expenditures and up to five percent (5%) of the contractor-delivered
48 training expenditures for the prior fiscal year for Customized Training may be allotted to each
49 college for capacity building at that college.

50 (e) Of the funds appropriated in a fiscal year for the Customized Training Program, the
51 State Board of Community Colleges may approve the use of up to eight percent (8%) for the

1 training and support of regional community college personnel to deliver Customized Training
2 Program services to business and industry.

3 (f) The State Board shall adopt guidelines to implement this section. At least 20 days
4 before the effective date of any criteria or nontechnical amendments to guidelines, the State
5 Board must publish the proposed guidelines on the Community Colleges System Office's website
6 and provide notice to persons who have requested notice of proposed guidelines. In addition, the
7 State Board must accept oral and written comments on the proposed guidelines during the 15
8 business days beginning on the first day that the State Board has completed these notifications.
9 For the purpose of this subsection, a technical amendment is either of the following:

10 (1) An amendment that corrects a spelling or grammatical error.

11 (2) An amendment that makes a clarification based on public comment and could
12 have been anticipated by the public notice that immediately preceded the
13 public comment.

14 **"§ 115D-10.19. Short-Term Workforce Development Grant Program.**

15 (a) Program Established. – There is established the North Carolina Community College
16 Short-Term Workforce Development Grant Program (Program) to be administered by the State
17 Board of Community Colleges. The State Board shall adopt rules for the disbursement of the
18 grants pursuant to this section.

19 (b) Programs of Study. – The State Board of Community Colleges, in collaboration with
20 the Department of Commerce, shall determine the eligible programs of study for the Program,
21 according to the occupations that are in the highest demand in the State. The eligible programs
22 of study shall include programs such as architecture and construction, health sciences,
23 information technology, electrical line worker, and manufacturing programs and may include
24 other programs to meet local workforce needs.

25 (c) Award Amounts. – To the extent funds are made available for the Program, the State
26 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty
27 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce
28 credentials. The State Board of Community Colleges shall establish criteria for initial and
29 continuing eligibility for students. At a minimum, students shall be required to qualify as a
30 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with
31 the coordinated and centralized residency determination process administered by the State
32 Education Assistance Authority.

33 (d) Report. – The State Board shall submit a report by April 1 annually on the Program
34 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The
35 report shall contain, for each academic year and by programs of study, the amount of grant funds
36 disbursed and the number of eligible students receiving funds.

37 **"§ 115D-10.21. Training programs for students with intellectual and developmental**
38 **disabilities.**

39 (a) The State Board of Community Colleges shall establish a community college training
40 program for up to 15 community colleges. The program shall provide opportunities for
41 micro-credentials or other credentials that lead to increased employment outcomes for
42 individuals with intellectual and developmental disabilities (IDD). To the extent funds are
43 appropriated for this purpose, the program shall improve the ability of participating community
44 colleges to offer training and educational components that include improving employability skills
45 and providing on-the-job training and apprenticeships with business and industry for individuals
46 with IDD. The goal of the program shall be to inform community colleges and address
47 cross-departmental supports within the individual community colleges on programs for
48 individuals with IDD related to at least the following:

49 (1) Establishing best practices for providing vocational training for individuals
50 with IDD.

51 (2) Providing financial and benefits counseling.

- 1 (3) Developing strategies on integrating assistive technology.
2 (4) Maximizing access, with supports, to credential and degree programs,
3 including micro-credentials that are established by the State Board.
4 (5) Identifying methods to increase orientation and integration of individuals with
5 IDD into the college community to the greatest extent possible.
6 (6) Determining a needs assessment, marketing, and evaluation to serve a broad
7 array of individuals with developmental and other similar disabilities or
8 learning challenges to assure adequate demand for new or existing programs.

9 (b) No later than May 1 of each year, the Community Colleges System Office shall report
10 on the funds appropriated to the System Office for the purposes of this section to the Joint
11 Legislative Education Oversight Committee and the Fiscal Research Division. At a minimum,
12 the report shall address the impact of the program, the use of any additional positions created at
13 community colleges, professional development training for staff, and funding sources identified
14 for individuals with IDD to build programs at community colleges that support postsecondary
15 trainings and certifications that enable individuals with IDD to engage in competitive, sustainable
16 employment.

17 **§ 115D-10.25. Commercial fishing and aquaculture classes.**

18 (a) The General Assembly urges all community colleges serving the coastal area of the
19 State to offer classes on commercial fishing and aquaculture.

20 (b) The North Carolina Community Colleges System Office shall provide technical
21 assistance to these colleges on offering such classes.

22 (c) The North Carolina Community Colleges System Office shall report to the Joint
23 Legislative Education Oversight Committee on any fiscal and administrative issues it identifies
24 that limit colleges' ability to offer such courses.

25 **§ 115D-10.30. Correction education programs.**

26 (a) Approval. – No course of instruction shall be offered by any community college at
27 State expense or partial State expense to any captive or co-opted group of students, as defined by
28 the State Board of Community Colleges, without prior approval of the State Board. All course
29 offerings approved for State prison inmates or prisoners in local jails must be tied to clearly
30 identified job skills, transition needs, or both. Approval by the State Board shall be presumed to
31 constitute approval of both the course and the group served by that institution. The State Board
32 may delegate to the President the power to make an initial approval, with final approval to be
33 made by the State Board. A course taught without such approval will not yield any full-time
34 equivalent students, as defined by the State Board. Community colleges shall report full-time
35 equivalent (FTE) student hours for correction education programs on the basis of student
36 membership hours. Funds appropriated for community college courses for prison inmates shall
37 be used only for inmates in State prisons. The first priority for the use of these funds shall be to
38 restore the FTE for basic skills courses to the FY 2008-2009 level. Funds not needed for this
39 purpose may be used for continuing education and curriculum courses related to job skills
40 training. No community college shall operate a multi-entry/multi-exit class or program in a prison
41 facility, except for a literacy class or program. The State Board shall work with the Division of
42 Adult Correction and Juvenile Justice of the Department of Public Safety on offering classes and
43 programs that match the average length of stay of an inmate in a prison facility.

44 (b) Courses in Federal Prisons. – Courses in federal prisons shall not earn regular budget
45 full-time equivalents but may be offered on a self-supporting basis.

46 **§ 115D-10.35. Teacher residency licensure courses.**

47 The North Carolina Community College System may offer courses, in accordance with
48 Article 17D of Subchapter V of Chapter 115C of the General Statutes, to individuals who choose
49 to enter the teaching profession through residency licensure.

50 **§ 115D-10.40. American Sign Language courses.**

1 The State Board of Community Colleges shall develop curriculum and continuing education
2 standards for courses of instruction in American Sign Language and shall encourage community
3 colleges to offer courses in American Sign Language as a modern foreign language.

4 **"§ 115D-10.45. Adult high school equivalency diploma test.**

5 The State Board of Community Colleges may establish, retain, and budget fees charged to
6 students taking an adult high school equivalency diploma test, including fees for retesting. Fees
7 collected for this purpose shall be used only to (i) offset the costs of the test, including the cost
8 of scoring the test, (ii) offset the costs of printing adult high school equivalency diplomas, and
9 (iii) meet federal and State reporting requirements related to the test.

10 **"§ 115D-10.50. Motorcycle Safety Instruction Program.**

11 (a) There is created a Motorcycle Safety Instruction Program for the purpose of
12 establishing statewide motorcycle safety instruction to be delivered through the Community
13 Colleges System Office. The Program may be administered by a motorcycle safety coordinator
14 who shall be responsible for the planning, curriculum, and completion requirements of the
15 Program. The State Board of Community Colleges may elect a motorcycle safety coordinator
16 upon nomination of the President of the Community College System, and the compensation of
17 the motorcycle safety coordinator shall be fixed by the State Board upon recommendation of the
18 President of the Community College System pursuant to G.S. 115D-3. The State Board of
19 Community Colleges may contract with an appropriate public or private agency or person to
20 carry out the duties of the motorcycle safety coordinator.

21 (b) The Motorcycle Safety Instruction Program shall be implemented through the
22 Community Colleges System Office at institutions which choose to provide the Program. The
23 motorcycle safety coordinator shall select and facilitate the training and certification of
24 instructors who will implement the Program.

25 "Part 4. Students.

26 **"§ 115D-10.65. Accreditation of secondary school located in North Carolina shall not be a**
27 **factor in admissions, loans, scholarships, or other educational policies.**

28 (a) For purposes of this section, the term "accreditation" shall include certification or any
29 other similar approval process.

30 (b) The State Board of Community Colleges shall adopt a policy that prohibits any
31 community college from soliciting or using information regarding the accreditation of a
32 secondary school located in North Carolina that a person attended as a factor affecting
33 admissions, loans, scholarships, or other educational activity at the community college, unless
34 the accreditation was conducted by a State agency.

35 **"§ 115D-10.70. Driving eligibility certificates.**

36 (a) The State Board of Community Colleges shall adopt the following rules to assist
37 community colleges in their administration of procedures necessary to implement G.S. 20-11 and
38 G.S. 20-13.2:

39 (1) To establish the procedures a person who is or was enrolled in a community
40 college must follow and the requirements that person must meet to obtain a
41 driving eligibility certificate.

42 (2) To require the person who is required under G.S. 20-11(n) to sign the driving
43 eligibility certificate to provide the certificate if he or she determines that one
44 of the following requirements is met:

45 a. The person seeking the certificate is eligible for the certificate under
46 G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).

47 b. The person seeking the certificate is eligible for the certificate under
48 G.S. 20-11(n)(1) and G.S. 20-11(n1).

49 (3) To provide for an appeal through the grievance procedures established by the
50 board of trustees of each community college by a person who is denied a
51 driving eligibility certificate.

1 (4) To define exemplary student behavior and to define what constitutes the
2 successful completion of a drug or alcohol treatment counseling program.

3 (b) The State Board shall develop policies as to when it is appropriate to notify the
4 Division of Motor Vehicles that a person who is or was enrolled in a community college no
5 longer meets the requirements for a driving eligibility certificate. The State Board also shall adopt
6 guidelines to assist the presidents of community colleges in their designation of representatives
7 to sign driving eligibility certificates.

8 (c) The State Board shall develop a form for the appropriate individuals to provide their
9 written, irrevocable consent for a community college to disclose to the Division of Motor
10 Vehicles that the student no longer meets the conditions for a driving eligibility certificate under
11 G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this disclosure is necessary to
12 comply with G.S. 20-11 or G.S. 20-13.2. Other than identifying under which statutory subsection
13 the student is no longer eligible, no other details or information concerning the student's school
14 record shall be released pursuant to this consent.

15 **"§ 115D-10.75. Excused absences for religious observances.**

16 The State Board of Community Colleges shall direct each community college to adopt a
17 policy that authorizes a minimum of two excused absences each academic year for religious
18 observances required by the faith of a student. The policy may require that the student provide
19 written notice of the request for an excused absence a reasonable time prior to the religious
20 observance. The policy shall also provide that the student shall be given the opportunity to make
21 up any tests or other work missed due to an excused absence for a religious observance.

22 **"§ 115D-10.76. Excused absences for National Guard service members.**

23 The State Board of Community Colleges shall adopt a policy to be applied uniformly
24 throughout the Community College System to provide that any student enrolled in a community
25 college who is a National Guard service member placed onto State active duty status during an
26 academic term shall be given an excused absence for the period of time the student is on active
27 duty. The policy shall further provide all of the following:

28 (1) The student shall be given the opportunity to make up any test or other work
29 missed during the excused absence.

30 (2) The student shall be given the option, when feasible, to continue classes and
31 coursework during the academic term through online participation for the
32 period of time the student is placed on active duty.

33 (3) The student shall be given the option of receiving a temporary grade of
34 "incomplete (IN)" or "absent from the final exam (AB)" for any course that
35 the student was unable to complete as a result of being placed on State active
36 duty status; however, the student must complete the course requirements
37 within the period of time specified by the community college to avoid
38 receiving a failing grade for the course.

39 (4) The student shall be permitted to drop, with no penalty, any course that the
40 student was unable to complete as a result of being placed on State active duty
41 status."

42 **SECTION 6.5.(b)** G.S. 115D-20(4) reads as rewritten:

43 "(4) To apply the standards and requirements for admission and graduation of
44 students and other standards established by the State Board of Community
45 Colleges. ~~Notwithstanding any law or administrative rule to the contrary, local~~
46 ~~community colleges are permitted to offer the following programs:~~

47 a. ~~Subject to the approval of the State Board of Community Colleges,~~
48 ~~local community colleges may collaborate with public school units~~
49 ~~and nonpublic schools to offer courses through the following~~
50 ~~programs:~~

- 1 1. ~~Repealed by Session Laws 2022-71, s. 3.2, effective July 8,~~
- 2 ~~2022.~~
- 3 2. ~~Academic transition pathways for qualified junior and senior~~
- 4 ~~high school students that lead to a career technical education~~
- 5 ~~certificate, diploma, or State or industry recognized credential~~
- 6 ~~and academic transition pathways for qualified freshmen and~~
- 7 ~~sophomore high school students that lead to a career technical~~
- 8 ~~education certificate or diploma in (i) industrial and~~
- 9 ~~engineering technologies, (ii) agriculture and natural~~
- 10 ~~resources, (iii) transportation technology, (iv) construction, or~~
- 11 ~~(v) business technologies.~~
- 12 3. ~~College transfer pathways requiring the successful completion~~
- 13 ~~of 30 semester credit hours of transfer courses, including~~
- 14 ~~English and mathematics, for the following students:~~
- 15 I. ~~Qualified junior and senior high school students.~~
- 16 II. ~~Qualified freshman and sophomore high school~~
- 17 ~~students, if all of the following requirements are met:~~
- 18 A. ~~The student is determined to be academically~~
- 19 ~~gifted, have a demonstrated readiness for the~~
- 20 ~~course material, and have the maturity to justify~~
- 21 ~~admission to the community college by (i) the~~
- 22 ~~community college president, (ii) the student's~~
- 23 ~~high school principal or equivalent~~
- 24 ~~administrator, and (iii) the academically gifted~~
- 25 ~~coordinator, if one is employed by the high~~
- 26 ~~school or local school administrative unit.~~
- 27 B. ~~The student participates in academic advising~~
- 28 ~~focused on the implications of being admitted~~
- 29 ~~to college early with representatives from the~~
- 30 ~~high school and the community college.~~
- 31 C. ~~The student's parent or guardian has given~~
- 32 ~~consent for the student to participate.~~
- 33 a1. ~~Subject to the approval of the State Board of Community Colleges,~~
- 34 ~~local community colleges may collaborate with local school~~
- 35 ~~administrative units to offer cooperative innovative high school~~
- 36 ~~programs, as provided by Part 9 of Article 16 of Chapter 115C of the~~
- 37 ~~General Statutes.~~
- 38 b. ~~During the summer quarter, persons less than 16 years old may be~~
- 39 ~~permitted to take noncredit courses on a self-supporting basis, subject~~
- 40 ~~to rules of the State Board of Community Colleges.~~
- 41 e. ~~High school students may be permitted to take noncredit courses in~~
- 42 ~~safe driving on a self-supporting basis during the academic year or the~~
- 43 ~~summer.~~
- 44 d. ~~High school students 16 years and older may be permitted to take~~
- 45 ~~noncredit courses, except adult basic skills, subject to rules~~
- 46 ~~promulgated by the State Board of Community Colleges.~~
- 47 e. ~~Notwithstanding any other provision of this subdivision, qualified~~
- 48 ~~youth 15 years and older may be permitted to enroll in courses,~~
- 49 ~~including certification-eligible courses, in fire training pursuant to~~
- 50 ~~G.S. 95-25.5(n) and on a specialized course list approved by the State~~

1 ~~Board of Community Colleges in accordance with~~
2 ~~G.S. 115D-5(b)(2):"~~

3 **SECTION 6.5.(c)** Article 2 of Chapter 115D of the General Statutes is amended by
4 adding a new section to read:

5 "**§ 115D-21.2. Accreditation.**

6 (a) Definitions. – The following definitions apply in this section:

7 (1) Accreditation cycle. – The period of time during which a community college
8 is accredited.

9 (2) Accrediting agency. – An agency or association that accredits institutions of
10 higher education.

11 (3) Regional accrediting agency. – One of the following accrediting agencies:

12 a. Higher Learning Commission.

13 b. Middle States Commission on Higher Education.

14 c. New England Commission on Higher Education.

15 d. Northwest Commission on Colleges and Universities.

16 e. Southern Association of Colleges and Schools Commission on
17 Colleges.

18 f. Western Association of Schools and Colleges Accrediting
19 Commission for Community and Junior Colleges.

20 (b) Prohibit Consecutive Accreditation by an Accrediting Agency. – A community
21 college shall not receive accreditation by an accrediting agency for consecutive accreditation
22 cycles except as provided in subsection (c) of this section.

23 (c) Accreditation Transfer Procedure. – A community college that pursues accreditation
24 with a different accrediting agency in accordance with this section shall pursue accreditation with
25 a regional accrediting agency. If the community college is not granted candidacy status by any
26 regional accrediting agency that is different from its current accrediting agency at least three
27 years prior to the expiration of its current accreditation, the community college may remain with
28 its current accrediting agency for an additional accreditation cycle.

29 (d) Certain Programs Exempt. – The requirements of this section do not apply to
30 professional, departmental, or certificate programs at community colleges that have specific
31 accreditation requirements or best practices, as identified by the State Board of Community
32 Colleges.

33 (e) Cause of Action. – A community college may bring a civil action, as follows:

34 (1) Against any person who makes a false statement to the accrediting agency of
35 the community college, if all of the following criteria are met:

36 a. The statement, if true, would mean the community college is out of
37 compliance with its accreditation standards.

38 b. The person made the statement with knowledge that the statement was
39 false or with reckless disregard as to whether it was false.

40 c. The accrediting agency conducted a review of the community college
41 as a proximate result of the statement.

42 d. The review caused the community college to incur costs.

43 (2) A community college that prevails on a cause of action initiated pursuant to
44 this subsection shall be entitled to the following:

45 a. Costs related to the review conducted by the accrediting agency,
46 including for the following:

47 1. Additional hours worked by community college personnel.

48 2. Contracted services, including outside legal counsel.

49 3. Travel, lodging, and food expenses.

50 4. Fees required by the agency.

51 b. Reasonable attorneys' fees.

1 c. Court costs."

2 **SECTION 6.5.(d)** G.S. 115D-21.5 is repealed.

3 **SECTION 6.5.(e)** Article 2 of Chapter 115D of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 115D-21.10. Curriculum courses taught throughout year.**

6 Community colleges may teach curriculum courses at any time during the year, including the
7 summer term. Student membership hours from these courses shall be counted when computing
8 full-time equivalent students (FTE) for use in budget funding formulas at the State level."

9 **SECTION 6.5.(f)** Chapter 115D of the General Statutes is amended by adding a new
10 Article to read:

11 "Article 2B.

12 "High School Programs.

13 **"§ 115D-30.1. Career and College Promise Program.**

14 (a) There is established the Career and College Promise Program to allow pathways for
15 qualified high school students to take community college courses without the payment of tuition.

16 (b) Subject to the approval of the State Board of Community Colleges, local community
17 colleges may collaborate with public school units and nonpublic schools to offer courses through
18 the following programs:

19 (1) Academic transition pathways for qualified junior and senior high school
20 students that lead to a career technical education certificate, diploma, or State
21 or industry-recognized credential and academic transition pathways for
22 qualified freshmen and sophomore high school students that lead to a career
23 technical education certificate or diploma in one of the following:

24 a. Industrial and engineering technologies.

25 b. Agriculture and natural resources.

26 c. Transportation technology.

27 d. Construction.

28 e. Business technologies.

29 (2) College transfer pathways requiring the successful completion of 30 semester
30 credit hours of transfer courses, including English and mathematics, for the
31 following students:

32 a. Qualified junior and senior high school students.

33 b. Qualified freshmen and sophomore high school students, if all of the
34 following requirements are met:

35 1. The student is determined to be academically gifted, have a
36 demonstrated readiness for the course material, and have the
37 maturity to justify admission to the community college by (i)
38 the community college president, (ii) the student's high school
39 principal or equivalent administrator, and (iii) the academically
40 gifted coordinator, if one is employed by the high school or
41 local school administrative unit.

42 2. The student participates in academic advising focused on the
43 implications of being admitted to college early with
44 representatives from the high school and the community
45 college.

46 3. The student's parent or guardian has given consent for the
47 student to participate.

48 **"§ 115D-30.5. Evaluation of Career and College Promise Program.**

49 (a) Evaluation. – In addition to the evaluation of cooperative innovative high schools by
50 the State Board of Education pursuant to G.S. 115C-238.55, the State Board of Community
51 Colleges, in conjunction with the State Board of Education and the Board of Governors of The

1 University of North Carolina, shall evaluate the success of students participating in the Career
2 and College Promise Program, including the College Transfer pathway and the Career and
3 Technical Education pathway.

4 (b) Metrics. – Success shall be measured by high school retention rates, high school
5 completion rates, high school dropout rates, certification and associate degree completion,
6 admission to four-year institutions, postgraduation employment in career or study-related fields,
7 and employer satisfaction of employees who participated in the programs. The evaluation shall
8 also include an analysis of the cost of students participating in each of the programs within the
9 Career and College Promise Program, including at least the following:

10 (1) Total enrollment funding, the number of budgeted full-time equivalent
11 students, and the number of students enrolled in courses through cooperative
12 innovative high schools, the College Transfer pathway, and the Career and
13 Technical Education pathway.

14 (2) The cost and number of waivers of tuition and registration fees provided for
15 students enrolled in courses through cooperative innovative high schools, the
16 College Transfer pathway, and the Career and Technical Education pathway.

17 (3) Any additional costs of a student attending courses on campus if a student is
18 not attending public school in a local school administrative unit for the
19 majority of the student's instructional time.

20 (c) Report. – The Boards shall jointly report by March 15 of each year to the Joint
21 Legislative Education Oversight Committee, the Senate Appropriations Committee on
22 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal
23 Research Division of the General Assembly. The report shall be combined with the evaluation
24 of cooperative innovative high schools required by G.S. 115C-238.55, and the Community
25 Colleges System Office shall be responsible for submitting the combined report.

26 **"§ 115D-30.10. Cooperative innovative high schools.**

27 Subject to the approval of the State Board of Community Colleges, local community colleges
28 may collaborate with local school administrative units to offer cooperative innovative high
29 school programs, as provided by Part 9 of Article 16 of Chapter 115C of the General Statutes.

30 **"§ 115D-30.15. Noncredit courses.**

31 Subject to rules adopted by the State Board of Community Colleges, local community
32 colleges may provide for the following:

33 (1) During the summer quarter, persons less than 16 years old may be permitted
34 to take noncredit courses on a self-supporting basis.

35 (2) High school students may be permitted to take noncredit courses in safe
36 driving on a self-supporting basis during the academic year or the summer.

37 (3) High school students 16 years and older may be permitted to take noncredit
38 courses, except adult basic skills.

39 (4) Notwithstanding any other provision of this Article, qualified youth 15 years
40 and older may be permitted to enroll in courses, including
41 certification-eligible courses, in fire training pursuant to G.S. 95-25.5(n) and
42 on a specialized course list approved by the State Board of Community
43 Colleges in accordance with G.S. 115D-30.1.

44 **"§ 115D-30.20. Gateway to College Program.**

45 The purpose of the first semester of the Gateway to College Program is to address additional
46 support to successfully complete the Program. Students may need to take developmental courses
47 necessary for the transition to more challenging courses; therefore, the State Board of Community
48 Colleges shall (i) permit high school students who are enrolled in Gateway to College Programs
49 to enroll in developmental courses based on an assessment of their individual student needs by a
50 high school and community college staff team and (ii) include this coursework in computing the
51 budget FTE for the colleges.

1 **"§ 115D-30.25. NC Career Coach Program.**

2 (a) Purpose. – There is established the NC Career Coach Program to place community
3 college career coaches in high schools to assist students with determining career goals and
4 identifying community college programs that would enable students to achieve these goals.

5 (b) Memorandum of Understanding. – The board of trustees of a community college and
6 a local board of education of a local school administrative unit within the service area of the
7 community college shall enter into a memorandum of understanding for the placement of career
8 coaches employed by the board of trustees of the community college in schools within the local
9 school administrative unit. At a minimum, the memorandum of understanding shall include the
10 following:

11 (1) Requirement that the community college provides the following:

12 a. Hiring, training, and supervision of career coaches. The board of
13 trustees may include a local board of education liaison on the hiring
14 committee to participate in the decision making regarding hiring for
15 the coach positions.

16 b. Salary, benefits, and all other expenses related to the employment of
17 the career coach. The coach will be an employee of the board of
18 trustees and will not be an agent or employee of the local board of
19 education.

20 c. Development of pedagogical materials and technologies needed to
21 enhance the advising process.

22 d. Criminal background checks required by the local school
23 administrative unit for employees working directly with students.

24 e. Agreement that, while on any school campus, the career coach will
25 obey all local board of education rules and will be subject to the
26 authority of the school building administration.

27 (2) Requirement that the local school administrative unit provides the following
28 to career coaches:

29 a. Access to student records, as needed to carry out the coach's job
30 responsibilities.

31 b. Office space on site appropriate for student advising.

32 c. Information technology resources, including, but not limited to,
33 internet access, telephone, and copying.

34 d. Initial school orientation and ongoing integration into the faculty and
35 staff community.

36 e. Promotion of school-wide awareness of coach duties.

37 f. Facilitation of the coach's access to individual classes and larger
38 assemblies for the purposes of awareness building.

39 (c) Application for NC Career Coach Program Funding. – The board of trustees of a
40 community college and a local board of education of a local school administrative unit within the
41 service area of the community college jointly may apply for available funds for NC Career Coach
42 Program funding from the State Board of Community Colleges. The State Board of Community
43 Colleges shall establish a process for award of funds as follows:

44 (1) Advisory committee. – Establishment of an advisory committee, which shall
45 include representatives from the NC Community College System, the
46 Department of Public Instruction, the Department of Commerce, and at least
47 three representatives of the business community, to review applications and
48 make recommendations for funding awards to the State Board.

49 (2) Application submission requirements. – The State Board of Community
50 Colleges shall require at least the following:

- 1 a. Evidence of a signed memorandum of understanding that meets, at a
- 2 minimum, the requirements of this section.
- 3 b. Evidence that the funding request will be matched with local funds in
- 4 accordance with the following:
- 5 1. Matching funds may come from public or private sources.
- 6 2. The match amount shall be determined based on the
- 7 development tier designation of the county in which the local
- 8 school administrative unit is located where the career coach is
- 9 assigned on the date of the award of funds by the State Board
- 10 of Community Colleges according to the following:
- 11 I. If located in a tier one county as defined in
- 12 G.S. 143B-437.08, no local match shall be required.
- 13 II. If located in a tier two county as defined in
- 14 G.S. 143B-437.08, one dollar (\$1.00) of local funds for
- 15 every two dollars (\$2.00) in State funds shall be
- 16 required.
- 17 III. If located in a tier three county as defined in
- 18 G.S. 143B-437.08, one dollar (\$1.00) of local funds for
- 19 every one dollar (\$1.00) in State funds shall be
- 20 required.
- 21 (3) Awards criteria. – The State Board of Community Colleges shall develop
- 22 criteria for consideration in determining the award of funds that shall include
- 23 the following:
- 24 a. Consideration of the workforce needs of business and industry in the
- 25 region.
- 26 b. Targeting of resources to enhance ongoing economic activity within
- 27 the community college service area and surrounding counties.
- 28 c. Geographic diversity of awards.
- 29 (d) Annual Report. –
- 30 (1) The board of trustees of a community college that employs one or more career
- 31 coaches shall report annually to the State Board of Community Colleges on
- 32 implementation and outcomes of the Program, including the following
- 33 information:
- 34 a. Number of career coaches employed.
- 35 b. Number of local school administrative units served and names of
- 36 schools in which career coaches are placed.
- 37 c. Number of students annually counseled by career coaches.
- 38 d. Impact of career coaches on student choices, as determined by a valid
- 39 measure selected by the State Board of Community Colleges.
- 40 (2) The State Board of Community Colleges shall report annually no later than
- 41 October 1 to the Joint Legislative Education Oversight Committee on the
- 42 following:
- 43 a. A compilation of the information reported by the board of trustees of
- 44 community colleges, as provided in subdivision (1) of this subsection.
- 45 b. Number and names of partnership applicants for NC Career Coach
- 46 Program funding.
- 47 c. Number, names, and amounts of those awarded NC Career Coach
- 48 Program funding."

49 **SECTION 6.5.(g)** G.S. 115D-39, 115D-39.1, 115D-40.1, and 115D-40.5 are
50 codified into Part 2 of Article 3 of Chapter 115D of the General Statutes, which shall be entitled
51 "Tuition and Fees." The remaining sections of Article 3 of Chapter 115D of the General Statutes

1 are codified into Part 1 of Article 3 of Chapter 115D of the General Statutes, which shall be
2 entitled "Funding of Community Colleges."

3 **SECTION 6.5.(h)** Part 2 of Article 3 of Chapter 115D of the General Statutes is
4 amended by adding new sections to read:

5 **"§ 115D-39.2. Pro rata tuition and uniform registration fees.**

6 In order to make instruction as accessible as possible to all citizens, the teaching of curricular
7 courses and of noncurricular extension courses at convenient locations away from institution
8 campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of
9 the established regular tuition rate charged a full-time student shall be charged a part-time student
10 taking any curriculum course. In lieu of any tuition charge, the State Board of Community
11 Colleges shall establish a uniform registration fee, or a schedule of uniform registration fees, to
12 be charged students enrolling in extension courses for which instruction is financed primarily
13 from State funds.

14 **"§ 115D-39.5. Tuition waivers.**

15 (a) Allowed Tuition Waivers. – The State Board of Community Colleges shall not waive
16 tuition and registration fees for any individuals, except the State Board may, as provided by
17 general and uniform regulations, waive tuition and registration fees for the following:

- 18 (1) Persons not enrolled in elementary or secondary schools taking courses
19 leading to a high school diploma or equivalent certificate.
- 20 (2) Courses requested by the following entities that support the organizations'
21 training needs and are on a specialized course list approved by the State Board:
- 22 a. Volunteer fire departments.
- 23 b. Municipal, county, or State fire departments.
- 24 c. Volunteer EMS or rescue and lifesaving departments.
- 25 d. Municipal, county, or State EMS or rescue and lifesaving departments.
- 26 e. Law enforcement, fire, or EMS or rescue and lifesaving entities
27 servicing a lake authority that was created by a county board of
28 commissioners prior to July 1, 2012.
- 29 f. Radio Emergency Associated Communications Teams (REACT)
30 under contract to a county as an emergency response agency.
- 31 g. Municipal, county, or State law enforcement agencies.
- 32 h. Campus police agencies of private institutions of higher education
33 certified by the Attorney General pursuant to Chapter 74G of the
34 General Statutes.
- 35 i. The Division of Prisons of the Department of Adult Correction and the
36 Division of Juvenile Justice of the Department of Public Safety for the
37 training of full-time custodial employees and employees of the
38 Divisions required to be certified under Article 1 of Chapter 17C of
39 the General Statutes and the rules of the Criminal Justice and Training
40 Standards Commission.
- 41 j. The Eastern Band of Cherokee Indians law enforcement, fire, or EMS
42 or rescue and lifesaving tribal government departments or programs.
- 43 k. The Criminal Justice Standards Division of the Department of Justice
44 for the training of criminal justice professionals who are required to be
45 certified under (i) Article 1 of Chapter 17C of the General Statutes and
46 the rules of the North Carolina Criminal Justice Education and
47 Training Standards Commission or (ii) Chapter 17E of the General
48 Statutes and the rules of the North Carolina Sheriffs' Education and
49 Training Standards Commission. The waivers provided for in this
50 sub-subdivision apply to participants and recent graduates of the North

- 1 Carolina Criminal Justice Fellows Program to obtain certifications for
2 eligible criminal justice professions, as defined in G.S. 17C-20(6).
- 3 (3) Firefighters, EMS personnel, and rescue and lifesaving personnel whose duty
4 station is located on a military installation within North Carolina for courses
5 that support their organizations' training needs and are approved for this
6 purpose by the State Board.
- 7 (4) Trainees enrolled in courses conducted under the Customized Training
8 Program.
- 9 (5) Elementary and secondary school employees enrolled in courses in first aid or
10 cardiopulmonary resuscitation (CPR).
- 11 (6) All courses taken by high school students at community colleges, in
12 accordance with this section and Article 2B of this Chapter.
- 13 (7) Human resources development courses for any individual who (i) is
14 unemployed, (ii) has received notification of a pending layoff, (iii) is working
15 and is eligible for the Federal Earned Income Tax Credit (FEITC), or (iv) is
16 working and earning wages at or below two hundred percent (200%) of the
17 federal poverty guidelines.
- 18 (8) Courses providing employability skills, job-specific occupational or technical
19 skills, or developmental education instruction to certain students who are
20 concurrently enrolled in an eligible community college literacy course, in
21 accordance with rules adopted by the State Board.
- 22 (9) Courses provided to students who are participating in a pre-apprenticeship or
23 apprenticeship program that meets all of the following criteria:
- 24 a. Meets one of the following:
- 25 1. Is a registered apprenticeship program recognized by the
26 United States Department of Labor.
- 27 2. Is a pre-apprenticeship program recognized and approved by
28 the State agency administering the statewide apprenticeship
29 program.
- 30 b. Has a documented plan of study with courses relating to a job-specific
31 occupational or technical skill.
- 32 c. Requires the participants in the program to be North Carolina high
33 school students when entering the program.
- 34 (b) Faculty and Staff. – The State Board shall not waive tuition and registration fees for
35 community college faculty or staff members. Community colleges may, however, use State or
36 local funds to pay tuition and registration fees for one course per semester for full-time
37 community college faculty or staff members employed for a nine-, 10-, 11-, or 12-month term.
38 Community colleges may also use State and local funds to pay tuition and registration fees for
39 professional development courses and for other courses consistent with the academic assistance
40 program authorized by the State Human Resources Commission.
- 41 (c) Annual Report. – Annually by February 1, the Community Colleges System Office
42 shall report to the Joint Legislative Education Oversight Committee on the number and type of
43 waivers granted pursuant to subsection (a) of this section."
- 44 **SECTION 6.5.(i)** G.S. 115D-41 is recodified as G.S. 115D-38.5.
- 45 **SECTION 6.5.(j)** G.S. 115D-43 is recodified as G.S. 115D-38.10.
- 46 **SECTION 6.5.(k)** G.S. 115D-44 is repealed.
- 47 **SECTION 6.5.(l)** G.S. 20-11(n) reads as rewritten:
- 48 "(n) Driving Eligibility Certificate. – A person who desires to obtain a permit or license
49 issued under this section must have a high school diploma or its equivalent or must have a driving
50 eligibility certificate. A driving eligibility certificate must meet the following conditions:

- 1 (1) The person who is required to sign the certificate under subdivision (4) of this
 2 subsection must show that he or she has determined that one of the following
 3 requirements is met:
 4 a. The person is currently enrolled in school and is making progress
 5 toward obtaining a high school diploma or its equivalent.
 6 b. A substantial hardship would be placed on the person or the person's
 7 family if the person does not receive a certificate.
 8 c. The person cannot make progress toward obtaining a high school
 9 diploma or its equivalent.
- 10 (1a) The person who is required to sign the certificate under subdivision (4) of this
 11 subsection also must show that one of the following requirements is met:
 12 a. The person who seeks a permit or license issued under this section is
 13 not subject to subsection (n1) of this section.
 14 b. The person who seeks a permit or license issued under this section is
 15 subject to subsection (n1) of this section and is eligible for the
 16 certificate under that subsection.
- 17 (2) It must be on a form approved by the Division.
- 18 (3) It must be dated within 30 days of the date the person applies for a permit or
 19 license issuable under this section.
- 20 (4) It must be signed by the applicable person named below:
 21 a. The principal, or the principal's designee, of the public school in which
 22 the person is enrolled.
 23 b. The administrator, or the administrator's designee, of the nonpublic
 24 school in which the person is enrolled.
 25 c. The person who provides the academic instruction in the home school
 26 in which the person is enrolled.
 27 c1. The person who provides the academic instruction in the home in
 28 accordance with an educational program found by a court, prior to July
 29 1, 1998, to comply with the compulsory attendance law.
 30 d. The designee of the board of directors of the charter school in which
 31 the person is enrolled.
 32 e. The president, or the president's designee, of the community college
 33 in which the person is enrolled.

34 Notwithstanding any other law, the decision concerning whether a driving eligibility
 35 certificate was properly issued or improperly denied shall be appealed only as provided under
 36 the rules adopted in accordance with G.S. 115C-12(28), ~~115D-5(a3)~~, 115D-10.70, or 115C-566,
 37 whichever is applicable, and may not be appealed under this Chapter."

38 **SECTION 6.5.(m)** G.S. 20-13.2(c1) reads as rewritten:

39 "(c1) Upon receipt of notification from the proper school authority that a person no longer
 40 meets the requirements for a driving eligibility certificate under G.S. 20-11(n), the Division must
 41 expeditiously notify the person that his or her permit or license is revoked effective on the
 42 thirtieth calendar day after the mailing of the revocation notice. The Division must revoke the
 43 permit or license of that person on the thirtieth calendar day after the mailing of the revocation
 44 notice. Notwithstanding subsection (d) of this section, the length of revocation must last for the
 45 following periods:

- 46 (1) If the revocation is because of ineligibility for a driving eligibility certificate
 47 under G.S. 20-11(n)(1), then the revocation shall last until the person's
 48 eighteenth birthday.
 49 (2) If the revocation is because of ineligibility for a driving eligibility certificate
 50 under G.S. 20-11(n1), then the revocation shall be for a period of one year.

1 For a person whose permit or license was revoked due to ineligibility for a driving eligibility
2 certificate under G.S. 20-11(n)(1), the Division must restore a person's permit or license before
3 the person's eighteenth birthday, if the person submits to the Division one of the following:

4 (1) A high school diploma or its equivalent.

5 (2) A driving eligibility certificate as required under G.S. 20-11(n).

6 If the Division restores a permit or license that was revoked due to ineligibility for a driving
7 eligibility certificate under G.S. 20-11(n)(1), any record of revocation or suspension shall be
8 expunged by the Division from the person's driving record. The Division shall not expunge a
9 suspension or revocation record if a person has had a prior expunction from the person's driving
10 record for any reason.

11 For a person whose permit or license was revoked due to ineligibility for a driving eligibility
12 certificate under G.S. 20-11(n1), the Division shall restore a person's permit or license before the
13 end of the revocation period, if the person submits to the Division a driving eligibility certificate
14 as required under G.S. 20-11(n).

15 Notwithstanding any other law, the decision concerning whether a driving eligibility
16 certificate was properly issued or improperly denied shall be appealed only as provided under
17 the rules adopted in accordance with G.S. 115C-12(28), ~~115D-5(a3)~~, 115D-10.70, or 115C-566,
18 whichever is applicable, and may not be appealed under this Chapter."

19 **SECTION 6.5.(n)** G.S. 90-631(b) reads as rewritten:

20 "(b) A massage and bodywork therapy program operated by a North Carolina community
21 college that is accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~,
22 G.S. 115D-21.2, is exempt from the approval process, licensure process, or both, established by
23 the Board. The college shall certify annually to the Board that the program meets or exceeds the
24 minimum standards for curriculum, faculty, and learning resources established by the Board.
25 Students who complete the program shall qualify for licenses from the Board as if the program
26 were approved, licensed, or both, by the Board."

27 **SECTION 6.5.(o)** G.S. 93A-4(a2) reads as rewritten:

28 "(a2) A certified real estate education provider shall pay a fee of ten dollars (\$10.00) per
29 licensee to the Commission for each licensee completing a postlicensing education course
30 conducted by the school, provided that these fees shall not be charged to a community college,
31 junior college, college, or university located in this State and accredited by a regional accrediting
32 agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively."

33 **SECTION 6.5.(p)** G.S. 93A-38.5(e) reads as rewritten:

34 "(e) The Commission may establish a nonrefundable course application fee to be charged
35 to private real estate education providers for the review and approval of a proposed continuing
36 education course. The fee shall not exceed one hundred twenty-five dollars (\$125.00) per course.
37 The Commission may charge the private real estate education providers of an approved course a
38 nonrefundable fee not to exceed seventy-five dollars (\$75.00) for the annual renewal of course
39 approval.

40 A private real estate education provider shall pay a fee of ten dollars (\$10.00) per licensee to
41 the Commission for each licensee completing an approved continuing education course
42 conducted by the sponsor.

43 The Commission shall not charge a course application fee, a course renewal fee, or any other
44 fee for a continuing education course sponsored by a community college, junior college, college,
45 or university located in this State and accredited by a regional accrediting agency, as defined in
46 ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively."

47 **SECTION 6.5.(q)** G.S. 93E-1-7(b2) reads as rewritten:

48 "(b2) The Board shall not charge a course application fee, a course renewal fee, or any other
49 fee for a continuing education course offered by a North Carolina college, university, junior
50 college, or community or technical college accredited by a regional accrediting agency, as

1 defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4, respectively, or an agency of the
2 federal, State, or local government."

3 **SECTION 6.5.(r)** G.S. 93E-1-8 reads as rewritten:

4 "**§ 93E-1-8. Education program approval and fees.**

5 ...

6 (b) The Board may by rule set nonrefundable fees chargeable to private real estate
7 appraisal schools or course sponsors, including appraisal trade organizations, for the approval
8 and annual renewal of approval of their qualifying courses required by G.S. 93E-1-6(a), or
9 equivalent courses. The fees shall be one hundred dollars (\$100.00) per course for approval and
10 fifty dollars (\$50.00) per course for renewal of approval. No fees shall be charged for the approval
11 or renewal of approval to conduct appraiser qualifying courses where such courses are offered
12 by a North Carolina college, university, junior college, or community or technical college
13 accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and
14 G.S. 116-11.4, respectively, or an agency of the federal, State, or local government.

15 ...

16 (d) Nonrefundable fees of one hundred dollars (\$100.00) per course may be charged to
17 schools and course sponsors for the approval to conduct appraiser continuing education courses
18 and fifty dollars (\$50.00) per course for renewal of approval. However, no fees shall be charged
19 for the approval or renewal of approval to conduct appraiser continuing education courses where
20 such courses are offered by a North Carolina college, university, junior college, or community
21 or technical college accredited by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~
22 G.S. 115D-21.2 and G.S. 116-11.4, respectively, or by an agency of the federal, State, or local
23 government. A nonrefundable fee of fifty dollars (\$50.00) per course may be charged to current
24 or former licensees or certificate holders requesting approval by the Board of a course for
25 continuing education credit when approval of such course has not been previously obtained by
26 the offering school or course sponsor."

27 **SECTION 6.5.(s)** G.S. 95-25.5(n) reads as rewritten:

28 "(n) Nothing in this section prohibits qualified youths under 18 years of age from
29 participating in training through their fire department, the Office of State Fire Marshal, or the
30 North Carolina Community College System. As used in this subsection, the term "qualified youth
31 under 18 years of age" means an uncompensated fire department or rescue squad member who
32 is at least the age of 15 and under the age of 18 and who is a member of a bona fide fire
33 department, as that term is defined in G.S. 58-86-2(4), or of a rescue squad described in
34 G.S. 58-86-2(6). A qualified youth under 18 years of age under this subsection may be permitted
35 to enroll in courses, including certification-eligible courses, in fire training at a community
36 college on a specialized course list approved by the State Board of Community Colleges pursuant
37 to ~~G.S. 115D-20(4)~~ G.S. 115D-30.15(4)."

38 **SECTION 6.5.(t)** G.S. 115C-84.3(a)(3) reads as rewritten:

39 "(3) Institution of higher education courses, as provided in Article 16 of this
40 Chapter or ~~G.S. 115D-20(4)~~ Article 2B of Chapter 115D of the General
41 Statutes."

42 **SECTION 6.5.(u)** G.S. 115C-238.55 reads as rewritten:

43 "**§ 115C-238.55. Evaluation of cooperative innovative high schools.**

44 The State Board of Education and the governing Boards shall evaluate the success of students
45 in cooperative innovative high schools approved under this Part. Success shall be measured by
46 high school retention rates, high school completion rates, high school dropout rates, certification
47 and associate degree completion, admission to four-year institutions, postgraduation employment
48 in career or study-related fields, and employer satisfaction of employees who participated in and
49 graduated from the schools. The Boards shall jointly report by March 15 of each year to the Joint
50 Legislative Education Oversight Committee, the Senate Appropriations Committee on
51 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal

1 Research Division of the General Assembly on the evaluation of these schools. The report shall
2 be combined with the evaluation of and analysis of cost of students participating in the Career
3 and College Promise Program required by ~~G.S. 115D-5(x)~~, G.S. 115D-30.5, and the Community
4 Colleges System Office shall be responsible for submitting the combined report."

5 **SECTION 6.5.(v)** G.S. 115D-2(2) reads as rewritten:

6 "(2) The term "community college" is defined as an educational institution
7 operating under the provisions of this Chapter and dedicated primarily to the
8 educational needs of the service area which it serves, and may offer any of the
9 following:

- 10 a. The freshmen and sophomore courses of a college of arts and sciences,
11 authorized by ~~G.S. 115D-4.1~~; G.S. 115D-10.10.
- 12 b. Organized credit curricula for the training of technicians; curricular
13 courses may carry transfer credit to a senior college or university
14 where the course is comparable in content and quality and is
15 appropriate to a chosen course of ~~study~~; study.
- 16 c. Vocational, trade, and technical specialty courses and ~~programs~~;
17 and programs.
- 18 d. Courses in general adult education."

19 **SECTION 6.5.(w)** G.S. 115D-39(a1) reads as rewritten:

20 "(a1) In addition, federal law enforcement officers, firefighters, EMS personnel, and rescue
21 and lifesaving personnel whose permanent duty station is within North Carolina and who do not
22 otherwise qualify for tuition waivers under ~~G.S. 115D-5(b)(2a)~~ G.S. 115D-39.5(a)(3) shall also
23 be eligible for the State resident community college tuition rate for courses that support their
24 organizations' training needs and are approved for this purpose by the State Board of Community
25 Colleges."

26 **SECTION 6.5.(x)** G.S. 115D-41(a) reads as rewritten:

27 "(a) Community college contracts with local school administrative units shall not be used
28 by these agencies to supplant funding for a public school high school teacher providing courses
29 offered pursuant to ~~G.S. 115D-20(4)~~ Article 2B of this Chapter who is already employed by the
30 local school administrative unit. In no event shall a community college contract with a local
31 school administrative unit to provide high school level courses."

32 **SECTION 6.5.(y)** Article 6A of Chapter 115D of the General Statutes is repealed.

33 **SECTION 6.5.(z)** G.S. 116-201(b)(8) reads as rewritten:

34 "(8) "Private institution" means an institution other than a seminary, Bible school,
35 Bible college or similar religious institution in this State that is not owned or
36 operated by the State or any agency or political subdivision thereof, or by any
37 combination thereof, that offers post-high school education and is accredited
38 by a regional accrediting agency, as defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2
39 and G.S. 116-11.4, or the Transnational Association of Christian Colleges and
40 Schools, or, in the case of institutions that are not eligible to be considered for
41 accreditation, accredited in those categories and by those nationally
42 recognized accrediting agencies that the Authority may designate;"

43 **SECTION 6.5.(aa)** G.S. 116-280(3) reads as rewritten:

44 "(3) Eligible private postsecondary institution. – A school that is any of the
45 following:

- 46 a. A nonprofit postsecondary educational institution with a main
47 permanent campus located in this State that is not owned or operated
48 by the State of North Carolina or by an agency or political subdivision
49 of the State or by any combination thereof that satisfies all of the
50 following:

1 1. Is either (i) accredited by a regional accrediting agency, as
2 defined in ~~G.S. 115D-6.2~~ G.S. 115D-21.2 and G.S. 116-11.4,
3 or the Transnational Association of Christian Colleges and
4 Schools or (ii) was accredited by ~~SACSCOC~~ the Southern
5 Association of Colleges and Schools Commission on Colleges
6 on January 1, 2021, and, beginning January 1, 2021, was a
7 member of the Transnational Association of Christian Colleges
8 and Schools.

9 2. Awards a postsecondary degree as defined in G.S. 116-15.

10 b. A postsecondary institution owned or operated by a hospital authority
11 as defined in G.S. 131E-16(14) or school of nursing affiliated with a
12 nonprofit postsecondary educational institution as defined in
13 sub-subdivision a. of this subsection."

14 **SECTION 6.5.(bb)** G.S. 126-5(c2)(3) reads as rewritten:

15 "(3) Employees of community colleges whose salaries are fixed in accordance with
16 ~~G.S. 115D-5~~ G.S. 115D-6.1 and G.S. 115D-20 and employees of the
17 Community Colleges System Office whose salaries are fixed by the State
18 Board of Community Colleges in accordance with G.S. 115D-3."

19 **SECTION 6.5.(cc)** Section 6.9(b) of S.L. 2023-134 reads as rewritten:

20 "**SECTION 6.9.(b)** Of the recurring funds appropriated in this act to the Community
21 Colleges System Office for the 2023-2025 fiscal biennium to support increasing program
22 offerings for individuals with IDD pursuant to ~~G.S. 115D-44~~, ~~as enacted by this section,~~
23 G.S. 115D-10.21, the System Office shall establish at least two statewide positions for program
24 support, provide professional development training for college advising staff to assist students
25 with IDD for career pathway exploration and the identification of credentials leading to
26 competitive employment, and explore funding sources to sustain programs for students with
27 IDD."

28
29 **NCCCS LEARNING MANAGEMENT SYSTEM**

30 **SECTION 6.6.(a)** The State Board of Community Colleges shall conduct a
31 competitive solicitation, including a request for information or a request for proposals, to provide
32 a learning management system to all community colleges. The competitive solicitation shall be
33 completed by December 31, 2025, and the transition to the new learning management system
34 shall be completed by December 31, 2027. Answers to the competitive solicitation shall include
35 information on how the learning management system would align with the learning management
36 systems (i) offered by the Department of Public Instruction to local school administrative units
37 and (ii) used by the constituent institutions of The University of North Carolina.

38 **SECTION 6.6.(b)** By December 31, 2025, the State Board shall report to the Senate
39 Appropriations Committee on Education/Higher Education, the House Appropriations
40 Committee on Education, and the Fiscal Research Division on the information received.

41 **SECTION 6.6.(c)** G.S. 143B-1320 reads as rewritten:

42 **"§ 143B-1320. Definitions; scope; exemptions.**

43 (a) Definitions. – The following definitions apply in this Article:

44 (1) CGIA. – Center for Geographic Information and Analysis.

45 ...

46 (17) State agency or agency. – Any agency, department, institution, commission,
47 committee, board, division, bureau, office, unit, officer, or official of the State.
48 The term does not include the legislative or judicial branches of ~~government~~
49 government, the Community Colleges System Office, or The University of
50 North Carolina.

51 ...

(b) Exemptions. – Except as otherwise specifically provided by law, the provisions of this Chapter do not apply to the following entities: the General Assembly, the Judicial Department, the Community Colleges System Office, and The University of North Carolina and its constituent institutions. These entities may elect to participate in the information technology programs, services, or contracts offered by the Department, including information technology procurement, in accordance with the statutes, policies, and rules of the Department. The election must be made in writing, as follows:

(1) For the General Assembly, by the Legislative Services Commission.

(2) For the Judicial Department, by the Chief Justice.

(2a) For the Community Colleges System Office, by the State Board of Community Colleges.

(3) For The University of North Carolina, by the Board of Governors.

(4) For the constituent institutions of The University of North Carolina, by the respective boards of trustees.

...."

FISCAL RESPONSIBILITY AND COMMUNITY COLLEGE TECH PLANNING

SECTION 6.7. Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-9.40. Evaluation of technology costs.

The State Board of Community Colleges shall adopt a policy that requires all community colleges to evaluate the following when acquiring technology, computer hardware, and software:

(1) The long-term cost of ownership, including costs of repairing the technology, computer hardware, or software.

(2) Any flexibility for innovation during the life of the technology, computer hardware, or software.

(3) Any anticipated resale or salvage value at the end of the target life cycle for the technology, computer hardware, or software based on the average resale or salvage value of similar technology, computer hardware, or software as a percentage of the initial cost of purchase."

EXPEDITED TEACHER PIPELINE PATHWAY STUDY

SECTION 6.8. No later than March 15, 2026, ApprenticeshipNC shall report to the Joint Legislative Education Oversight Committee on a plan to facilitate one or more expedited pathways for apprenticeship candidates to enter the teaching profession. ApprenticeshipNC shall develop the plan in collaboration with the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the Department of Public Instruction, and Teach NC. In addition, ApprenticeshipNC may, in its discretion, collaborate with representatives of approved educator preparation programs, local school administrative units, and existing apprenticeship programs. The plan shall include at least the following components:

(1) Options for an accelerated transition pathway that allows high school students to earn college credits leading to a teaching license while participating in structured, paid, or other experiential learning in the classroom, including applicable program design and sequencing components needed to achieve that goal.

(2) Maximize usage and transferability of at least the following coursework completion opportunities:

a. College transfer pathways provided through the Career and College Promise Program that support entry into a recognized educator preparation program.

- 1 b. Community college coursework leading to completion of an associate
2 degree related to teacher preparation.
- 3 c. Online or asynchronous coursework provided at a constituent
4 institution of The University of North Carolina leading to a bachelor's
5 degree.
- 6 d. Enrollment in an associate degree program or a bachelor's degree
7 program while serving (i) as a full-time employee in a public school
8 unit and (ii) as a teacher assistant or apprentice in a registered
9 apprenticeship program pursuant to G.S. 115C-269.33, as enacted by
10 Section 7.37 of this act.
- 11 (3) Any legislative changes or appropriations needed to implement the plan.

13 VARIOUS NCCCS STATUTORY CHANGES

14 **SECTION 6.9.(a)** G.S. 115D-10.17(e), as enacted by this act, reads as rewritten:

15 "(e) Of the funds appropriated in a fiscal year for the Customized Training Program, the
16 State Board of Community Colleges may approve the use of up to ~~eight percent (8%)~~ fifteen
17 percent (15%) for the training and support of regional community college personnel to deliver
18 Customized Training Program services to business and industry."

19 **SECTION 6.9.(b)** G.S. 115D-31.3(e) reads as rewritten:

20 "(e) Mandatory Performance Measures. – The State Board of Community Colleges shall
21 evaluate each college on the following performance measures:

- 22 (1) Progress of basic skills students.
- 23 (2) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
- 24 (3) Performance of students who transfer to a four-year institution.
- 25 (3a) Success rate of students in credit-bearing English courses.
- 26 (3b) Success rate of students in credit-bearing Math or Science courses.
- 27 (4), (5) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.
- 28 (5a) Progress of first-year curriculum students.
- 29 (6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 30 (7) Curriculum student retention and graduation.
- 31 (8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.
- 32 (9) Attainment of licensure and certifications by students.

33 The State Board may also evaluate each college on additional performance measures."

34 **SECTION 6.9.(c)** G.S. 115D-30.25, as enacted by this act, is amended by adding a
35 new subsection to read:

36 "(e) Administrative Costs. – The North Carolina Community Colleges System Office may
37 use up to four percent (4%) of the funds appropriated for the NC Career Coach Program for
38 administrative costs, including system office staffing, professional development, and program
39 management and evaluation. These funds shall be utilized to enhance the effectiveness and
40 sustainability of the program, ensuring its continued support for students within the community
41 college system. The North Carolina Community Colleges System Office shall have the authority
42 to allocate and oversee the utilization of these administrative funds in alignment with the
43 Program's goals and requirements."

44 **SECTION 6.9.(d)** G.S. 115D-30.1(b), as enacted by this act, is amended by adding
45 a new subdivision to read:

- 46 "(3) Career and College Ready Graduate pathways introducing college
47 developmental mathematics and developmental English and reading curricula
48 in the senior year of high school, including the immediately preceding
49 summer, and providing opportunities for college remediation for students
50 prior to high school graduation, ensuring students are prepared for college and
51 career success as they transition from high school to higher education."

1 **SECTION 6.9.(e)** The following provisions are repealed:

- 2 (1) Section 10.13 of S.L. 2015-241.
- 3 (2) Section 10.5 of S.L. 2016-94.
- 4 (3) Section 9.4 of S.L. 2018-5.
- 5 (4) Section 3J.19 of S.L. 2024-57.

6 **SECTION 6.9.(f)** This section applies beginning with the 2025-2026 academic year.

8 **WORKFORCE DIPLOMA PROGRAM**

9 **SECTION 6.10.(a)** Program; Purpose. – The Community Colleges System Office
10 shall establish the Workforce Diploma Program (Program) for the 2025-2026 and the 2026-2027
11 fiscal years. The purpose of the Program is to assist eligible students to obtain a high school
12 diploma and develop employability and career and technical skills. The System Office shall
13 contract with each qualifying third-party entity to separately administer a statewide version of
14 the Program.

15 **SECTION 6.10.(b)** Definitions. – For purposes of this section, the following
16 definitions shall apply:

- 17 (1) Eligible student. – Any adult who meets the following criteria:
 - 18 a. Is 21 years of age or older.
 - 19 b. Is a resident of North Carolina.
 - 20 c. Has not earned a high school diploma or its equivalent.
- 21 (2) Employability skills certification. – A certificate earned by demonstrating
22 professional nontechnical skills through assessment and must include the
23 program standards of the United States Department of Labor's "Skills to Pay
24 the Bills: Mastering Soft Skills for Workplace Success."
- 25 (3) Half credit. – Equivalent to one course or a semester of study.
- 26 (4) Participant. – An eligible student who is participating in the Program.
- 27 (5) Qualifying third-party entity. – An entity that meets all of the following
28 requirements:
 - 29 a. Did the following in the past five years:
 - 30 1. Administered at least three statewide adult high school
31 diploma programs outside of the State.
 - 32 2. For any program described in sub-sub-subdivision 1. of this
33 sub-subdivision, maintained a graduation rate of at least fifty
34 percent (50%) based on a two-year cohort beginning with the
35 second cohort of the program.
 - 36 b. Is accredited by an external, regional accrediting agency.
 - 37 c. Offers a course catalog that aligns with curriculum requirements for a
38 high school diploma in the State.

39 **SECTION 6.10.(c)** Program Requirements. – The Program shall do at least the
40 following:

- 41 (1) Provide one or more courses that help participants obtain a high school
42 diploma and enter or advance within a specific occupation or occupational
43 cluster. Course completion shall be competency-based.
- 44 (2) Assist participants in obtaining employment, including resume development
45 and mock interviews.
- 46 (3) Include at least the following:
 - 47 a. Proactive communication with participants regarding their pace and
48 progress through learning plans.
 - 49 b. A plan for courses and credits needed for each participant that
50 integrates graduation requirements and career goals.
 - 51 c. Mentoring services.

- d. Milestone tracking.
- e. Academic skill intake assessments and transcript evaluations.
- f. A catalog of courses necessary to meet graduation requirements.
- g. Remediation opportunities in literacy and numeracy.
- h. Employability skills certifications.
- i. Preparation for workforce credentials.
- j. Career advising services.
- k. Access to online tutoring services at any time.

SECTION 6.10.(d) Allocation of Funds. – Funds shall be provided to each qualifying third-party entity on a per participant basis, up to seven thousand five hundred dollars (\$7,500) per participant, based on the completion of milestones, as follows:

- (1) Two hundred seventy-five dollars (\$275.00) for the completion of each half credit.
- (2) Two hundred seventy-five dollars (\$275.00) for the completion of an employability skills certification program equivalent to one credit.
- (3) Two hundred seventy-five dollars (\$275.00) for the attainment of an industry-recognized credential requiring up to 50 hours of training.
- (4) Five hundred fifty dollars (\$550.00) for the attainment of an industry-recognized credential requiring between 51 and 100 hours of training.
- (5) Eight hundred twenty-five dollars (\$825.00) for the attainment of an industry-recognized credential requiring more than 100 hours of training.
- (6) One thousand one hundred dollars (\$1,100) for the attainment of a high school diploma.

SECTION 6.10.(e) Report. – The State Board of Community Colleges, in consultation with each qualifying third-party entity, shall submit an interim report by August 15, 2026, and a final report by August 15, 2027, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the impact of the Program, including at least the following information:

- (1) The number of participants.
- (2) The number of credits earned by participants.
- (3) The number of employability skills certifications issued to participants.
- (4) The number and type of workforce credentials earned by participants.
- (5) The number of participants who received a high school diploma.
- (6) The average funding provided per participant who received a high school diploma.
- (7) The percentage of participants who received a high school diploma.

SECTION 6.10.(f) Follow-Up. – To the extent possible, the North Carolina Community Colleges System Office shall attempt to collect data on employment outcomes for students who participated in the Program pursuant to this section. Any data collected shall be submitted to the Joint Legislative Education Oversight Committee by July 15 of the year in which the data was collected.

SECTION 6.10.(g) Nonreversion. – The nonrecurring funds appropriated in this act for the 2025-2026 fiscal year to the North Carolina Community Colleges System Office to establish the Program pursuant to this section shall not revert at the end of the 2025-2026 fiscal year but shall remain available until the end of the 2026-2027 fiscal year.

SECTION 6.10.(h) Administration. – Of the nonrecurring funds appropriated in this act for the 2025-2026 fiscal year to the North Carolina Community Colleges System Office for the Program, the System Office shall use up to one hundred thousand dollars (\$100,000) to hire one full-time equivalent position to administer the Program.

DIGITAL CREDENTIAL PILOT PROGRAM

SECTION 6.11.(a) There is established the Digital Credential Pilot Program (Program) for the 2025-2027 fiscal biennium. The purpose of the Program is to evaluate the effectiveness of digital credential vaults for use by community college students. The North Carolina Community Colleges System Office shall contract with a third-party entity to create a secure, interoperable digital vault platform capable of issuing, storing, verifying, and sharing learner credentials, including microcredentials, certifications, transcripts, and verified skill records and credentials. The platform shall provide equitable cross-device access for learners and allow for credential portability across educational institutions and employers, support open standards for interoperability, offer real-time verification, and ensure privacy and security in compliance with applicable laws. The system shall enable learners to manage a comprehensive, lifelong record of achievement that is accessible, verifiable, and shareable with third parties through digital means. Vault data must be user-encrypted to prevent unauthorized access or sale, and all credential and learner data shall be owned and controlled by the student.

SECTION 6.11.(b) The System Office shall select six community colleges to participate in the Program. The System Office shall make an application available to all community colleges for participation in the Program no later than 30 days after this section becomes law. Community colleges may submit applications up to 30 days after the application is made available. The System Office shall select community colleges to participate in the Program no later than 30 days after the close of the application window.

SECTION 6.11.(c) The System Office shall conduct a study on the efficacy of raising student fees to continue the Program beyond the 2025-2027 fiscal biennium. The System Office shall report to the Joint Legislative Education Oversight Committee on the results of the study by January 15, 2027.

ADD COGNIA AS APPROVED ACCREDITING AGENCY FOR COMMUNITY COLLEGES

SECTION 6.12. G.S. 115D-21.2(a), as enacted by Section 6.5 of this act, reads as rewritten:

"(a) Definitions. – The following definitions apply in this section:

- (1) Accreditation cycle. – The period of time during which a community college is accredited.
- (2) Accrediting agency. – An agency or association that accredits institutions of higher education.
- (3) Regional accrediting agency. – One of the following accrediting agencies:
 - a. Cognia, Inc.
 - a-b. Higher Learning Commission.
 - b-c. Middle States Commission on Higher Education.
 - e-d. New England Commission on Higher Education.
 - d-e. Northwest Commission on Colleges and Universities.
 - e-f. Southern Association of Colleges and Schools Commission on Colleges.
 - f-g. Western Association of Schools and Colleges Accrediting Commission for Community and Junior Colleges."

PART VII. PUBLIC INSTRUCTION**CLARIFY LEARNING.COM FUNDING**

SECTION 7.2.(a) Subsection (b) of Section 7.23K of S.L. 2017-57 reads as rewritten:

1 "SECTION 7.23K.(b) The State Board of Education, the Department of Public Instruction,
2 the Friday Institute, and UNC educator preparation programs, and local boards of education of
3 local school administrative units located within counties determined to be the most economically
4 distressed by the Department of Commerce programs shall collaborate to assess current efforts
5 to provide student digital literacy instruction in kindergarten through eighth grade in ~~those~~ local
6 school administrative units and to develop a plan to strengthen such efforts. Specifications for
7 any products and services that are required to implement digital literacy instruction, including
8 selection of a digital literacy curriculum provider, if necessary, shall be procured through a
9 competitive process. The assessment and plan shall address at least the following:

- 10 (1) Provide opportunity for students to learn essential digital literacy skills,
11 including computer fundamentals, computational thinking, keyboarding,
12 digital citizenship and online safety, Web browsing, e-mail and online
13 communication, visual mapping, word processing, spreadsheets, databases,
14 and presentations.
- 15 (2) Provide teachers with the ability to assess student digital literacy growth.
- 16 (3) Facilitate Project-Based Learning (PBL) and other research-based
17 instructional frameworks to enable educators to integrate instruction on digital
18 literacy into core and supplemental subjects, such as mathematics, English
19 language arts, science, social studies, music, and art.
- 20 (4) Resources that provide teachers with instructional support and supplemental
21 and extension options to address all students, including students with special
22 needs and students who are English language learners.
- 23 (5) Accommodate English language learners with Spanish language instruction."

24 **SECTION 7.2.(b)** Subsection (c) of Section 7.23K of S.L. 2017-57, as amended by
25 Section 7.7 of S.L. 2018-5 and Section 7.17 of S.L. 2023-134, reads as rewritten:

26 "**SECTION 7.23K.(c)** Of the funds appropriated to the Department of Public Instruction to
27 accelerate implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94,
28 beginning with the 2023-2024 fiscal year, the Department shall use up to four million dollars
29 (\$4,000,000) to continue to contract with Learning.com to implement the requirements of this
30 section. The Department shall take no action to impede public school units from accessing
31 Learning.com."

32 **REPEAL PLASMA GAMES PROGRAM**

34 **SECTION 7.3.** Section 7.69 of S.L. 2023-134, as amended by Section 2.8F of S.L.
35 2024-1, is repealed.

37 **BEGINNINGS FOR PARENTS OF CHILDREN WHO ARE DEAF OR HARD OF** 38 **HEARING**

39 **SECTION 7.5.(a)** Beginnings for Parents of Children Who are Deaf or Hard of
40 Hearing, Inc., (Beginnings) shall submit reports to the Joint Legislative Education Oversight
41 Committee and the Department of Public Instruction by December 31, 2025, and June 30, 2026,
42 including at least the following information from the prior fiscal year:

- 43 (1) A detailed accounting of how State funds were spent by the program.
- 44 (2) An accounting of any other funding received from other sources.
- 45 (3) Any planned expenditures or future uses of received funds not reflected in the
46 accounting required by subdivision (1) of this subsection.
- 47 (4) The number of students served by the program, including generalized data on
48 the age, grade level, and location of students served.
- 49 (5) A description of how the program evaluates the effectiveness of the program
50 or student success.
- 51 (6) Outcomes achieved by the program.

(7) Any other information the program deems relevant for the Committee to know.

SECTION 7.5.(b) The Department of Public Instruction shall not release funds to Beginnings unless Beginnings provides to the Department the report that was required to be submitted to the Joint Legislative Education Oversight Committee pursuant to Section 7.28(b) of S.L. 2023-134. Upon receipt of the report from Beginnings, the Department shall forward the report to the Joint Legislative Education Oversight Committee.

REPEAL SCHOOLS THAT LEAD PROGRAM

SECTION 7.6. Section 7.11 of S.L. 2021-180 is repealed.

STREAMLINE LIMITED ENGLISH PROFICIENT ALLOTMENT

SECTION 7.8.(a) The title of Article 32F of Chapter 115C of the General Statutes reads as rewritten:

"Supplemental School ~~Funding~~-Funding and Other Allotments."

SECTION 7.8.(b) Article 32F of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-472.30. Limited English proficient allotment.

To the extent funds are made available for this purpose, the State Board of Education shall allocate funds to local school administrative units, charter schools, regional schools, and laboratory schools operated under Article 29A of Chapter 116 of the General Statutes to provide services to students with limited English proficiency. The State Board shall allocate these funds under a formula that takes into account the average number of students in the units, charters, regional schools, or laboratory schools over the past three years who have limited English proficiency. Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and professional development of teachers for students with limited English proficiency. A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds."

SECTION 7.8.(c) When making adjustments to allocations to local school administrative units from the limited English proficient allotment for the 2025-2026 fiscal year, no local school administrative unit with an average daily membership of 20,000 or fewer students for the 2025-2026 school year shall receive a negative adjustment in excess of fifty thousand dollars (\$50,000) when compared to the allocation received during the 2024-2025 fiscal year from that allotment.

REPEAL TEXTBOOK COMMISSION

SECTION 7.9.(a) G.S. 115C-86 through G.S. 115C-95 and G.S. 115C-97 are repealed.

SECTION 7.9.(b) Part 3 of Article 8 of Chapter 115C of the General Statutes reads as rewritten:

"Part 3. ~~Textbooks~~-Instructional Materials.

§ 115C-85. Textbook-Instructional material needs are determined by course of study.

~~When the State Board of Education has adopted, upon the recommendation of the Superintendent of Public Instruction, a standard course of study at each instructional level in the elementary school and the secondary school, setting forth what subjects shall be taught at each level, it shall proceed to select and adopt textbooks.~~

As used in this part, "textbook"-"instructional materials" means systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Formats for ~~textbooks~~-instructional materials may be print or

1 nonprint, including hardbound books, softbound books, activity-oriented programs, classroom
2 kits, and ~~technology-based programs~~ digital resources that require the use of electronic
3 equipment in order to be used in the learning process.

4 Textbooks adopted in accordance with the provisions of this Part shall be used by the public
5 schools of the State except as provided in G.S. 115C-98(b1).

6 ...

7 **"§ 115C-96. Powers and duties of the State Board of Education in regard to**
8 **textbooks; instructional materials.**

9 (a) The children of the public elementary and secondary schools of the State shall be
10 provided with free basic ~~textbooks; instructional materials~~ within the appropriation of the General
11 Assembly for that purpose. To implement this directive, the State Board of Education shall
12 evaluate annually the amount of money necessary to provide ~~textbooks; instructional materials~~
13 based on the actual cost and availability of ~~textbooks; the instructional materials~~ and shall request
14 sufficient appropriations from the General Assembly.

15 (b) The State Board of Education shall administer a fund and ~~establish~~ adopt rules and
16 regulations necessary to:

- 17 (1) ~~Acquire by contract such basic textbooks as are or may be on the adopted list~~
18 ~~of the State of North Carolina which the Board finds necessary to meet the~~
19 ~~needs of the State public school system and to carry out the provisions of this~~
20 ~~Part.~~
- 21 (2) ~~Provide a system of distribution of these textbooks and distribute the books~~
22 ~~that are provided without using any depository or warehouse facilities other~~
23 ~~than those operated by the State Board of Education.~~
- 24 (3) ~~Provide for the free use, with proper care and return, of elementary and~~
25 ~~secondary basic textbooks; instructional materials. The title of said books; the~~
26 ~~instructional materials shall be vested in the State.~~

27 ...

28 **"§ 115C-98. Local boards of education to provide for local operation of the textbook**
29 **program, the selection and procurement of other instructional materials, and the**
30 **use of nonadopted textbooks; selection of supplementary and instructional**
31 **materials.**

32 (a) Local boards of education shall adopt ~~rules; policies~~ not inconsistent with the ~~policies~~
33 rules of the State Board of Education concerning the local ~~operation of the textbook~~
34 ~~program; selection and procurement of instructional materials.~~

35 (b) Local boards of education shall adopt written policies concerning the procedures to
36 be followed in their local school administrative units for the selection and procurement of
37 ~~supplementary textbooks, library books, periodicals, audiovisual materials, and other~~
38 ~~supplementary and instructional materials~~ needed for instructional purposes in the public schools
39 of their units.

40 Local boards of education shall have sole authority to select and procure supplementary and
41 instructional materials, whether or not the materials contain commercial advertising, to determine
42 if the materials are related to and within the limits of the prescribed curriculum, and to determine
43 when the materials may be presented to students during the school day. ~~Supplementary materials~~
44 ~~and contracts for supplementary materials are not subject to approval by the State Board of~~
45 ~~Education.~~

46 Supplementary ~~books and other instructional materials~~ shall neither displace nor be used to
47 the exclusion of basic ~~textbooks; instructional materials.~~

48 (b1) A local board of education may establish a community media advisory committee to
49 investigate and evaluate challenges from parents, teachers, and members of the public to
50 ~~textbooks and supplementary and instructional materials~~ on the grounds that they are
51 educationally unsuitable, pervasively vulgar, or inappropriate to the age, maturity, or grade level

1 of the students. The State Board of Education shall review its rules and policies concerning these
2 challenges and shall establish guidelines to be followed by community media advisory
3 committees.

4 The local board, at all times, has sole authority and discretion to determine whether a
5 challenge has merit and whether challenged material should be retained or removed.

6 (b2) Local boards of education may:

- 7 (1) Select, procure, and use ~~textbooks~~ instructional materials that have not been
8 adopted by the State Board of Education for use throughout the local school
9 administrative unit for selected grade levels and courses; and
- 10 (2) Approve school improvement plans developed under G.S. 115C-105.27 that
11 include provisions for using ~~textbooks~~ instructional materials that have not
12 been adopted by the State Board of Education for selected grade levels and
13 courses.

14 All ~~textbook~~ instructional material contracts made under this subsection shall include a clause
15 granting to the local board of education the license to produce braille, large print, and
16 audiocassette ~~tape~~ tape, and other accessible copies of the ~~textbooks~~ instructional materials for
17 use in the local school administrative unit.

18 ...

19 **"§ 115C-99. Legal custodians of ~~textbooks~~ instructional materials furnished by State.**

20 Local boards of education are the custodians of all ~~textbooks~~ instructional materials
21 purchased by the local boards with State funds. They shall provide adequate and safe storage
22 facilities for the proper care of ~~these textbooks~~ the instructional materials and emphasize to all
23 students the necessity for proper care of ~~textbooks~~ instructional materials.

24 **"§ 115C-100. Rental fees for ~~textbooks~~ instructional materials prohibited; damage fees
25 authorized.**

26 No local board of education may charge any pupil a rental fee for the use of ~~textbooks~~.
27 instructional materials. A pupil's parents or legal guardians may be charged damage fees for
28 abuse or loss of ~~textbooks~~ instructional materials under rules adopted by the State Board of
29 Education. All money collected from the sale of ~~textbooks~~ instructional materials purchased with
30 State funds under the provisions of this Part shall be paid annually as collected to the State Board
31 of Education.

32 **"§ 115C-101. Duties and authority of superintendents of local school administrative units.**

33 The superintendent of each local school administrative unit, as an official agent of the State
34 Board of Education, shall administer the provisions of this Part and the rules and regulations of
35 the Board insofar as they apply to ~~his~~ the local school administrative unit. The superintendent of
36 each local school administrative unit shall have authority to require the cooperation of principals
37 and teachers so that the children may receive the best possible service, and so that all the ~~books~~
38 instructional materials and moneys may be accounted for properly. If any principal or teacher
39 fails to comply with the provisions of this section, ~~his~~ the superintendent shall withhold ~~his~~ the
40 salary ~~vouchers of the principal~~ until the duties imposed by this section have been performed.

41 If any superintendent fails to comply with the provisions of this section, the State
42 Superintendent, as secretary to the State Board of Education, shall notify the State Board of
43 Education and the State Treasurer. The State Board and the State Superintendent shall withhold
44 the superintendent's ~~salary vouchers~~, salary, and the State Treasurer shall make no payment until
45 the State Superintendent ~~notifies him~~ confirms that the provisions of this section have been
46 complied with.

47 **"§ 115C-102. Right to purchase; disposal of ~~textbooks~~ and instructional materials.**

48 (a) Any parent, guardian, or person in loco parentis may purchase any instructional
49 material needed for any child in the public schools of the State from the board of education of
50 the local school administrative unit in which the child is ~~enrolled or, in the case of basic~~
51 ~~textbooks, from the State Board of Education~~ enrolled.

1 (b) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
 2 or any other provision of law, the State Board of Education may adopt rules authorizing local
 3 boards of education to dispose of discontinued instructional material, ~~including State-adopted~~
 4 ~~textbooks-material.~~"

5 **SECTION 7.9.(c)** G.S. 115C-11(d) reads as rewritten:

6 "(d) Voting. – No voting by proxy shall be permitted. ~~Except in voting on textbook~~
 7 ~~adoptions, a~~ A majority of those present and voting shall be necessary to carry a motion and a
 8 roll call vote shall be had on each motion. A record of all such votes shall be kept in the minute
 9 book."

10 **SECTION 7.9.(d)** G.S. 115C-11(e) is repealed.

11 **SECTION 7.9.(e)** G.S. 115C-12(9)b. is repealed.

12 **SECTION 7.9.(f)** G.S. 115C-12(18)d. reads as rewritten:

13 "d. The State Board of Education shall modify the Uniform Education
 14 Reporting System to provide clear, accurate, and standard information
 15 on the use of funds at the unit and school level. The plan shall provide
 16 information that will enable the General Assembly to determine State,
 17 local, and federal expenditures for personnel at the unit and school
 18 level. The plan also shall allow the tracking of expenditures for
 19 ~~textbooks,~~ instructional materials, educational supplies and
 20 equipment, capital outlay, at-risk students, and other purposes."

21 **SECTION 7.9.(g)** G.S. 115C-47 reads as rewritten:

22 **"§ 115C-47. Powers and duties generally.**

23 In addition to the powers and duties designated in G.S. 115C-36, local boards of education
 24 shall have the power or duty:

25 ...

26 (6) To Regulate Fees, Charges and Solicitations. – Local boards of education shall
 27 adopt rules and regulations governing solicitations of, sales to, and
 28 fund-raising activities conducted by, the students and faculty members in
 29 schools under their jurisdiction, and no fees, charges, or costs shall be
 30 collected from students and school personnel without approval of the board of
 31 education as recorded in the minutes of ~~said~~ the board; provided, this
 32 subdivision shall not apply to such ~~textbooks-instructional material~~ fees as are
 33 determined and established by the State Board of Education. The local board
 34 of education shall publish a schedule of fees, charges, and solicitations
 35 approved by the local board on the local school administrative unit's Web site
 36 by October 15 of each school year and, if the schedule is subsequently revised,
 37 within 30 days following the revision.

38 ...

39 (33) To Approve and Use Supplemental Materials. – Local boards of education
 40 shall have sole authority to select and procure supplementary instructional
 41 materials, whether or not the materials contain commercial advertising,
 42 pursuant to the provisions of G.S. 115C-98(b).

43 (33a) To Approve and Use Textbooks Not Adopted by State Board of Education-
 44 Instructional Materials. – Local boards of education shall have the authority
 45 to select, procure, and use ~~textbooks not adopted by the State Board of~~
 46 ~~Education~~ instructional materials as provided in
 47 ~~G.S. 115C 98(b1).~~ G.S. 115C-98.

48"

49 **SECTION 7.9.(h)** G.S. 115C-76.55 reads as rewritten:

50 **"§ 115C-76.55. Age-appropriate instruction for grades kindergarten through fourth grade.**

1 Instruction on gender identity, sexual activity, or sexuality shall not be included in the
2 curriculum provided in grades kindergarten through fourth grade, regardless of whether the
3 information is provided by school personnel or third parties. For the purposes of this section,
4 curriculum includes the standard course of study and support materials, locally developed
5 curriculum, supplemental instruction, and ~~textbooks and~~ other supplementary materials, but does
6 not include responses to student-initiated questions."

7 **SECTION 7.9.(i)** G.S. 115C-81.5(b)(3) is repealed.

8 **SECTION 7.9.(j)** G.S. 115C-81.25(b)(3) is repealed.

9 **SECTION 7.9.(k)** G.S. 115C-81.25(d) reads as rewritten:

10 "(d) Parental Review. – The State Board of Education shall make available to all local
11 school administrative units for review by the parents and legal guardians of students enrolled at
12 those units any State-developed objectives for instruction, ~~any approved textbooks,~~ the list of
13 reviewed materials, and any other State-developed or approved materials that pertain to or are
14 intended to impart information or promote discussion or understanding in regard to the
15 prevention of sexually transmitted diseases, including HIV/AIDS, to the avoidance of
16 out-of-wedlock pregnancy, or to the reproductive health and safety education curriculum. The
17 review period shall extend for at least 60 days before use."

18 **SECTION 7.9.(l)** G.S. 115C-105.25(b)(12) reads as rewritten:

19 "(12) Funds allotted for ~~textbooks and digital resources~~ instructional materials may
20 only be used for the purchase of ~~textbooks and digital resources~~ to acquire
21 instructional and supplemental materials as identified in Part 3 of Article 8 of
22 this Chapter and to acquire software necessary for the use of the instructional
23 or supplemental materials. These funds shall not be transferred out of the
24 allotment for any other purpose."

25 **SECTION 7.9.(m)** G.S. 115C-242(3) reads as rewritten:

26 "(3) The board of education of any local school administrative unit may operate
27 the school buses of such unit one day prior to the opening of the regular school
28 term for the transportation of pupils and employees to and from the school to
29 which such pupils are assigned or in which they are enrolled and such
30 employees are employed, for the purposes of the registration of students, the
31 organization of classes, the distribution of ~~textbooks,~~ instructional materials,
32 and such other purposes as will, in the opinion of the superintendent of the
33 schools of such unit, promote the efficient organization and operation of such
34 public schools."

35 **SECTION 7.9.(n)** G.S. 115C-271(d)(2) reads as rewritten:

36 "(2) Local funds appropriated for teachers, ~~textbooks,~~ instructional materials, or
37 classroom materials, supplies, and equipment are not transferred or used for
38 this purpose."

39 **SECTION 7.9.(o)** G.S. 115C-384(c) reads as rewritten:

40 "(c) Rental Fees for ~~Textbooks—~~ Instructional Materials Prohibited; Damage Fees
41 Authorized. – No rental fees are permitted for the use of textbooks, but damage fees may be
42 collected pursuant to the provisions of G.S. 115C-100."

43 **SECTION 7.9.(p)** G.S. 115C-390.2(l)(1) reads as rewritten:

44 "(1) The opportunity to take ~~textbooks~~ instructional materials and school-furnished
45 digital devices home for the duration of the absence."

46 **SECTION 7.9.(q)** G.S. 115C-390.5(c)(1) reads as rewritten:

47 "(1) The opportunity to take ~~textbooks—~~ instructional materials home for the
48 duration of the suspension."

49 **SECTION 7.9.(r)** G.S. 115C-398 reads as rewritten:

50 "§ 115C-398. **Damage to school buildings, furnishings, ~~textbooks,~~ instructional materials.**

1 Students and their parents or legal guardians may be liable for damage to school buildings,
2 furnishings and ~~textbooks~~ instructional materials pursuant to the provisions of G.S. 115C-523,
3 115C-100 and 14-132."

4 **SECTION 7.9.(s)** G.S. 143A-48 is repealed.

5 **SECTION 7.9.(t)** No further funds shall be allocated into the State Textbook fund.
6 The Department of Public Instruction, in coordination with the Office of State Budget and
7 Management, shall ensure that the fund is dissolved once all funds are expended.

8 **SECTION 7.9.(u)** Effective July 1, 2025, there is established the Instructional
9 Materials funding allotment within the State Public School Fund. The State Board of Education
10 shall establish the purposes for which the funds within the Instructional Materials funding
11 allotment may be used for the purchase and maintenance of instructional and supplemental
12 materials as identified in Part 3 of Article 8 of Chapter 115C of the General Statutes.

13 **SECTION 7.9.(v)** This section becomes effective July 1, 2025, and applies
14 beginning with the 2025-2026 school year.

15

16 **STABILIZATION OF LOW-WEALTH ALLOTMENT**

17 **SECTION 7.10.** Notwithstanding G.S. 115C-472.22, for each year of the 2025-2027
18 fiscal biennium, the Department of Public Instruction shall distribute supplemental funds for
19 low-wealth counties in the same amount to each county as was distributed for the 2024-2025
20 fiscal year.

21

22 **TECHNICAL ADJUSTMENT TO ADMINISTRATIVE LICENSURE REQUIREMENTS**

23 **SECTION 7.11.(a)** G.S. 115C-270.20(b) reads as rewritten:

24 "(b) Administrator Licenses. – The State Board shall establish rules for the issuance of the
25 following classes of administrator licenses, including required levels of preparation for each
26 classification:

- 27 (1) Administrator license. – A five-year renewable license issued to an individual
28 who meets all of the following requirements:
- 29 a. Holds a bachelor's degree.
 - 30 b. Has successfully completed an approved administrator preparation
31 program.
 - 32 c. Has at least four years of experience as a licensed professional
33 educator.
 - 34 d. ~~Has~~ For individuals seeking a principal license, has submitted a
35 portfolio to the State Board for approval that meets criteria adopted by
36 the State Board.

37"

38 **SECTION 7.11.(b)** This section is effective when it becomes law and applies to
39 applicants for licensure on or after that date.

40

41 **VARIOUS EDUCATION REPORT CHANGES**

42 **SECTION 7.12.(a)** G.S. 115C-12(25) is recodified as G.S. 115C-21(a)(10) and
43 reads as rewritten:

- 44 "(10) Duty to Report to Joint Legislative Education Oversight Committee. – Upon
45 the request of the Joint Legislative Education Oversight Committee, the ~~State~~
46 ~~Board~~ Superintendent of Public Instruction shall examine and evaluate issues,
47 programs, policies, and fiscal information, and shall make reports to that
48 Committee. Furthermore, by ~~November 15~~ March 15 of each year, the ~~State~~
49 ~~Board~~ Superintendent of Public Instruction shall submit reports to that
50 Committee regarding schools identified as low-performing, school
51 improvement plans found to significantly improve student performance,

1 personnel actions taken in low-performing schools, and recommendations for
2 additional legislation to improve student performance and increase local
3 flexibility."

4 **SECTION 7.12.(b)** Subdivision (4) of subsection (d) of G.S. 115C-81.45 is repealed.

5 **SECTION 7.12.(c)** Subsection (b) of Section 7.17 of S.L. 2018-5 is repealed.

6 **SECTION 7.12.(d)** Subsection (d) of Section 7.32 of S.L. 2017-57 is repealed.

7 **SECTION 7.12.(e)** G.S. 115C-12(48) reads as rewritten:

8 "(48) Computer Science Reporting. – The State Board of Education shall report
9 annually by ~~November 15~~ March 15 to the Joint Legislative Education
10 Oversight Committee, the Senate Appropriations Committee on
11 Education/Higher Education, and the House Appropriations Committee on
12 Education on the following data related to computer science participation. For
13 each item, the report shall include (i) statewide data for the current school
14 year, and the four years prior when data is available, to establish trends in
15 computer science instruction and (ii) data for the current school year for each
16 public school unit, disaggregated by school within that unit:

17"

18 **SECTION 7.12.(f)** G.S. 115C-316.2 is repealed.

19 **SECTION 7.12.(g)** G.S. 115C-316.5(a) reads as rewritten:

20 "(a) For the purposes of this section, the term "school health personnel" refers to ~~the same~~
21 positions listed in G.S. 115C-316.2(a): school psychologists, school counselors, school nurses,
22 and school social workers."

23 **SECTION 7.12.(h)** G.S. 115C-299.5 reads as rewritten:

24 "**§ 115C-299.5. Duty to monitor ~~the state of the teaching profession~~ teacher attrition and**
25 **mobility.**

26 ...

27 (b) ~~State of the Teaching Profession~~ Teacher Attrition and Mobility Report. – The State
28 Board of Education shall monitor and compile an annual report to be submitted by the
29 Department of Public Instruction by December 15 ~~February 15~~ annually on the ~~state of the~~
30 attrition and mobility of teachers in the teaching profession in North Carolina that includes data
31 on the decisions of teachers to leave the teaching profession and vacancies in teaching positions
32 as provided in subsections (c) and (e) of this section. The State Board shall adopt standard
33 procedures for each local board of education to use in requesting information required by this
34 report and shall require each local board of education to report the information to the State Board
35 in a standard format adopted by the State Board."

36 **SECTION 7.12.(i)** G.S. 115C-12(22), as amended by S.L. 2023-134, reads as
37 rewritten:

38 "(22) Duty to Monitor the ~~State of the Teaching~~ Attrition and Mobility of Teachers
39 and the State of the School Administration Professions ~~Profession~~ in North
40 Carolina. – The State Board of Education shall monitor and compile an annual
41 report on the ~~state of the teaching~~ attrition and mobility of teachers and the
42 state of the school administration professions ~~profession~~ in North Carolina, as
43 provided in G.S. 115C-289.2 and G.S. 115C-299.5."

44 **SECTION 7.12.(j)** G.S. 115C-289.2(d) reads as rewritten:

45 "(d) Report Consolidation. – The report required by this section shall be consolidated with
46 ~~the report on the State of the Teaching Profession~~ Teacher Attrition and Mobility Report required
47 by G.S. 115C-299.5."

48 **SECTION 7.12.(k)** G.S. 115C-269.50 reads as rewritten:

49 "**§ 115C-269.50. EPP report cards.**

50 The State Board shall create an annual report card for each EPP that, at a minimum,
51 summarizes the information collected in the annual performance reports, as set forth in

1 G.S. 115C-269.35(b). The report cards shall provide user-friendly access to the public, and shall
 2 provide the ability to easily compare annual report card information between EPPs, including
 3 performance and other data reported by each EPP, as provided in G.S. 115C-269.35(b). The State
 4 Board shall make the report cards available to the public through the State Board's Internet ~~Web~~
 5 ~~site website~~ on an annual basis beginning ~~December 15, 2019,~~ February 15, 2026, and the
 6 Department of Public Instruction shall submit the report to the Joint Legislative Education
 7 Oversight Committee annually by that date."

8 **SECTION 7.12.(l)** Subsection (b) of Section 8.30 of S.L. 2015-241, as amended by
 9 Section 3.1(b) of S.L. 2019-165, is repealed.

10 **SECTION 7.12.(m)** G.S. 115C-450(d) reads as rewritten:

11 "(d) No later than ~~May 15, 2022,~~ and ~~every six months thereafter,~~ February 15 of each
 12 year, the Department of Public Instruction shall report all the following information to the Joint
 13 Legislative Education Oversight Committee, the Senate Appropriations Committee on
 14 Education/Higher Education, the House Appropriations Committee on Education, and the Fiscal
 15 Research Division:

16"

17 **SECTION 7.12.(n)** G.S. 115C-218.42(e) reads as rewritten:

18 "(e) Reporting. – No later than ~~March~~ August 15 of each year in which funds are awarded
 19 under the Program, the Department shall report to the Joint Legislative Education Oversight
 20 Committee, the Joint Legislative Transportation Oversight Committee, the Senate
 21 Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal
 22 Research Division on the administration of the Program, including at least the following
 23 information:

24"

25 **SECTION 7.12.(o)** G.S. 115C-218.110(b) reads as rewritten:

26 "(b) The State Board of Education shall review and evaluate the educational effectiveness
 27 of the charter schools authorized under this Article and the effect of charter schools on the public
 28 schools in the local school administrative unit in which the charter schools are located. The Board
 29 shall report annually no later than ~~June~~ August 15 to the Joint Legislative Education Oversight
 30 Committee on the following:

31"

32 **SECTION 7.12.(p)** G.S. 115C-107.5 reads as rewritten:

33 **"§ 115C-107.5. Annual reports.**

34 The State Board shall ~~report~~ send a copy of the annual report submitted as part of the State
 35 Performance Plan and Annual Performance Report that is submitted to the United States
 36 Department of Education and United States Office of Special Education Programs no later than
 37 October 15 of each year to the Joint Legislative Education Oversight Committee on the
 38 implementation of this Article and the educational performance of children with disabilities. The
 39 report may be filed electronically. ~~Each annual report shall include the following information:~~

40 (1) ~~A copy of the following documents that were submitted, received, or made~~
 41 ~~public during the year:~~

42 a. ~~The most recent State performance plan and any amendments to that~~
 43 ~~plan submitted to the Secretary of Education.~~

44 b. ~~Compliance and monitoring reports submitted to the Secretary of~~
 45 ~~Education.~~

46 c. ~~The annual report submitted to the Secretary of Education on the~~
 47 ~~performance of the State under its performance plan.~~

48 d. ~~Any other information required under IDEA to be made available to~~
 49 ~~the public.~~

50 (2) ~~An analysis of the educational performance of children with disabilities in the~~
 51 ~~State and a summary of disputes under Part 1D of this Chapter.~~

1 (3) ~~Development and implementation of any policies related to improving~~
 2 ~~outcomes for elementary and secondary school students with disabilities,~~
 3 ~~including any changes related to the directives set forth in Section 8.30 of S.L.~~
 4 ~~2015-241 as follows:~~

5 a. ~~Reforms related to IEP requirements.~~

6 b. ~~Transition services for students with disabilities from elementary to~~
 7 ~~middle school, middle to high school, and high school to~~
 8 ~~postsecondary education, and for employment opportunities and adult~~
 9 ~~living options.~~

10 c. ~~Increased access to Future Ready Core Course of Study for students~~
 11 ~~with disabilities.~~

12 d. ~~Model programs for use by local school administrative units to~~
 13 ~~improve graduation rates and school performance of students with~~
 14 ~~disabilities."~~

15 **SECTION 7.12.(q)** G.S. 115C-107.3 reads as rewritten:

16 "**§ 115C-107.3. Child find.**

17 (a) The Board shall require an annual census of all children with disabilities residing in
 18 the State, subdivided for "identified" and "suspected" children with disabilities, to be taken in
 19 each school year. Suspected children are those in the formal process of being evaluated or
 20 identified as children with disabilities. The census shall be conducted annually and shall be
 21 completed by October 15, submitted to the Governor and General Assembly and made available
 22 to the public by January 15 annually. The census submitted to the General Assembly may be a
 23 copy of any information or any report submitted to the federal government as part of compliance
 24 with the Individuals with Disabilities Education Act pursuant to 20 U.S.C. § 1418.

25 (b) In taking the census, the Board requires the cooperation, participation, and assistance
 26 of all local educational agencies. Therefore, each local educational agency shall cooperate and
 27 participate with and assist the Board in conducting the census.

28 (c) The census shall include the number of children identified and suspected with
 29 disabilities, their age, the nature of their disability, their county or city of residence, their local
 30 school administrative unit residence, whether they are being provided special educational or
 31 related services and if so by what local educational agency, the identity of each local educational
 32 agency having children with disabilities in its care, custody, management, jurisdiction, control,
 33 or programs, the number of children with disabilities being served by each local educational
 34 agency, and any other information or data that the Board requires. The census shall be of children
 35 with disabilities between the ages three through 21 but is not required to include children with
 36 disabilities that have graduated from high school."
 37

38 **ELEMENTARY AND MIDDLE SCHOOL LITERACY IMPROVEMENT**

39 **SECTION 7.13.(a)** G.S. 115C-83.6 reads as rewritten:

40 "**§ 115C-83.6. Facilitating early grade reading proficiency.**

41 (a) ~~Kindergarten, first, second, and third~~ Kindergarten through fifth grade students shall
 42 be assessed with valid, reliable, formative, and diagnostic reading assessments made available to
 43 local school administrative units by the State Board of Education pursuant to
 44 G.S. 115C-174.11(a). Difficulty with reading development identified through administration of
 45 formative and diagnostic assessments shall be addressed with literacy interventions outlined in
 46 the student's Individual Reading Plan. Parents or guardians of first and second grade students
 47 offered a reading camp as a literacy intervention shall be encouraged to enroll their student in the
 48 reading camp provided by the local school administrative unit. Parents or guardians of a student
 49 identified as demonstrating reading comprehension below grade level shall make the final
 50 decision regarding a student's reading camp attendance.

1 (a1) Kindergarten through ~~third~~-fifth grade reading assessments shall yield data that can
2 be used with the Education Value-Added Assessment System (EVAAS) to analyze student data
3 to identify root causes for difficulty with reading development and to determine actions to address
4 them.

5 (a2) The Department of Public Instruction shall provide for EVAAS analysis all formative
6 and diagnostic assessment data collected pursuant to this section for kindergarten through ~~third~~
7 fifth grade. The Department shall use a uniform template for all data collected, and the template
8 shall be used each time data is provided. The template shall include clear designations for each
9 data component reported.

10 (b) Formative and diagnostic assessments and resultant literacy interventions shall
11 address oral language, phonological and phonemic awareness, phonics, vocabulary, fluency, and
12 comprehension using developmentally appropriate practices. These assessments may be
13 administered by computer or other electronic device.

14 (c) Local school administrative units are encouraged to partner with community
15 organizations, businesses, and other groups to provide volunteers, mentors, or tutors to assist
16 with the provision of literacy interventions that enhance reading development and proficiency."

17 **SECTION 7.13.(b)** G.S. 115C-83.6B(a) reads as rewritten:

18 "(a) An Individual Reading Plan (IRP) shall be developed for any student in kindergarten
19 through ~~third~~-fifth grade demonstrating difficulty with reading development based on the results
20 of either (i) the first diagnostic or formative assessment of the school year or (ii) the first
21 diagnostic or formative assessment of the second semester of the school year. The IRP shall be
22 continually adjusted based on multiple data sources as prescribed by the Department of Public
23 Instruction, indicating that the student is not progressing toward grade-level standards in one or
24 more major reading areas. Based on the most recently collected data, the IRP shall include the
25 following information, specific to the identified student:

- 26 (1) The specific reading skill deficiencies identified by assessment data.
- 27 (2) Goals and benchmarks for growth.
- 28 (3) The means by which progress will be monitored and evaluated.
- 29 (4) The specific additional literacy interventions the student will receive.
- 30 (5) The Science of Reading-based instructional programming the teacher will
31 implement.
- 32 (6) Any additional services the teacher deems appropriate to accelerate the
33 student's reading skill and development."

34 **SECTION 7.13.(c)** G.S. 115C-83.9(a) reads as rewritten:

35 "(a) Parents or guardians shall be notified in writing, and in a timely manner, that the
36 student shall be retained, unless he or she is exempt from mandatory retention for good cause, if
37 the student is not demonstrating reading proficiency by the end of third grade. Parents or
38 guardians shall receive this notice when a kindergarten, first, second, or third grade student (i) is
39 demonstrating difficulty with reading development; or (ii) is not reading at grade level.
40 Additionally, parents or guardians shall receive notice when a fourth or fifth grade student is
41 demonstrating difficulty with reading development or is not reading on grade level as determined
42 by assessments given pursuant to G.S. 115C-83.6."

43 **SECTION 7.13.(d)** G.S. 115C-83.10(b) reads as rewritten:

44 "(b) Each local board of education shall report annually in writing to the State Board of
45 Education by September 1 of each year the following information on the prior school year:

- 46 (1) A description of all literacy interventions provided to students who have been
47 retained under G.S. 115C-83.7(a).
- 48 (2) The number of first and second grade students attending a reading camp
49 offered by the local board.

- 1 (3) The license area or areas, years of licensed teaching experience, grade level
2 assignment, and any other specific subject-area assignments of each teacher
3 providing instruction at a reading camp.
- 4 (4) The number and percentage of teachers providing instruction at a reading
5 camp who were paid a reading performance bonus during the school year
6 immediately preceding the reading camp and the grade level on which the
7 bonus was based.
- 8 (5) The number of kindergarten through ~~third~~ fifth grade students with an
9 Individual Reading Plan."

10 **SECTION 7.13.(e)** G.S. 115C-174.11(a) reads as rewritten:

11 "(a) Assessment Instruments for ~~Kindergarten, First, Second, and Third Grades.~~
12 Kindergarten Through Fifth Grade. – The State Board of Education shall develop, adopt, and
13 provide to the local school administrative units developmentally appropriate individualized
14 assessment instruments aligned with the standard course of study and Part 1A of Article 8 of this
15 Chapter for ~~the kindergarten, first, second, and third grades.~~ kindergarten through fifth grade.
16 Local school administrative units shall use these assessment instruments provided to them by the
17 State Board for ~~kindergarten, first, second, and third~~ kindergarten through fifth grade students to
18 assess progress, diagnose difficulties, and inform instruction and remediation needs. Local school
19 administrative units shall not use standardized tests for summative assessment of kindergarten,
20 first, and second grade students except as required as a condition of receiving federal grants."

21 **SECTION 7.13.(f)** The Department of Public Instruction shall use funds
22 appropriated for this purpose in this act to contract with Lexia Learning Systems, LLC, to provide
23 Lexia Aspire Professional Learning to all English Language Arts, math, science, social studies,
24 teachers of students who are English language learners, and Exceptional Children teachers who
25 teach students in grades six through eight and principals of schools who enroll students in grades
26 six through eight. The Department shall develop a procedure for providing training to half of the
27 teachers referenced in this subsection and all principals referenced in this subsection during the
28 2025-2026 school year with the remaining teachers and all new teachers teaching the subjects
29 referenced in this subsection receiving training during the 2026-2027 school year. The
30 Department shall develop a procedure for prioritizing participation by teachers whose students
31 would receive the most benefit from the training, such as English Language Arts and Exceptional
32 Children teachers. Teachers that complete training pursuant to this subsection shall receive
33 stipends for the school year in which they complete the training. Any remaining funds
34 appropriated for purposes of this section may be used to provide additional Lexia Aspire
35 Professional Learning to teachers or other educational personnel at the State or local level.

36 **SECTION 7.13.(g)** The State Board of Education shall develop literacy standards
37 for grades six through eight to align with the professional learning provided pursuant to
38 subsection (f) of this section.

40 FISCAL RESPONSIBILITY AND K-12 TECH PLANNING

41 **SECTION 7.14.(a)** Part 3A of Article 8 of Chapter 115C of the General Statutes is
42 amended by adding new sections to read:

43 "§ 115C-102.10. Technology costs considerations.

44 The State Board of Education shall adopt rules requiring all public school units to evaluate
45 the following when acquiring technology, computer hardware, and software:

- 46 (1) The long-term cost of ownership, including costs of repairing the technology,
47 computer hardware, or software.
- 48 (2) Any flexibility for innovation during the life of the technology, computer
49 hardware, or software.
- 50 (3) Any anticipated resale or salvage value at the end of the target life cycle for
51 the technology, computer hardware, or software based on the average resale

1 or salvage value of similar technology, computer hardware, or software as a
2 percentage of the initial cost of purchase.

3 **"§ 115C-102.11 Break/fix rate reporting requirement.**

4 (a) Definitions. – The following definitions apply in this section:

- 5 (1) Break/fix rate. – The percentage obtained by dividing the number of school
6 technology devices reported as malfunctioning or needing repair due to
7 physical damage, hardware failure, or other breakage incidents prior to the
8 stated life cycle period, not covered by insurance or a policy plan period, by
9 the total number of school technology devices in operation during that period.
10 (2) School technology device. – Any electronic or computerized equipment
11 provided for educational purposes in a public school unit, including
12 computers, tablets, interactive whiteboards, and similar devices or anything
13 considered a digital device for purposes of the digital learning dashboard
14 pursuant to G.S. 115C-102.9.

15 (b) Each governing body of a public school unit shall submit a report on the following
16 information to the State Board of Education by August 15 annually:

- 17 (1) The break/fix rate of the school technology devices in the public school unit
18 for the previous school year.
19 (2) The total number of school technology devices currently in operation in the
20 public school unit.
21 (3) The total number of school technology devices in the public school unit
22 requiring repair that (i) underwent repair or (ii) were no longer in service
23 during the previous school year.
24 (4) The total amount of funds spent to repair or replace school technology devices
25 during the previous school year.

26 (c) The State Board of Education shall report to the Joint Legislative Education Oversight
27 Committee by November 15 annually on the break/fix rate of school technology devices across
28 all public school units based on the reports submitted by the governing bodies in accordance with
29 subsection (b) of this section. This report shall include a summary of the data reported by each
30 governing body and recommendations to reduce break/fix rates in the future."

31 **SECTION 7.14.(b)** The first reports from governing bodies of public school units
32 required by G.S. 115C-102.11(b), as enacted by this section, shall be submitted no later than
33 August 15, 2026, based on data collected during the 2025-2026 school year. The first report from
34 the State Board of Education required by G.S. 115C-102.11(c), as enacted by this section, shall
35 be submitted no later than November 15, 2026.

36 **SECTION 7.14.(c)** G.S. 115C-12 is amended by adding a new subdivision to read:

37 "(50) To Require Evaluation of Technology Costs. – The State Board shall adopt
38 rules governing public school units evaluating technology costs in accordance
39 with G.S. 115C-102.10."

40 **SECTION 7.14.(d)** G.S. 115C-47 is amended by adding new subdivisions to read:

41 "(70) To Evaluate Technology Costs. – A local board of education shall adopt a
42 policy requiring the evaluation of technology costs considerations adopted by
43 the State Board of Education pursuant to G.S. 115C-102.10.

44 (71) To Report on Break/Fix Rate. – A local board of education shall report
45 annually to the State Board of Education on the break/fix rate of school
46 technology devices in accordance with G.S. 115C-102.11."

47 **SECTION 7.14.(e)** G.S. 115C-150.12C is amended by adding new subdivisions to
48 read:

49 "(37) Evaluate technology costs. – The board of trustees shall adopt a policy
50 requiring the evaluation of technology costs considerations adopted by the
51 State Board of Education pursuant to G.S. 115C-102.10.

1 (38) Report on break/fix rate. – The board of trustees shall report annually to the
2 State Board of Education on the break/fix rate of school technology devices
3 used in the school in accordance with G.S. 115C-102.11."

4 **SECTION 7.14.(f)** Part 2 of Article 14A of Chapter 115C of the General Statutes is
5 amended by adding a new section to read:

6 **"§ 115C-218.33. School technology.**

7 (a) A charter school shall adopt a policy requiring the evaluation of technology costs
8 considerations adopted by the State Board of Education pursuant to G.S. 115C-102.10.

9 (b) A charter school shall report annually to the State Board of Education on the break/fix
10 rate of school technology devices used in the school in accordance with G.S. 115C-102.11."

11 **SECTION 7.14.(g)** G.S. 115C-238.66 is amended by adding new subdivisions to
12 read:

13 "(18a) The board of directors shall adopt a policy requiring the evaluation of
14 technology costs considerations adopted by the State Board of Education
15 pursuant to G.S. 115C-102.10.

16 (18b) The board of directors shall report annually to the State Board of Education
17 on the break/fix rate of technology used in the school in accordance with
18 G.S. 115C-102.11."

19 **SECTION 7.14.(h)** G.S. 116-239.8(b) is amended by adding new subdivisions to
20 read:

21 "(21a) Evaluate technology costs. – The chancellor shall adopt a policy requiring the
22 evaluation of technology costs considerations adopted by the State Board of
23 Education pursuant to G.S. 115C-102.10.

24 (21b) Report on break/fix rate. – The chancellor shall report annually to the State
25 Board of Education on the break/fix rate of technology used in the school in
26 accordance with G.S. 115C-120.11."

27 **SECTION 7.14.(i)** This section is effective when it becomes law and applies
28 beginning with the 2025-2026 academic year.

30 **REPEAL CODING AND MOBILE APP DEVELOPMENT GRANT PROGRAM**

31 **SECTION 7.23.** Section 7.23 of S.L. 2017-57 is repealed.

33 **MAINTAIN COVERAGE OF COPAYS FOR REDUCED-PRICE SCHOOL MEALS**

34 **SECTION 7.24.(a)** G.S. 115C-264 is amended by adding a new subsection to read:

35 "(a1) A local board of education that is operating a school nutrition program shall provide
36 school lunches, and if provided, breakfasts, to students at no cost to the student for students in all
37 grade levels that qualify for reduced-price meals under the federal National School Lunch
38 Program or School Breakfast Program. If funds from alternate sources are insufficient to provide
39 school meals at no costs to students for students that qualify for reduced-price meals, the
40 Department of Public Instruction may use funds appropriated to the State Aid for Public Schools
41 Fund for this purpose."

42 **SECTION 7.24.(b)** Section 7.58 of S.L. 2023-134 is repealed.

44 **CHARTER SCHOOLS REVIEW BOARD AMENDMENTS**

45 **SECTION 7.25.(a)** G.S. 115C-218 reads as rewritten:

46 **"§ 115C-218. Purpose of charter schools; role of State Board of Education; establishment**
47 **of North Carolina Charter Schools Review Board and North Carolina Office of**
48 **Charter Schools.**

49 ...

50 (a1) State Board of Education. – The State Board of Education shall have the following
51 duties regarding charter schools:

- 1 (1) Rulemaking. – To ~~establish~~adopt all rules for the operation and approval of
- 2 charter schools. Any rule or policy adopted by the State Board regarding
- 3 charter schools shall first be ~~recommended~~approved by the Charter Schools
- 4 Review Board.
- 5 (2) Funding. – To allocate funds to charter schools.
- 6 (3) Appeals. – To hear appeals from decisions of the Charter Schools Review
- 7 Board under G.S. 115C-218.9.
- 8 (4) Accountability. – To ensure accountability from charter schools for school
- 9 finances and student performance.
- 10 (5) Review of financial assistance. – The State Board shall assign the Review
- 11 Board to conduct any hearings pursuant to 20 U.S.C. § 1231b-2, including
- 12 making findings and recommendations regarding those hearings.

13 (b) North Carolina Charter Schools Review Board. –

14 ...

15 (10) Powers and duties. – The Review Board shall have the following duties:

16 a. To ~~make recommendations to the State Board of Education on the~~

17 ~~adoption of~~ propose, recommend, and approve rules and policies

18 regarding all aspects of charter school operation, including time lines,

19 processes, standards, and criteria for acceptance and approval of

20 applications, monitoring of charter schools, and grounds for

21 revocation of charters.

22 ...

23 e. To conduct hearings and make findings and recommendations

24 pursuant to subdivision (a1)(5) of this section.

25 f. To contract for and employ legal counsel, including private counsel,

26 to advise, represent, and provide litigation services to the Review

27 Board, without need to obtain permission or approval pursuant to

28 G.S. 114-2.3 or G.S. 147-17.

29 ...

30 (c) North Carolina Office of Charter Schools. –

31 ...

32 (2) Executive Director. – The Executive Director shall report to and serve at the

33 pleasure of the ~~Superintendent of Public Instruction Review Board~~ at a salary

34 established by the ~~Superintendent Review Board~~ within the funds

35 appropriated for this purpose. The duties of the Executive Director shall

36 include presenting the recommendations and decisions of the Review Board

37 at meetings of the State Board.

38"

39 **SECTION 7.25.(b)** G.S. 115C-218.15(c) reads as rewritten:

40 "(c) A charter school shall operate under the written charter signed by the State

41 Superintendent and the applicant. The terms of the written charter shall be approved by the

42 Review Board. A charter school is not required to enter into any other contract. The charter shall

43 incorporate the information provided in the application, as modified during the charter approval

44 process, and any terms and conditions imposed on the charter school by the Review Board, or if

45 the approval is granted through an appeal pursuant to G.S. 115C-218.9, any conditions imposed

46 by the State Board of Education. No other terms may be imposed on the charter school as a

47 condition for receipt of local funds."

48 **SECTION 7.25.(c)** G.S. 115C-218.85 is amended by adding a new subsection to

49 read:

50 "(d) Notwithstanding G.S. 116-11(10a) or any other provision of law to the contrary, a

51 charter school shall not be required to list class rank on a student's official transcript or record."

1 **SECTION 7.25.(d)** G.S. 115C-218.90(a) is amended by adding a new subdivision
2 to read:

3 "(7) A charter school may develop and use any evaluation for conducting
4 evaluation of teachers provided that it includes standards and criteria similar
5 to those used in the North Carolina Professional Teaching Standards and
6 North Carolina Teacher Evaluation Process, or such other evaluation standard
7 and process required to be used by local school administrative units."

8 **SECTION 7.25.(e)** G.S. 115C-218.94 is amended by adding a new subsection to
9 read:

10 "(c) The Review Board shall require charter schools that are identified as low-performing
11 or continually low-performing to prepare and report on plans to improve the performance of the
12 school. The requirements of G.S. 115C-105.27 shall not apply to charter schools."

13 **SECTION 7.25.(f)** G.S. 115C-218.105 reads as rewritten:

14 "**§ 115C-218.105. State and local funds for a charter school.**

15 ...

16 (a2) The State Board shall withhold or reduce distribution of funds to a charter school if
17 any of the following applies:

- 18 (1) The change in funding is due to an annual adjustment based on enrollment or
19 is a general adjustment to allocations that is not specific to the charter or
20 actions of that charter school.
- 21 (2) The Review Board notifies the State Board that the charter school has
22 materially violated a term of its charter, has violated a State statute or federal
23 law, or has had its charter terminated or nonrenewed.
- 24 (3) The ~~Superintendent of Public Instruction~~ Review Board notifies the State
25 Board that the charter school has failed to meet generally accepted standards
26 of fiscal management or has violated a State or federal requirement for receipt
27 of funds.

28 ...

29 (c2) The ~~Superintendent of Public Instruction~~ Review Board shall, in consultation with
30 charter schools and local school administrative units, create a standardized enrollment
31 verification and transfer request document that each charter school shall use to request the per
32 pupil share of the local current expense fund from the local school administrative units. Charter
33 schools shall only be required to list the name, age, grade, address, date of charter enrollment,
34 date of charter withdrawal, district of residence, and student identification number of each student
35 as provided to the charter school by the student's parent or guardian in the enrollment verification
36 and transfer request document that the charter school submits to the local school administrative
37 units. A charter school, in its discretion, may take further steps to confirm the student's residence
38 in a particular local school administrative unit.

39 (c3) The ~~Superintendent of Public Instruction~~ Review Board shall, in consultation with
40 charter schools and local school administrative units, create a standardized procedure that local
41 school administrative units shall use when transferring the per pupil share of the local current
42 expense fund to charter schools. The standardized procedure for transfer of the per pupil share of
43 the local current expense fund shall require, to the extent practicable, that the local school
44 administrative units make the transfers by electronic transfer.

45 "

46 **SECTION 7.25.(g)** G.S. 115C-218.123 is amended by adding a new subsection to
47 read:

48 "(c) If a school is operating under a charter that allows for a remote academy as part of the
49 charter, and the school enrolls or intends to enroll 250 or more students in the remote academy,
50 the school may request that the Review Board grant the remote academy portion of the school a
51 separate charter by submitting the information listed under subsection (a) of this section with the

1 request. Requests submitted pursuant to this section shall be reviewed through an expedited
 2 process to be established by the Review Board. The Review Board shall not require a planning
 3 year for remote academies granted a charter pursuant to this subsection."

4 **SECTION 7.25.(h)** G.S. 115C-218.125 reads as rewritten:

5 **"§ 115C-218.125. Evaluation.**

6 (a) The State Board of Education shall evaluate the success of remote charter academies
 7 approved under this Part. Success shall be measured by school performance scores and grades,
 8 retention rates, attendance rates, and, for grades nine through 12, high school completion and
 9 dropout rates. The Board shall report by November 15 of each year to the Joint Legislative
 10 Education Oversight Committee on the evaluation of these academies and on any recommended
 11 statutory changes.

12 (b) If a school is operating under a charter that includes in-person instruction and a remote
 13 charter academy, the remote charter academy shall receive a separate school performance grade
 14 and be treated as a separate school for the purposes of assessing the performance of the remote
 15 charter academy pursuant to G.S. 115C-12(9)c1., 115C-83.15, 115C-218.94, and 115C-218.95."

16 **SECTION 7.25.(i)** This section is effective when it becomes law and applies
 17 beginning with the 2025-2026 school year.

18
 19 **FORMALIZE THE DIAPER BANK OF NORTH CAROLINA'S ROLE AS PROVIDER**
 20 **OF FEMINE HYGIENE PRODUCTS FOR PUBLIC SCHOOLS**

21 **SECTION 7.28.** G.S. 115C-377 reads as rewritten:

22 **"§ 115C-377. Feminine Hygiene Products ~~Grant~~ Program.**

23 (a) Program; Purpose. – The Department of Public Instruction shall establish the
 24 Feminine Hygiene Products ~~Grant~~ Program (Program) to ~~assist public school units participating~~
 25 ~~in the Program in providing~~ provide students with feminine hygiene products at no charge to the
 26 student. The Department shall run the Program in accordance with this section in each year in
 27 which funds are made available for the purpose.

28 (b) Grants. – ~~To the extent funds are made available for the Program, the Department of~~
 29 ~~Public Instruction shall award public school units grants of up to five thousand dollars (\$5,000)~~
 30 ~~on a first come, first served basis, and the Department shall prioritize awarding grants to public~~
 31 ~~school units that did not receive an award pursuant to the Program in the previous fiscal year. No~~
 32 ~~public school unit shall receive more than one grant per fiscal year.~~

33 (b1) Participation. – The Department of Public Instruction shall develop a process through
 34 which public school units can elect to participate in the Program for each school year.

35 (b2) Contract for Products. – The Department of Public Instruction shall contract with the
 36 Diaper Bank of North Carolina to provide feminine hygiene products to all public school units
 37 that elect to participate in the Program on a pro rata basis based on the number of female students
 38 in grades six through 12 in the participating public school unit.

39 (c) Reporting. – ~~No later than March 15, 2023, and every year thereafter that funds are~~
 40 ~~made available for~~ 15 of each year of the Program, the Department shall report to the Joint
 41 Legislative Education Oversight Committee on the public school units receiving grants-products
 42 under the Program, the specific number of feminine hygiene products purchased with the grant
 43 funds, provided through the Program, the number of students served by the Program, and the
 44 impact of the Program on student health and well-being."

45
 46 **ALLOW CHARTER SCHOOL SATELLITES AND RELOCATION**

47 **SECTION 7.29.** G.S. 115C-218.8 reads as rewritten:

48 **"§ 115C-218.8. Nonmaterial revisions of charters.**

49 It shall not be considered a material revision of a charter and shall not require prior approval
 50 of the Review Board for a charter school to do any of the following:

51 ...

(4) Relocate a charter school, expand the campus of a charter school beyond the school's main location and facilities, or establish a satellite extension of a charter school, so long as the relocation, expansion, or satellite is within a 10-mile radius of the school's main location. The relocation, expansion, or satellite need not be located within the same local school administrative unit as the main location of the charter school."

NO ALTERNATE SCHOOL MEALS BASED ON STUDENT PAY STATUS

SECTION 7.31.(a) G.S. 115C-264 is amended by adding a new subsection to read:

"(e) Governing bodies of public school units shall offer the same meal selections to all students regardless of student pay status for the nutrition program. For purposes of this section, pay status includes students receiving free or reduced-price lunch or students that have unpaid meal debt. This policy does not require a governing body to provide a student any optional meal items that result in additional charges to the student."

SECTION 7.31.(b) G.S. 115C-218.75(n) reads as rewritten:

"(n) ~~Unpaid Meal Debt. School Nutrition Program.~~ – If a charter school ~~participates in the~~ offers a school nutrition program, the charter school shall comply with the following in offering the program:

(1) A charter school may not impose administrative penalties on a student for unpaid school meal debt in accordance with G.S. 115C-264(d).

(2) A charter school shall not provide alternate meals based on student pay status in accordance with G.S. 115C-264(e)."

SECTION 7.31.(c) G.S. 115C-218.75(l) is recodified as subdivision (3) of G.S. 115C-218.75(n), as amended by subsection (b) of this section.

SECTION 7.31.(d) G.S. 115C-238.66(22) reads as rewritten:

"(22) ~~Unpaid meal debt. School nutrition program.~~ – If a regional school ~~participates in the~~ offers a school nutrition program, the regional school shall comply with the following in offering the program:

a. A regional school may not impose administrative penalties on a student for unpaid school meal debt in accordance with G.S. 115C-264(d).

b. A regional school shall not provide alternate meals based on student pay status in accordance with G.S. 115C-264(e)."

SECTION 7.31.(e) G.S. 115C-238.66(20) is recodified as sub-subdivision c. of G.S. 115C-238.66(22), as amended by subsection (d) of this section.

SECTION 7.31.(f) This section applies beginning with the 2025-2026 school year.

CEP TIME LINE SHIFT AND CLARIFY BREAKFAST LOCATION

SECTION 7.32. Section 7.59 of S.L. 2023-134 reads as rewritten:

"**SECTION 7.59.(a)** Program; Purpose. – The Department of Public Instruction shall establish the CEP Meal Program Incentive ~~for the 2023-2025 fiscal biennium~~ to expand public school participation in the federal Community Eligibility Provision (CEP) program to increase the number of students with access to healthy, cost-free school breakfast and lunch. The incentive program shall be available to public school units for the 2024-2025 fiscal year. In each year where funds are made available for the purpose, the CEP program shall be run subject to the provisions of this section.

...

"**SECTION 7.59.(c)** Application. – ~~By January 15, 2024,~~ April 15 of each year of the program, the Department shall develop the application for the incentive program and make it available to public school units. Public school units or individual schools shall submit their

1 applications by ~~March 1, 2024~~, June 1 of each year of the program. At a minimum, the application
2 shall include the following information:

- 3 (1) The school or schools that will participate in the CEP program.
- 4 (2) The Identified Student Percentage (ISP) for the school or schools for the ~~2024-~~
5 ~~2025-current~~ school year.
- 6 (3) The number of students enrolled in the school or schools for the ~~2024-2025~~
7 ~~current~~ school year.
- 8 (4) Participation rates in the National School Breakfast and Lunch programs for
9 the 2023-2024 school year for the schools requesting to receive the incentive.

10 **"SECTION 7.59.(d) Selection.** – By ~~April 30, 2024~~, July 15 of each year of the program,
11 the Department shall determine whether each applicant is eligible to participate in the incentive
12 program. The Department shall then award grants to all eligible public school units and schools.
13 If there are insufficient funds to award grants to all eligible public school units or schools, the
14 Department shall first prioritize awarding grants to public school units and schools with an
15 Identified Student Percentage (ISP) of greater than or equal to fifty-five percent (55%) and then
16 prioritize awarding grants to those schools that will draw the greatest federal match.

17 **"SECTION 7.59.(e) Grants.** – The Department shall issue State reimbursements to
18 participating public school units and schools to supplement federal reimbursements of school
19 meals. State reimbursement shall equal the difference between the federal free rate and the federal
20 paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of
21 the ISP for the participating schools. State and federal reimbursements shall not exceed one
22 hundred percent (100%) of the federal free rate of meals served. Schools utilizing the incentive
23 shall ~~offer breakfast after the bell and in the classroom~~ have an innovative breakfast option
24 available where students have access to breakfast and are allowed to consume breakfast in the
25 classroom.

26 ...

27 **"SECTION 7.59.(g) Report.** – No later than January ~~1, 2025~~, 1 of each year of the program,
28 the Department shall report to the Joint Legislative Education Oversight Committee and the
29 Fiscal Research Division at least the following information:

30"

31 **STUDENT USE OF WIRELESS COMMUNICATION DEVICES**

32 **SECTION 7.33.(a)** Article 7B of Chapter 115C of the General Statutes is amended
33 by adding a new Part to read:

34 "Part 7. Classroom Policies.

35 **"§ 115C-77.1. Cell phone-free education policy.**

36 (a) Governing bodies of public school units shall adopt a cell phone-free education policy
37 to eliminate or severely restrict student access to cell phones during instructional time.

38 (b) The cell phone-free education policy shall allow student use of cell phones during
39 instructional time as follows:

- 40 (1) If authorized by a teacher for educational purposes. The governing body may
41 establish parameters to be followed by a teacher in granting authorizations.
- 42 (2) As required by the student's individualized education program or section 504
43 (29 U.S.C. § 794) plan.
- 44 (3) As required to manage a student's health care, in accordance with a
45 documented medical condition.

46 (c) At the beginning of each school year, governing bodies of public school units shall
47 notify parents of all students enrolled in the public school unit of the Cell Phone-Free Education
48 Policy adopted under subsection (a) of this section.

49 (d) The requirements of this section shall not apply to the following:

- 50 (1) Remote charter academies as defined in G.S. 115C-218.120.

1 (2) Remote academies as defined in G.S. 115C-234."

2 **SECTION 7.33.(b)** G.S. 115C-77.1, as enacted by this section, shall not apply to
3 virtual charter schools participating in the pilot program as authorized by Section 8.35 of S.L.
4 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, Section
5 7.13 of S.L. 2022-74, and Section 7.26 of S.L. 2023-134.

6
7 **PUBLIC SCHOOL ENROLLMENT STABILITY FOR MILITARY STUDENTS**

8 **SECTION 7.35.** G.S. 115C-366(a9) reads as rewritten:

9 "(a9) A student who is not a domiciliary of a local school administrative unit shall be
10 permitted to register to enroll in the public schools of that unit by remote means, including
11 electronic means, prior to commencement of the student's residency in the local school
12 administrative unit if all of the following apply:

13 (1) A parent or legal guardian is (i) on active military duty and is transferred or
14 pending transfer pursuant to an official military order to a military installation
15 or reservation in the State, State or (ii) will be separating from active military
16 duty within a 12-month period.

17 (2) Upon request by the local school administrative unit where the student seeks
18 to register to enroll, a parent or legal guardian provides a copy of (i) the official
19 military order transferring to a military installation or reservation located in
20 the State, State, (ii) the official separation orders, or (iii) an official military
21 document showing the anticipated date of separation or date of projected
22 Permanent Change of Station to the State.

23 (3) A parent or legal guardian completes and submits the local school
24 administrative unit's required enrollment forms and documentation, ~~except~~
25 ~~that other than~~ proof of residency and documentation related to disciplinary
26 actions pursuant to ~~G.S. 115C-366(a4) shall not be required until the student~~
27 ~~transfers into the local school administrative unit, at which time they shall be~~
28 ~~required prior to commencing attendance.~~ subsection (a4) of this section.

29 (4) A parent or legal guardian shall submit proof of residency and documentation
30 related to the disciplinary actions pursuant to subsection (a4) of this section
31 upon the child commencing attendance. If the proof of residency has not yet
32 become available because the parent or legal guardian and child are residing
33 in temporary housing, the local school administrative unit shall do the
34 following:

35 a. Allow the child to enroll and begin attending school in that unit of
36 anticipated domicile for a period of up to one year (i) from the parent
37 or legal guardian's reporting-for-duty date, separation date from active
38 military duty, or anticipated separation date from active military duty
39 or (ii) through the end of the school year before being considered a
40 resident of another local school administrative unit.

41 b. Allow a child who is a high school junior or senior to enroll and begin
42 attending school in that unit of anticipated domicile through high
43 school graduation.

44 A local school administrative unit shall make available to a student who registers to enroll
45 pursuant to this subsection the same opportunities available to a student enrolled
46 contemporaneously with domicilia, such as requesting or applying for school assignment,
47 registering for courses, and applying for any other programs that require additional request or
48 application. ~~A student enrolled pursuant to this subsection may not attend school in the local~~
49 ~~school administrative unit until proof of residency is provided in accordance with the~~
50 ~~requirements of the local school administrative unit.~~ Nothing in this subsection shall be construed

1 to curtail a local school administrative unit's authority pursuant to G.S. 115C-366(a5)-subsection
2 (a5) of this section."

3
4 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**
5 **GRANT PROGRAM**

6 **SECTION 7.36.** Article 16 of Chapter 115C of the General Statutes is amended by
7 adding a new Part to read:

8 "Part 7A. Extended Learning and Integrated Student Supports Grant Program.

9 **"§ 115C-238.35. Program; purpose.**

10 (a) Program; Purpose. – There is established the Extended Learning and Integrated
11 Student Supports Grant Program (Program). Nonprofit corporations and nonprofit corporations
12 working in collaboration with local school administrative units operating relevant programs may
13 apply for the Program. The purpose of the Program is to fund high-quality, independently
14 validated extended learning and integrated student support service programs for at-risk students
15 that raise standards for student academic outcomes by focusing on the following:

- 16 (1) Use of an evidence-based model with a proven track record of success.
- 17 (2) Inclusion of rigorous, quantitative performance measures to confirm
18 effectiveness of the program.
- 19 (3) Deployment of multiple tiered supports in schools to address student barriers
20 to achievement, such as strategies to improve chronic absenteeism, antisocial
21 behaviors, academic growth, and enhancement of parent and family
22 engagement.
- 23 (4) Alignment with State performance measures, student academic goals, and the
24 North Carolina Standard Course of Study.
- 25 (5) Prioritization in programs to integrate clear academic content, in particular,
26 science, technology, engineering, and mathematics (STEM) learning
27 opportunities or reading development and proficiency instruction.
- 28 (6) Minimization of student class size when providing instruction or instructional
29 supports and interventions.
- 30 (7) Expansion of student access to high-quality learning activities and academic
31 support that strengthen student engagement and leverage community-based
32 resources, which may include organizations that provide mentoring services
33 and private-sector employer involvement.
- 34 (8) Utilization of digital content to expand learning time, when appropriate.

35 (b) Program Requirements. – In each year in which sufficient funds are available, the
36 Department of Public Instruction shall administer the Program in accordance with this Part.

37 (c) Program Funding. – The Department shall use up to seven million dollars
38 (\$7,000,000) from the At-Risk Student Services Alternative School Allotment each fiscal year
39 to fund the Program. Of the funds used to fund the Program, the Department may use up to two
40 hundred thousand dollars (\$200,000) for each fiscal year for expenses of administering the
41 Program.

42 **"§ 115C-238.36. Awards; eligible uses.**

43 (a) Eligible Uses. – Grants shall be used to award funds for new or existing eligible
44 programs for at-risk students operated by nonprofit corporations and nonprofit corporations
45 working in collaboration with local school administrative units. Programs should focus on
46 serving (i) at-risk students not performing at grade level as demonstrated by statewide
47 assessments, (ii) students at risk of dropout, and (iii) students at risk of school displacement due
48 to suspension or expulsion as a result of antisocial behaviors. Priority consideration shall be given
49 to applications demonstrating models that focus services and programs in schools that are
50 identified as low-performing pursuant to G.S. 115C-105.37.

(b) Awards; Required Match. – Grant participants are eligible to receive grants for up to two years in an amount of up to five hundred thousand dollars (\$500,000) each year. A grant participant shall provide certification to the Department of Public Instruction that the grants received under the Program shall be matched on the basis of three dollars (\$3.00) in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include other State funds. The Department shall also give priority consideration to an applicant that is a nonprofit corporation working in partnership with a local school administrative unit resulting in a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other federal or local funds. Matching funds may include in-kind contributions for up to fifty percent (50%) of the required match.

(c) A nonprofit corporation may act as its own fiscal agent for the purposes of this Program.

"§ 115C-238.37. Reporting requirements.

(a) Recipient Reporting. – No later than July 15 of each year in which a grant recipient is participating in the Program, the recipient shall report to the Department of Public Instruction on the expenditure of grant funds and the progress of the Program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures, before receiving funding for the next fiscal year. Grant recipients shall also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the Program.

(b) Department Reporting. – No later than September 15 of each year of the Program, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the Program, including recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grant programs."

TEACHER APPRENTICESHIP PROGRAM

SECTION 7.37.(a) Article 17D of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-269.33. Teacher Apprenticeship Program.

(a) Definitions. – The following definitions shall apply in this section:

(1) Advanced Teaching Roles unit. – As defined in G.S. 115C-310.3(6).

(2) Apprentice. – A person who is employed as an apprentice by an apprenticeship employer and meets all of the following criteria:

a. Holds a bachelor's degree.

b. Is eligible to hold or holds one of the following:

1. An emergency license.

2. A residency license.

3. A permit to teach issued by the Department in accordance with rules adopted by the State Board of Education.

c. Submitted a Free Application for Federal Student Aid (FAFSA).

(3) Apprenticeship employer. – An Advanced Teaching Roles unit that meets all of the following criteria:

a. Has a registered apprenticeship program under requirements established by the United States Department of Labor.

b. Employs apprentices under the Program.

(4) Department. – The Department of Public Instruction.

1 (5) Program. – The Teacher Apprenticeship Program.

2 (6) RFP. – Request for proposals.

3 (b) Program Established; Purpose. – There is established the Teacher Apprenticeship
4 Program as a competitive grant program for the purpose of increasing the number of
5 professionally licensed teachers in the State and improving teacher competency, student
6 outcomes, and teacher retention in the State. The Department of Public Instruction shall
7 administer the Program in collaboration with ApprenticeshipNC as set forth in this section.

8 (c) Request for Proposals. – No later than November 1 of each year, ApprenticeshipNC
9 shall issue an RFP for the Program. Advanced Teaching Roles units may submit proposals by
10 January 1 of the following calendar year. Proposals shall include at least the following
11 information:

12 (1) A plan to establish a registered teacher apprenticeship program in
13 collaboration with ApprenticeshipNC, including at least the following
14 information:

15 a. The number of apprentices the unit intends to employ using grant
16 funds for State-funded salary supplements, State-funded enrollment
17 expenses, or both.

18 b. Specific subject areas and grade levels in the local school
19 administrative unit with teacher shortages.

20 (2) A system of supports that would be provided for apprentices, including
21 qualifications of mentor teachers and a schedule of supervision.

22 (3) Alternative sources of funding to support apprenticeships that could be paired
23 with State funds received under the Program, including federal workforce
24 development funds.

25 (4) An explanation of how the unit would incorporate its registered teacher
26 apprenticeship program with its advanced teaching roles program to enhance
27 the learning environment for apprentices.

28 (5) Strategies to encourage candidates to accept an apprenticeship instead of
29 directly entering the teacher profession on a Residency License, Emergency
30 License, or permit to teach.

31 (d) Selection of Recipients. – By March 15 of each school year in which proposals are
32 submitted, ApprenticeshipNC shall review the proposals and select local school administrative
33 units to participate in the Program, beginning in the subsequent school year. ApprenticeshipNC
34 shall notify the Department of its selections, and the Department shall allocate funds to the
35 selected Advanced Teaching Roles units in accordance with subsection (e) of this section.

36 (e) Allocation of State Grant Funds. – To the extent funds are appropriated by the General
37 Assembly for this purpose, the Department shall allocate the funds for grants to apprenticeship
38 employers based on the number of apprentices the unit intends to employ receiving grant funds
39 for State-funded salary supplements, State-funded enrollment expenses, or both, up to a
40 maximum of 10 total apprentices per unit, as follows:

41 (1) Up to seven thousand five hundred dollars (\$7,500) per apprentice per year,
42 plus any additional funds necessary for benefits, to provide salary supplements
43 for apprentices in accordance subdivision (3) of subsection (f) of this section.

44 (2) Up to five thousand dollars (\$5,000) per apprentice per year for the costs of
45 enrollment of an apprentice in an institution of higher education in accordance
46 with subdivision (5) of subsection (f) of this section.

47 (f) Program Requirements. – The following minimum requirements shall apply to
48 apprentices and apprenticeship employers under the Program:

49 (1) Number of apprentices. – An apprenticeship employer shall employ no more
50 than a maximum of 10 total apprentices who receive grant funds for
51 State-funded salary supplements, State-funded enrollment expenses, or both.

- 1 An apprenticeship employer may employ additional apprentices receiving
2 funds for salary supplements or education expenses from other sources.
- 3 (2) Funds for positions. – An apprenticeship employer may employ apprentices
4 using State funds allotted for teacher assistant positions, with roles and
5 responsibilities modified to meet the requirements of the Program, or other
6 available funds.
- 7 (3) Salary supplements. – As follows:
- 8 a. An apprenticeship employer shall provide the following salary
9 supplements:
- 10 1. For each apprentice, up to a maximum of seven thousand five
11 hundred dollars (\$7,500) per apprentice.
- 12 2. For each mentor teacher, up to a maximum of five thousand
13 dollars (\$5,000) per mentor teacher.
- 14 b. An apprenticeship employer may provide a salary supplement for any
15 other teacher employed by the local school administrative unit who
16 agrees to become the teacher of record for additional students to
17 facilitate the operation of the registered apprenticeship program in that
18 unit, up to a maximum of three thousand dollars (\$3,000).
- 19 (4) Mentors. – Each apprentice shall work full time in a classroom with a mentor
20 teacher who is a member of a team of teachers that is led by a teacher with an
21 advanced teaching role. For purposes of this subdivision, a mentor teacher
22 may include a classroom excellence teacher as defined in G.S. 115C-310.3(7).
- 23 (5) Enrollment costs. – An apprentice shall enroll in or remain enrolled in a
24 recognized educator preparation program. An apprenticeship employer may
25 provide up to a maximum of five thousand dollars (\$5,000) per apprentice per
26 year for the costs of enrollment in an institution of higher education. These
27 funds shall only be used after the apprentice has exhausted all other
28 scholarships or grants covering the cost of attendance at an institution of
29 higher education, including federal Pell grants.
- 30 (6) Limitations. – An apprentice shall not do any of the following:
- 31 a. Serve as the teacher of record for any students.
- 32 b. Engage in substitute teaching for more than eight hours per week.
- 33 c. Work as an apprentice for more than three years.
- 34 (g) Term. – The Department shall award grant funds to selected Advanced Teaching
35 Roles units to serve as apprenticeship employers for one or more terms of three years. Prior to
36 the conclusion of a term, ApprenticeshipNC shall evaluate the success of the Program at the unit
37 and the compliance of the unit with the requirements of this section. At the conclusion of the
38 evaluation, ApprenticeshipNC may, in its discretion, renew the apprenticeship employer for an
39 additional term. Throughout the Program, an apprenticeship employer shall provide any
40 information or access requested by ApprenticeshipNC to evaluate the registered apprenticeship
41 program pursuant to this section.
- 42 (h) Emergency Position Conversion. – Notwithstanding G.S. 115C-105.25(b), an
43 apprenticeship employer may convert one position allocated to the unit for classroom teachers to
44 its dollar equivalent at the salary on the first step of the "A" Teachers Salary Schedule for every
45 one apprentice employed by the unit who is receiving State grant funds if all of the following are
46 met:
- 47 (1) The apprentice receiving State grant funds would have been eligible to fill the
48 vacant position using a residency license, emergency license, or permit to
49 teach but was instead hired into the apprentice position.
- 50 (2) The funds are only used for one or more of the following purposes in
51 accordance with the requirements of the Program:

- a. Salary supplements for apprentices.
- b. Salary supplements for mentor teachers.
- c. Costs of enrollment in an institution of higher education.
- d. Salary supplements for teachers identified in sub-subdivision b. of subdivision (3) of subsection (f) of this section.

(i) Administration. – Of the funds appropriated to the Department of Public Instruction for the Program for each fiscal year, the Department shall allocate the greater of fifteen percent (15%) or three hundred thousand dollars (\$300,000) to ApprenticeshipNC to do all of the following in consultation with the Department:

- (1) Outline the duties and responsibilities of apprentices, including on-the-job training requirements.
- (2) Collaborate with recognized educator preparation programs to establish education requirements for apprentices and revise curriculum requirements for student teaching to include apprenticeships under the Program.
- (3) Create minimum competencies for apprentices that reflect the progressive acquisition of ability.
- (4) Create resources that can be used by apprenticeship employers to select and train mentor teachers, including the responsibilities of a mentor teacher and background information on teacher apprenticeship programs.
- (5) Develop a process to monitor apprentices in their first years of teaching after successful completion of the Program to evaluate the qualities of teacher candidates that correlate to successful outcomes and lower teacher turnover rates.
- (6) Assist apprenticeship employers with the following:
 - a. Combining State and federal funds to maximize the number of apprentices in the Program.
 - b. Complying with applicable State and federal law.
- (7) Develop a training module for mentor teachers that establishes standards for mentor teachers under the Program and incorporates, where applicable, any preexisting standards for mentor teachers.

(j) Report. – No later than March 15 of each year, ApprenticeshipNC shall report to the Joint Legislative Education Oversight Committee on the Program, including at least the following information:

- (1) The impact of the Program for each apprenticeship employer on the following:
 - a. The number of teachers, disaggregated by licensure type.
 - b. Student outcomes.
 - c. Teacher retention.
- (2) Successful strategies and best practices used by apprenticeship employers.
- (3) Any barriers to expanding the Program."

SECTION 7.37.(b) G.S. 115C-269.32 is repealed.

SECTION 7.37.(c) Notwithstanding any other provision of law or a provision of the Committee Report described in Section 43.2 of S.L. 2023-134 to the contrary, of the one million dollars (\$1,000,000) in recurring funds allocated for the Teacher Apprentice Grant Program pursuant to G.S. 115C-269.32, beginning in the 2025-2026 fiscal year, these funds shall instead be used for the Teacher Apprenticeship Program established pursuant to subsection (a) of this section.

SECTION 7.37.(d) This section becomes effective July 1, 2025. ApprenticeshipNC shall issue the initial request for proposals pursuant to G.S. 115C-269.33, as enacted by subsection (a) of this section, by November 1, 2025, for applications from local school administrative units to establish registered teacher apprenticeship programs beginning in the 2026-2027 school year. Notwithstanding G.S. 115C-269.33(j), as enacted by subsection (a) of

1 this section, ApprenticeshipNC shall provide its initial report on the impact of the Teacher
2 Apprenticeship Program by March 15, 2027.

3 4 **CTE MODERNIZATION**

5 **SECTION 7.38.** Of the funds appropriated to the Department of Public Instruction
6 in this act, up to two million dollars (\$2,000,000) in nonrecurring funds for each year of the
7 2025-2027 fiscal biennium shall be used to create a grant program for modernization of Career
8 and Technical Education (CTE) programming, materials, training, and professional development
9 for courses conducted in grades six through 12. The Department shall establish a grant program
10 for each school year of the 2025-2027 fiscal biennium to which a public school unit or regional
11 partnership of more than one public school unit may apply to receive funds if a school within the
12 unit or partnership has an existing CTE program. Grant recipients shall use the funds distributed
13 to them under this section to procure and implement an online digital CTE learning platform
14 containing comprehensive courses with lesson plans, media-rich content and activities, and
15 interactive assessments that align with the North Carolina Career and Technical Education
16 Standards. The platform shall have modules that assist teachers in preparing students for
17 high-wage, high-growth career areas. By October 1, 2025, the Department shall select approved
18 providers to guarantee consistency throughout the State. Any selected digital CTE learning
19 platform shall include at least all of the following components:

- 20 (1) Instructional strategies and guided lesson plans to assist teachers with
21 classroom implementation and instructional differentiation.
- 22 (2) Media-based instructional content for providing demonstrations and
23 instruction on skills required for applicable career areas.
- 24 (3) Multiple methods of delivery of instruction, including at least face-to-face,
25 self-paced, and distance or hybrid learning.
- 26 (4) Guided projects and activities to incorporate hands-on application of skills.
- 27 (5) A focus on mastery-based learning.
- 28 (6) Reporting features to provide data on student progress.
- 29 (7) Guidance for students to obtain industry-recognized certifications.
- 30 (8) Career connections to provide examples of career opportunities following
31 graduation from high school.

32 33 **K-5 PERFORMING AND VISUAL ARTS REQUIREMENT**

34 **SECTION 7.39.(a)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
35 amended by adding the following new sections to read:

36 **"§ 115C-81.95. Elementary performing arts education.**

37 Each local school administrative unit shall provide all students in kindergarten through grade
38 five instruction in music, dance, or theatre arts that aligns with the Standard Course of Study.
39 The instruction shall meet at least the following criteria:

- 40 (1) Occur during at least one instructional day out of every five instructional days.
- 41 (2) Be taught by at least one licensed music, dance, or theatre arts education
42 instructor.
- 43 (3) Instructional sessions shall last at least 30 consecutive minutes.
- 44 (4) Instructional sessions shall be given to classes no larger than the maximum
45 classroom size per instructional session for each grade, as provided in
46 G.S. 115C-301.

47 **"§ 115C-81.96. Elementary visual arts education.**

48 Each local school administrative unit shall provide all students in kindergarten through grade
49 five instruction in the visual arts that aligns with the Standard Course of Study. The instruction
50 shall meet at least the following criteria:

- 51 (1) Occur during at least one instructional day out of every five instructional days.

- 1 (2) Be taught by at least one licensed visual arts education instructor.
 2 (3) Instructional sessions shall last at least 30 consecutive minutes.
 3 (4) Instructional sessions shall be given to classes no larger than the maximum
 4 classroom size per instructional session for each grade, as provided in
 5 G.S. 115C-301."

6 **SECTION 7.39.(b)** This section is effective when it becomes law and applies
 7 beginning with the 2026-2027 school year.

9 **EARLY LITERACY PROGRAM/DYSLEXIA**

10 **SECTION 7.40.(a)** G.S. 115C-83.4B(b) reads as rewritten:

11 "(b) As part of the Early Literacy Program, the Department of Public Instruction shall
 12 focus on at least the following components:

- 13 (1) Provide a training program to educators and administrators working with
 14 children in the NC Pre-K program to ensure developmentally appropriate
 15 instruction grounded in the Science of Reading and outcomes promoting
 16 reading achievement in students. The Department of Public Instruction shall
 17 utilize a third-party independent teacher training program to deliver
 18 professional development that demonstrates evidence-based success with
 19 educators and administrators in establishing deep knowledge of literacy
 20 instruction.
 21 (2) Provide integration of age-appropriate resources, including digital and
 22 technological resources, in the NC Pre-K program for children to meet reading
 23 achievement goals.
 24 (3) Ensure administration of a formative assessment to children at the conclusion
 25 of their participation in the NC Pre-K program to determine their kindergarten
 26 readiness and the alignment of their literacy instruction with the Science of
 27 Reading. The Department shall also ensure that the results of each child's
 28 formative assessment are shared with the child's kindergarten teacher at the
 29 beginning of the next school year.
 30 (4) Ensure administration of a dyslexia screening instrument to every student
 31 participating in the NC Pre-K program. The Department shall ensure that the
 32 results of each child's screening are shared with the child's kindergarten
 33 teacher at the beginning of the next school year.
 34 (5) Provide training to educators and administrators working with children in the
 35 NC Pre-K program to ensure appropriate instruction and intervention
 36 strategies are used with students who exhibit potential indicators of dyslexia."

37 **SECTION 7.40.(b)** This section applies beginning with the 2025-2026 school year.

39 **MODIFY CTE GRANTS FOR HOMEBUILDING PROGRAMS**

40 **SECTION 7.41.(a)** Article 10 of Chapter 115C of the General Statutes is amended
 41 by adding a new Part to read:

42 "Part 6. Grants for CTE Homebuilding Programs.

43 "§ 115C-173.20. Grant program established; purpose; use of funds.

44 There is established the CTE Homebuilding Grant Program to provide grants to assist public
 45 school units with curriculum costs associated with CTE programs related to the U.S. Department
 46 of Labor approved Pre-Apprenticeship Certificate Training (PACT) program developed by the
 47 Home Builders Institute. The Department of Public Instruction shall permit high schools within
 48 public school units to use the PACT program as an approved curriculum for CTE programs. A
 49 public school unit or a regional partnership of more than one public school unit may apply to
 50 receive funds. When awarding grants under this Part, the Department shall prioritize public
 51 school units (i) located, in whole or in part, in a county with at least one local school

1 administrative unit that received low-wealth supplemental funding in the previous fiscal year and
2 (ii) that have a high population of at-risk students or students with disabilities.

3 **"§ 115C-173.21. Application.**

4 The Department shall create and make available to all public school units an application for
5 grants under this Part no later than July 15 of each year that funds are made available for this
6 purpose. Applicants shall submit their application to receive grant funds to the Department no
7 later than 60 days after the application is made available. The Department shall approve or deny
8 each application within 30 days of receipt by the Department.

9 **"§ 115C-173.24. Reporting.**

10 All recipients of grants under this Part shall submit a report to the Department on the
11 outcomes of any programs funded by grants received pursuant to this Part no later than October
12 15 of each year that funds are received, including data collection methods for reporting on student
13 outcomes, impacts of the program, and use of State funds. The Department shall then submit a
14 report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division
15 on the overall outcomes of the grant programs no later than December 15 of each year that funds
16 are made available for this purpose."

17 **SECTION 7.41.(b)** Section 7.19 of S.L. 2023-134 is repealed.

18
19 **USE OF LOCAL SCHOOL ADMINISTRATIVE UNIT MAINTAINED PROPERTIES**
20 **FOR PUBLIC HEARINGS**

21 **SECTION 7.42.(a)** Article 7 of Chapter 143B of the General Statutes is amended by
22 adding a new section to read:

23 **"§ 143B-279.21. Use of schools and other public buildings for public hearings.**

24 (a) The governing authority having control over (i) public buildings or (ii) schools
25 governed by a local board of education which have facilities for group meetings is hereby
26 authorized and directed to permit the use of such buildings without charge, except custodial and
27 utility fees, by the Department for public hearings. Provided, that the use of such buildings or
28 schools by the Department for public hearings shall not be permitted at times during the school
29 day or which would interfere with normal school activities or functions normally carried on in
30 such school buildings, and such use shall be subject to reasonable rules and regulations of the
31 governing body of the public school unit and other governing authorities.

32 (b) The Department of Environmental Quality shall be entitled to use any school
33 governed by a local board of education or other State, county, or municipal building, or a part
34 thereof, or any other building, or a part thereof, which is supported or maintained, in whole or in
35 part, by or through tax revenues; provided, however, that this section shall not be construed to
36 permit the Department to use any tax-exempt church property for such purposes without the
37 express consent of the individual church involved for the purpose of conducting public hearings."

38 **SECTION 7.42.(b)** G.S. 115C-47 is amended by adding a new subdivision to read:

39 "(70) To Provide Access to School Facilities to the Department of Environmental
40 Quality. – A local board of education shall adopt policies to allow the
41 Department of Environmental Quality to have access to facilities that can
42 facilitate group meetings on school property of a school governed by the local
43 school board pursuant to G.S. 143B-279.21(a)."

44 **SECTION 7.42.(c)** This section is effective July 1, 2025, and applies beginning with
45 the 2025-2026 school year.

46
47 **RESIDENCY LICENSES FOR NONPUBLIC EC TEACHERS**

48 **SECTION 7.43.(a)** G.S. 115C-270.20(a) reads as rewritten:

49 "(a) Teacher Licenses. – The State Board shall adopt rules for the issuance of the following
50 classes of teacher licenses, including required levels of preparation for each classification:

51 ...

- 1 (5) Residency License or RL. – A one-year license, renewable twice, that meets
 2 both of the following requirements:
 3 a. ~~Is requested by the governing body of a public school unit and~~
 4 ~~accompanied by a certification of supervision from the recognized~~
 5 ~~educator preparation program in which the individual is enrolled.~~any
 6 of the following entities and is accompanied by a certification of
 7 supervision from the recognized educator preparation program in
 8 which the individual is enrolled:
 9 1. The governing body of a public school unit.
 10 2. A nonpublic school that meets the requirements of Part 1 or
 11 Part 2 of Article 39 of this Chapter.
 12 3. A nonpublic school approved and monitored by the
 13 Department of Public Instruction that provides services for
 14 students with extraordinary costs. For the purposes of this
 15 subsection, extraordinary costs shall include costs directly
 16 attributable to providing the special education services on the
 17 student's IEP.
 18 b. The individual for whom the license is requested meets all of the
 19 following requirements:
 20 1. Holds at least one of the following:
 21 I. A bachelor's degree.
 22 II. An advanced degree.
 23 2. Has either completed coursework relevant to the requested
 24 licensure area or passed the content area examination relevant
 25 to the requested licensure area that has been approved by the
 26 State Board.
 27 3. Is enrolled in a recognized educator preparation program.
 28 4. Meets all other requirements established by the State Board,
 29 including completing preservice requirements prior to
 30 teaching.

31"

32 **SECTION 7.43.(b)** This section is effective when it becomes law and applies to
 33 applications for residency licenses occurring on or after that date.

34
 35 **SOCIAL MEDIA LITERACY IN SCHOOLS**

- 36 **SECTION 7.44.(a)** G.S. 115C-47 is amended by adding a new subdivision to read:
 37 "(70) To Adopt an Internet Safety Policy. – Local boards of education shall adopt
 38 policies for student access to the internet provided by the local school
 39 administrative unit. The policies shall do at least the following:
 40 a. Limit access by students to only age-appropriate subject matter and
 41 materials.
 42 b. Protect the safety and security of students when accessing email, chat
 43 rooms, and other forms of electronic communication.
 44 c. Prohibit access by students to data or information maintained by the
 45 local school administrative unit, including by "hacking" and other
 46 unlawful online activities.
 47 d. Prevent access to websites, web applications, or software that does not
 48 protect against the disclosure, use, or dissemination of a student's
 49 personal information.
 50 e. Prohibit and prevent students from accessing social media platforms
 51 through the use of internet access provided by the local school

1 administrative unit, except when expressly directed by a teacher solely
2 for educational purposes."

3 **SECTION 7.44.(b)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
4 amended by adding a new section to read:

5 **"§ 115C-81.26. Social media and mental health.**

6 Each local board of education shall provide instruction on social media and its effects on
7 health, including social, emotional, and physical effects. Instruction shall be provided once
8 during elementary school, once during middle school, and twice during high school. Instruction
9 may be included as part of the mental and emotional health instruction provided pursuant to
10 G.S. 115C-81.25. Instruction on this topic shall include at least the following:

- 11 (1) Negative effects of social media on mental health, including addiction.
- 12 (2) The distribution of misinformation on social media.
- 13 (3) Methods of manipulating behavior using social media.
- 14 (4) The permanency of information shared online.
- 15 (5) How to maintain personal security.
- 16 (6) How to identify cyberbullying, predatory behavior, and human trafficking on
17 the internet.
- 18 (7) How to report suspicious behavior encountered on the internet.
- 19 (8) Personal and interpersonal skills or character education that enhances
20 individual level protective factors and mitigates or reduces risk-taking or
21 harmful behavior."

22 **SECTION 7.44.(c)** This section is effective when it becomes law and applies
23 beginning with the 2025-2026 school year.
24

25 **CAREER DEVELOPMENT ADJUSTMENT**

26 **SECTION 7.45.(a)** Pilot Program Established; Purpose. – The Superintendent of
27 Public Instruction shall create an Annual Career Development Plan Pilot Program (Program) for
28 students entering the seventh grade at select schools during the 2025-2026 and 2026-2027 school
29 years and continuing through the students' graduation from high school. The purpose of the
30 Program shall be to evaluate the efficacy of reviewing Career Development Plans (Plans)
31 annually to better align students for on-time graduation and achievement of college and career
32 goals and to ensure that all students graduate from high school college or career ready.

33 **SECTION 7.45.(b)** Definitions. – The following definitions apply to this section:

- 34 (1) Career Development Plan. – An individual plan created by each student that
35 establishes the student's plan throughout middle and high school for
36 graduation and career development pursuant to G.S. 115C-158.10.
- 37 (2) Local board of education. – A local board of education governing a partnered
38 school.
- 39 (3) Parent. – Defined in G.S. 115C-76.1.
- 40 (4) Partnered school. – A middle school and high school governed by a local
41 board of education where at least half of the student population of the middle
42 school is assigned to attend the associated high school.

43 **SECTION 7.45.(c)** Partnered Schools. – The Superintendent shall select 12
44 partnered schools that are proportionally representative of the population size and geographic
45 distribution of public high schools in the State. The Superintendent shall provide a process for
46 schools to apply to participate in the Program as partnered schools. The Superintendent shall be
47 responsible for the final selection of partnered schools. In the event that there are fewer than 12
48 applicants, the Superintendent shall collaborate with local superintendents to select schools to be
49 partnered schools. Partnered schools shall have each student entering the seventh grade during
50 the 2025-2026 and 2026-2027 school years complete an annual review of Plans.

1 **SECTION 7.45.(d)** Local Board of Education and IEP Support. – The local board
2 of education shall ensure that students in partnered schools are provided assistance by a school
3 counselor and planning time during the instructional day each school year to update their Plans.
4 For students with disabilities, the student's IEP team, if applicable, may assist the student in
5 completing and updating the Plan. Updates to Plans shall be made prior to student scheduling of
6 courses for the next school year.

7 **SECTION 7.45.(e)** Parental Involvement. – Partnered schools shall encourage
8 parents to participate in development of Plans with their students and to sign a form provided by
9 the school acknowledging the annual revisions of the Plans. Local boards of education shall
10 ensure that Plans are easily accessible to students and parents and shall provide parents annual
11 written notice of the creation or revision of a Plan, information on how to access the Plan, a
12 listing of course offerings for the next school year with a description of the content of each course,
13 and high school graduation requirements where appropriate. Prior to creating or updating a
14 student's Plan, a school counselor shall attempt to meet with the student's parent, either in person
15 or virtually, to explain the possible effects that the Plan might have on the student's graduation
16 requirements and career development planning. Beginning in the tenth grade and continuing
17 throughout the student's high school enrollment, a school counselor shall provide each student
18 and parent information regarding State and federal need-based and merit-based financial aid
19 programs to support postsecondary education and training using information provided by the
20 State Education Assistance Authority and College Foundation of North Carolina. The school
21 counselor shall also provide information on the free application for federal student aid (FAFSA),
22 its use, and notify the parent that information included in the FAFSA is confidential and not
23 accessible by the school.

24 **SECTION 7.45.(f)** Initial Career Development Plans. – Students in seventh grade in
25 partnered schools shall develop an initial career development plan which will provide guidance
26 as students develop Plans.

27 **SECTION 7.45.(g)** Annual Career Development Plan Updates. – In partnered
28 schools, Plans shall be updated annually in addition to the following information being provided
29 to students:

- 30 (1) For eighth grade students, by the end of the school year, a list of the required
31 core courses to be taken in ninth and tenth grades.
- 32 (2) For tenth grade students, an identification of the graduation requirements
33 relevant to the student's chosen postsecondary goals based on the student's
34 career development planning.
- 35 (3) For eleventh grade students not meeting the career and college readiness
36 standards established by the State Board of Community Colleges, a plan for
37 enrolling in remedial coursework for his or her senior year.
- 38 (4) Any other minimum requirements established by the Superintendent.

39 **SECTION 7.45.(h)** Reporting Requirement. – The Superintendent or a local board
40 of education shall develop reporting requirements for partnered schools participating in the
41 Program to provide information on the effectiveness of the annual review of the Plans. The
42 Superintendent shall report to the Joint Legislative Education Oversight Committee by August
43 15, 2026, and each year thereafter on the progress of the Program, including any logistical issues
44 that have arisen with the Program.

45 **FAILURE FREE READING**

46 **SECTION 7.46.** Notwithstanding G.S. 115C-83.12, 115C-150.12C(3a),
47 115C-218.85(5), 115C-269.20(a)(2), or 116-239.8, of the funds appropriated to the Department
48 of Public Instruction, one million two hundred thousand dollars (\$1,200,000) in nonrecurring
49 funds for the 2025-2026 fiscal year shall be used to contract with JFL Enterprises, Inc., for a
50 Failure Free Reading Program (Program) to improve middle school literacy. The Department
51

1 shall report to the Joint Legislative Education Oversight Committee by September 15, 2026, on
2 the number of public school units that participated in the Program and comparing outcomes of
3 students in public school units that participated in the Program against those public school units
4 that did not. The report shall include any recommendations by the Department on changes to the
5 Program.

6 7 **STUDY HVAC SOLUTIONS FOR WAKE COUNTY PUBLIC SCHOOL SYSTEM** 8 **PROPERTY**

9 **SECTION 7.47.** Of the funds appropriated in this act to the Department of Public
10 Instruction, the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for the
11 2026-2027 fiscal year shall be used to conduct a study to identify high-efficiency, next generation
12 heating, ventilation, and air conditioning systems (HVAC) and chiller solutions for property
13 owned by the Wake County Public School System. The Department shall consult with the Wake
14 County Board of Education and may consult with other boards of education in the State in
15 conducting the study. Not later than February 15, 2027, the Department shall report the findings
16 of the study, including any recommendations for legislation, to the Joint Legislative Education
17 Oversight Committee and the Wake County Board of Education and shall post the findings and
18 recommendations on its website so that they may be accessed by all local boards of education in
19 the State and other interested stakeholders.

20 21 **INTERSTATE COMPACT FOR SCHOOL PSYCHOLOGISTS**

22 **SECTION 7.48.(a)** Chapter 115C of the General Statutes is amended by adding a
23 new Article to read:

24 "Article 17F.

25 "School Psychologist Interstate Licensure Compact.

26 **"§ 115C-270.40. Purpose.**

27 The purpose of this Compact is to facilitate the interstate practice of School Psychology in
28 educational or school settings, and in so doing to improve the availability of School
29 Psychological Services to the public. This Compact is intended to establish a pathway to allow
30 School Psychologists to obtain equivalent licenses to provide School Psychological Services in
31 any Member State. In this way, this Compact shall enable the Member States to ensure that safe
32 and effective School Psychological Services are available and delivered by appropriately
33 qualified professionals in their educational settings. To facilitate the objectives described above,
34 this Compact does the following:

- 35 (1) Enables School Psychologists who qualify for receipt of an Equivalent
36 License to practice in other Member States without first satisfying
37 burdensome and duplicative requirements.
- 38 (2) Promotes the mobility of School Psychologists between and among the
39 Member States in order to address workforce shortages and to ensure that safe
40 and reliable School Psychological Services are available in each Member
41 State.
- 42 (3) Enhances the public accessibility of School Psychological Services by
43 increasing the availability of qualified, licensed School Psychologists through
44 the establishment of an efficient and streamlined pathway for Licensees to
45 practice in other Member States.
- 46 (4) Preserves and respects the authority of each Member State to protect the health
47 and safety of its residents by ensuring that only qualified, licensed
48 professionals are authorized to provide School Psychological Services within
49 that state.

- 1 (5) Requires School Psychologists practicing within a Member State to comply
2 with the Scope of Practice laws present in the state where the School
3 Psychological Services are being provided.
4 (6) Promotes cooperation between the Member States in regulating the practice
5 of School Psychology within those states.
6 (7) Facilitates the relocation of military members and their spouses who are
7 licensed to provide School Psychological Services.

8 **"§ 115C-270.41. Definitions.**

9 The following definitions shall apply in this Article:

- 10 (1) Active Military Member. – Any person with full-time duty status in the Armed
11 Forces of the United States, including members of the National Guard and
12 Reserve.
13 (2) Adverse Action. – Disciplinary action or encumbrance imposed on a License
14 by a State Licensing Authority.
15 (3) Alternative Program. – A nondisciplinary, prosecutorial diversion,
16 monitoring, or practice remediation process entered into in lieu of an Adverse
17 Action which is applicable to a School Psychologist and approved by the State
18 Licensing Authority of a Member State in which the participating School
19 Psychologist is licensed. This includes, but is not limited to, programs to
20 which Licensees with substance abuse or addiction issues may be referred in
21 lieu of an Adverse Action.
22 (4) Commissioner. – The individual appointed by a Member State to serve as the
23 representative to the Commission for that Member State.
24 (5) Compact. – This School Psychologist Interstate Licensure Compact.
25 (6) Continuing Professional Education. – A requirement, imposed by a Member
26 State as a condition of License renewal to provide evidence of successful
27 participation in professional educational activities relevant to the provision of
28 School Psychological Services.
29 (7) Criminal Background Check. – The submission of fingerprints or other
30 biometric information for a License applicant for the purpose of obtaining that
31 applicant's criminal history record information, as defined in 28 C.F.R. §
32 20.3(d), and the state's criminal history record repository, as defined in 28
33 C.F.R. § 20.3(f).
34 (8) Doctoral Level Degree. – A graduate degree program that consists of at least
35 90 graduate semester hours in the field of School Psychology, including a
36 supervised internship.
37 (9) Encumbered License. – A License that a State Licensing Authority has limited
38 in any way other than through an Alternative Program, including temporary
39 or provisional licenses.
40 (10) Executive Committee. – The Commission's Chair, Vice-Chair, Secretary, and
41 Treasurer and any other Commissioners as may be determined by
42 Commission Rule or bylaw.
43 (11) Equivalent License. – A License to practice School Psychology which a
44 Member State has identified as a License which may be provided to School
45 Psychologists from other Member States pursuant to this Compact.
46 (12) Home State. – The Member State that issued the Home State License to the
47 Licensee and is the Licensee's primary state of practice.
48 (13) Home State License. – The License that is not an Encumbered License issued
49 by the Home State to provide School Psychological Services.

- 1 (14) License. – A current license, certification, or other authorization granted by a
2 Member State's Licensing Authority that permits an individual to provide
3 School Psychological Services.
- 4 (15) Licensee. – An individual who holds a License from a Member State to
5 provide School Psychological Services.
- 6 (16) Member State. – A state that has enacted the Compact and been admitted to
7 the Commission in accordance with the provisions herein and Commission
8 Rules.
- 9 (17) Model Compact. – The model language for the School Psychologist Interstate
10 Licensure Compact on file with the Council of State Governments or other
11 entity as designated by the Commission.
- 12 (18) Practice of School Psychology. – The delivery of School Psychological
13 Services.
- 14 (19) Qualifying National Exam. – A national licensing examination endorsed by
15 the National Association of School Psychologists and any other exam as
16 approved by the Rules of the Commission.
- 17 (20) Qualifying School Psychologist Education Program. – An education program
18 which awards a Specialist-Level or Doctoral-Level degree or equivalent upon
19 completion and is approved by the Rules of the Commission as meeting the
20 necessary minimum educational standards to ensure that its graduates are
21 ready, qualified, and able to engage in the Practice of School Psychology.
- 22 (21) Remote State. – A Member State other than the Home State where a Licensee
23 holds a License through the Compact.
- 24 (22) Rule. – A regulation promulgated by an entity, including, but not limited to,
25 the Commission and the State Licensing Authority of each Member State, that
26 has the force of law.
- 27 (23) School Psychological Services. – Academic, mental, and behavioral health
28 services, including assessment, prevention, consultation and collaboration,
29 intervention, and evaluation provided by a School Psychologist in a school, as
30 outlined in applicable professional standards as determined by Commission
31 Rule.
- 32 (24) School Psychologist. – An individual who has met the requirements to obtain
33 a Home State License that legally conveys the professional title of School
34 Psychologist, or its equivalent, as determined by the Rules of the Commission.
- 35 (25) School Psychologist Interstate Licensure Compact Commission
36 (Commission). – The joint government agency established by this Compact
37 whose membership consists of representatives from each Member State that
38 has enacted the Compact, and as further described in G.S. 115C-270.46.
- 39 (26) Scope of Practice. – The procedures, actions, and processes a School
40 Psychologist licensed in a state is permitted to undertake in that state and the
41 circumstances under which that Licensee is permitted to undertake those
42 procedures, actions, and processes. Such procedures, actions, and processes,
43 and the circumstances under which they may be undertaken, may be
44 established through means, including, but not limited to, statute, regulations,
45 case law, and other processes available to the State Licensing Authority or
46 other government agency.
- 47 (27) Specialist-Level Degree. – A degree program that requires at least 60 graduate
48 semester hours or equivalent in the field of School Psychology, including a
49 supervised internship.
- 50 (28) State. – Any state, commonwealth, district, or territory of the United States of
51 America.

1 (29) State Licensing Authority. – A Member State's regulatory body responsible
2 for issuing Licenses or otherwise overseeing the Practice of School
3 Psychology.

4 (30) State Specific Requirement. – A requirement for licensure covered in
5 coursework or examination that includes content of unique interest to the state.

6 (31) Unencumbered License. – A License that authorizes a Licensee to engage in
7 the full and unrestricted Practice of School Psychology.

8 **"§ 115C-270.42. State participation in the Compact.**

9 (a) To be eligible to join this Compact, and to maintain eligibility as a Member State, a
10 state must do the following:

11 (1) Enact a Compact statute that is not materially different from the Model
12 Compact as defined in the Commission's Rules.

13 (2) Participate in the sharing of information with other Member States as
14 reasonably necessary to accomplish the objectives of this Compact, and as
15 further defined in G.S. 115C-270.47.

16 (3) Identify and maintain with the Commission a list of Equivalent Licenses
17 available to Licensees who hold a Home State License under this Compact.

18 (4) Have a mechanism in place for receiving and investigating complaints about
19 Licensees.

20 (5) Notify the Commission, in compliance with the terms of the Compact and the
21 Commission's Rules, of any Adverse Action taken against a Licensee, or of
22 the availability of investigative information which relates to a Licensee or
23 applicant for licensure.

24 (6) Require that applicants for a Home State License have done the following:

25 a. Taken and passed a Qualifying National Exam as defined by the Rules
26 of the Commission.

27 b. Completed a minimum of 1200 hours of supervised internship, of
28 which at least 600 must have been completed in a School, prior to
29 being approved for licensure.

30 c. Graduated from a Qualifying School Psychologist Education Program.

31 (7) Comply with the terms of this Compact and the Rules of the Commission.

32 (b) Each Member State shall grant an Equivalent License to practice School Psychology
33 in that state upon application by a Licensee who satisfies the criteria of G.S. 115C-270.43(a).
34 Each Member State shall grant renewal of the Equivalent License to a Licensee who satisfies the
35 criteria of G.S. 115C-270.43(b).

36 (c) Member States may set and collect a fee for granting an Equivalent License.

37 **"§ 115C-270.43. School psychologist participation in the Compact.**

38 (a) To obtain and maintain an Equivalent License from a Remote State under this
39 Compact, a Licensee must satisfy the following:

40 (1) Hold and maintain an active Home State License.

41 (2) Satisfy any applicable State Specific Requirements established by the
42 Member State after an Equivalent License is granted.

43 (3) Complete any administrative or application requirements which the
44 Commission may establish by Rule and pay any associated fees.

45 (4) Complete any requirements for renewal in the Home State, including
46 applicable Continuing Professional Education requirements.

47 (5) Upon their application to receive a license under this Compact, undergo a
48 criminal background check in the Member State in which the Equivalent
49 License is sought in accordance with the laws and regulations of such Member
50 State.

1 (b) To renew an Equivalent License in a Member State other than the Home State, a
2 Licensee must only apply for renewal, complete a background check, and pay renewal fees as
3 determined by the Licensing Authority.

4 **"§ 115C-270.44. Active Military Members or their spouses.**

5 A Licensee who is an Active Military Member or is the spouse of an Active Military Member
6 shall be deemed to hold a Home State License in any of the following locations:

- 7 (1) The Licensee's permanent residence.
- 8 (2) A Member State that is the Licensee's primary state of practice.
- 9 (3) A Member State where the Licensee has relocated pursuant to a Permanent
10 Change of Station (PCS).

11 **"§ 115C-270.45. Discipline/adverse actions.**

12 (a) Nothing in this Compact shall be deemed or construed to limit the authority of a
13 Member State to investigate or impose disciplinary measures on Licensees according to the State
14 Practice Laws thereof.

15 (b) Member States shall be authorized to receive, and shall provide, files and information
16 regarding the investigation and discipline, if any, of Licensees in other Member States upon
17 request. Any Member State receiving such information or files shall protect and maintain the
18 security and confidentiality thereof, in at least the same manner that it maintains its own
19 investigatory or disciplinary files and information. Prior to disclosing any disciplinary or
20 investigatory information received from another Member State, the disclosing state shall
21 communicate its intention and purpose for such disclosure to the Member State which originally
22 provided that information.

23 **"§ 115C-270.46. Establishment of the School Psychologist Interstate Licensure Compact**
24 **Commission.**

25 (a) The Member States hereby create and establish a joint government agency whose
26 membership consists of all Member States that have enacted the Compact, and this agency shall
27 be known as the School Psychologist Interstate Licensure Compact Commission. The
28 Commission is an instrumentality of the Member States acting jointly and not an instrumentality
29 of any one state. The Commission shall come into existence on or after the effective date of the
30 Compact as set forth in G.S. 115C-270.50.

31 (b) Membership, Voting, and Meetings.

- 32 (1) Each Member State shall have and be limited to one delegate selected by that
33 Member State's State Licensing Authority.
- 34 (2) The delegate shall be the primary administrative officer of the Member State
35 Licensing Authority or their designee who is an employee of the Member
36 State Licensing Authority.
- 37 (3) The Commission shall by Rule or bylaw establish a term of office for
38 delegates and may by Rule or bylaw establish term limits.
- 39 (4) The Commission may recommend removal or suspension of any delegate
40 from office.
- 41 (5) A Member State's Licensing Authority shall fill any vacancy of its delegate
42 occurring on the Commission within 60 days of the vacancy.
- 43 (6) Each delegate shall be entitled to one vote on all matters before the
44 Commission requiring a vote by Commission delegates.
- 45 (7) A delegate shall vote in person or by such other means as provided in the
46 bylaws. The bylaws may provide for delegates to meet by telecommunication,
47 videoconference, or other means of communication.
- 48 (8) The Commission shall meet at least once during each calendar year.
49 Additional meetings may be held as set forth in the bylaws. The Commission
50 may meet by telecommunication, video conference, or other similar electronic
51 means.

- 1 (c) The Commission shall have the following powers:
- 2 (1) Establish the fiscal year of the Commission.
- 3 (2) Establish code of conduct and conflict of interest policies.
- 4 (3) Establish and amend Rules and bylaws.
- 5 (4) Establish the procedure through which a Licensee may change their Home
6 State.
- 7 (5) Maintain its financial records in accordance with the bylaws.
- 8 (6) Meet and take such actions as are consistent with the provisions of this
9 Compact, the Commission's Rules, and the bylaws.
- 10 (7) Initiate and conclude legal proceedings or actions in the name of the
11 Commission, provided that the standing of any Member State Licensing
12 Authority to sue or be sued under applicable law shall not be affected.
- 13 (8) Maintain and certify records and information provided to a Member State as
14 the authenticated business records of the Commission and designate an agent
15 to do so on the Commission's behalf.
- 16 (9) Purchase and maintain insurance and bonds.
- 17 (10) Borrow, accept, or contract for services of personnel, including, but not
18 limited to, employees of a Member State.
- 19 (11) Conduct an annual financial review.
- 20 (12) Hire employees, elect or appoint officers, fix compensation, define duties,
21 grant such individuals appropriate authority to carry out the purposes of the
22 Compact, and establish the Commission's personnel policies and programs
23 relating to conflicts of interest, qualifications of personnel, and other related
24 personnel matters.
- 25 (13) Assess and collect fees.
- 26 (14) Accept any and all appropriate gifts, donations, grants of money, other sources
27 of revenue, equipment, supplies, materials, and services and receive, utilize,
28 and dispose of the same; provided that at all times the Commission shall avoid
29 any appearance of impropriety and/or conflict of interest.
- 30 (15) Lease, purchase, retain, own, hold, improve, or use any property, real,
31 personal, or mixed, or any undivided interest therein.
- 32 (16) Sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise
33 dispose of any property real, personal, or mixed.
- 34 (17) Establish a budget and make expenditures.
- 35 (18) Borrow money.
- 36 (19) Appoint committees, including standing committees, composed of members,
37 state regulators, state legislators or their representatives, and consumer
38 representatives, and such other interested persons as may be designated in this
39 Compact and the bylaws.
- 40 (20) Provide and receive information from, and cooperate with, law enforcement
41 agencies.
- 42 (21) Establish and elect an Executive Committee, including a Chair and a
43 Vice-Chair.
- 44 (22) Determine whether a state's adopted language is materially different from the
45 Model Compact language such that the state would not qualify for
46 participation in the Compact.
- 47 (23) Perform such other functions as may be necessary or appropriate to achieve
48 the purposes of this Compact.
- 49 (d) The Executive Committee.

- 1 (1) The Executive Committee shall have the power to act on behalf of the
2 Commission according to the terms of this Compact. The powers, duties, and
3 responsibilities of the Executive Committee shall include the following:
4 a. Oversee the day-to-day activities of the administration of the Compact,
5 including enforcement and compliance with the provisions of the
6 Compact, its Rules and bylaws, and other such duties as deemed
7 necessary.
8 b. Recommend to the Commission changes to the Rules or bylaws,
9 changes to this Compact legislation, fees charged to Member States,
10 fees charged to Licensees, and other fees.
11 c. Ensure Compact administration services are appropriately provided,
12 including by contract.
13 d. Prepare and recommend the budget.
14 e. Maintain financial records on behalf of the Commission.
15 f. Monitor Compact compliance of Member States and provide
16 compliance reports to the Commission.
17 g. Establish additional committees as necessary.
18 h. Exercise the powers and duties of the Commission during the interim
19 between Commission meetings, except for adopting or amending
20 Rules, adopting or amending bylaws, and exercising any other powers
21 and duties expressly reserved to the Commission by Rule or bylaw.
22 i. Other duties as provided in the Rules or bylaws of the Commission.
23 (2) The Executive Committee shall be composed of up to seven members as
24 follows:
25 a. The Chair and Vice-Chair of the Commission shall be voting members
26 of the Executive Committee.
27 b. The Commission shall elect five voting members from the current
28 membership of the Commission.
29 (3) The Commission may remove any member of the Executive Committee as
30 provided in the Commission's bylaws.
31 (4) The Executive Committee shall meet at least annually as follows:
32 a. Executive Committee meetings shall be open to the public, except that
33 the Executive Committee may meet in a closed, nonpublic meeting as
34 provided in subdivision (2) of subsection (f) of this section.
35 b. The Executive Committee shall give 30 days' notice of its meetings,
36 posted on its website and as determined to provide notice to persons
37 with an interest in the business of the Commission.
38 c. The Executive Committee may hold a special meeting in accordance
39 with sub-subdivision b. of subdivision (1) of subsection (f) of this
40 section.
41 (e) The Commission shall adopt and provide to the Member States an annual report.
42 (f) Meetings of the Commission.
43 (1) All meetings shall be open to the public as follows, except that the
44 Commission may meet in a closed, nonpublic meeting as provided in
45 subdivision (2) of this subsection.
46 a. Public notice for all meetings of the full Commission shall be given in
47 the same manner as required under the Rulemaking provisions in
48 G.S. 115C-270.48, except that the Commission may hold a special
49 meeting as provided in sub-subdivision b. of this subdivision.
50 b. The Commission may hold a special meeting when it must meet to
51 conduct emergency business by giving 48 hours' notice to all

- 1 commissioners, on the Commission's website, and other means as
2 provided in the Commission's Rules. The Commission's legal counsel
3 shall certify that the Commission's need to meet qualifies as an
4 emergency.
- 5 (2) The Commission or the Executive Committee or other committees of the
6 Commission may convene in a closed, nonpublic meeting for the Commission
7 or Executive Committee or other committees of the Commission to receive
8 legal advice or to discuss the following:
- 9 a. Noncompliance of a Member State with its obligations under the
10 Compact.
- 11 b. The employment, compensation, discipline, or other matters,
12 practices, or procedures related to specific employees.
- 13 c. Current or threatened discipline of a Licensee by the Commission or
14 by a Member State's Licensing Authority.
- 15 d. Current, threatened, or reasonably anticipated litigation.
- 16 e. Negotiation of contracts for the purchase, lease, or sale of goods,
17 services, or real estate.
- 18 f. Accusing any person of a crime or formally censuring any person.
- 19 g. Trade secrets or commercial or financial information that is privileged
20 or confidential.
- 21 h. Information of a personal nature where disclosure would constitute a
22 clearly unwarranted invasion of personal privacy.
- 23 i. Investigative records compiled for law enforcement purposes.
- 24 j. Information related to any investigative reports prepared by or on
25 behalf of or for use of the Commission or other committee charged
26 with responsibility of investigation or determination of compliance
27 issues pursuant to the Compact.
- 28 k. Matters specifically exempted from disclosure by federal or Member
29 State law.
- 30 l. Other matters as promulgated by the Commission by Rule.
- 31 (3) If a meeting, or portion of a meeting, is closed, the presiding officer shall state
32 that the meeting will be closed and reference each relevant exempting
33 provision, and such reference shall be recorded in the minutes.
- 34 (4) The Commission shall keep minutes that fully and clearly describe all matters
35 discussed in a meeting and shall provide a full and accurate summary of
36 actions taken, and the reasons therefore, including a description of the views
37 expressed. All documents considered in connection with an action shall be
38 identified in such minutes. All minutes and documents of a closed meeting
39 shall remain under seal, subject to release only by a majority vote of the
40 Commission or order of a court of competent jurisdiction.
- 41 (g) Financing of the Commission.
- 42 (1) The Commission shall pay, or provide for the payment of, the reasonable
43 expenses of its establishment, organization, and ongoing activities.
- 44 (2) The Commission may accept any and all appropriate revenue sources as
45 provided in subdivision (13) of subsection (c) of this section.
- 46 (3) The Commission may levy on and collect an annual assessment from each
47 Member State and impose fees on Licensees practicing in the Member States
48 under an Equivalent License to cover the cost of the operations and activities
49 of the Commission and its staff, which must be in a total amount sufficient to
50 cover its annual budget as approved each year for which revenue is not
51 provided by other sources. The aggregate annual assessment amount for

- 1 Member States shall be allocated based upon a formula that the Commission
2 shall promulgate by Rule.
- 3 (4) The Commission shall not incur obligations of any kind prior to securing the
4 funds adequate to meet the same, nor shall the Commission pledge the credit
5 of any of the Member States, except by and with the authority of the Member
6 State.
- 7 (5) The Commission shall keep accurate accounts of all receipts and
8 disbursements. The receipts and disbursements of the Commission shall be
9 subject to the financial review and accounting procedures established under
10 its bylaws. However, all receipts and disbursements of funds handled by the
11 Commission shall be subject to an annual financial review by a certified or
12 licensed public accountant, and the report of the financial review shall be
13 included in and become part of the annual report of the Commission.
- 14 (h) Qualified Immunity, Defense, and Indemnification.
- 15 (1) The members, officers, executive director, employees, and representatives of
16 the Commission shall be immune from suit and liability, both personally and
17 in their official capacity, for any claim for damage to or loss of property or
18 personal injury or other civil liability caused by or arising out of any actual or
19 alleged act, error, or omission that occurred, or that the person against whom
20 the claim is made had a reasonable basis for believing occurred within the
21 scope of Commission employment, duties, or responsibilities; provided that
22 nothing in this subdivision shall be construed to protect any such person from
23 suit or liability for any damage, loss, injury, or liability caused by the
24 intentional or willful or wanton misconduct of that person. The procurement
25 of insurance of any type by the Commission shall not in any way compromise
26 or limit the immunity granted hereunder.
- 27 (2) The Commission shall defend any member, officer, executive director,
28 employee, and representative of the Commission in any civil action seeking
29 to impose liability arising out of any actual or alleged act, error, or omission
30 that occurred within the scope of Commission employment, duties, or
31 responsibilities, or as determined by the Commission that the person against
32 whom the claim is made had a reasonable basis for believing occurred within
33 the scope of Commission employment, duties, or responsibilities; provided
34 that nothing herein shall be construed to prohibit that person from retaining
35 their own counsel at their own expense; and provided further, that the actual
36 or alleged act, error, or omission did not result from that person's intentional
37 or willful or wanton misconduct.
- 38 (3) The Commission shall indemnify and hold harmless any member, officer,
39 executive director, employee, and representative of the Commission for the
40 amount of any settlement or judgment obtained against that person arising out
41 of any actual or alleged act, error, or omission that occurred within the scope
42 of Commission employment, duties, or responsibilities, or that such person
43 had a reasonable basis for believing occurred within the scope of Commission
44 employment, duties, or responsibilities, provided that the actual or alleged act,
45 error, or omission did not result from the intentional or willful or wanton
46 misconduct of that person.
- 47 (4) Nothing herein shall be construed as a limitation on the liability of any
48 licensee for professional malpractice or misconduct, which shall be governed
49 solely by any other applicable state laws.
- 50 (5) Nothing in this Compact shall be interpreted to waive or otherwise abrogate a
51 Member State's state action immunity or state action affirmative defense with

1 respect to antitrust claims under the Sherman Act, Clayton Act, or any other
2 state or federal antitrust or anticompetitive law or regulation.

3 (6) Nothing in this Compact shall be construed to be a waiver of sovereign
4 immunity by the Member States or by the Commission.

5 **"§ 115C-270.47. Facilitating information exchange.**

6 (a) The Commission shall provide for facilitating the exchange of information to
7 administer and implement the provisions of this Compact in accordance with the Rules of the
8 Commission, consistent with generally accepted data protection principles.

9 (b) Notwithstanding any other provision of state law to the contrary, a Member State shall
10 agree to provide for the facilitation of the following Licensee information as required by the
11 Rules of the Commission, including:

12 (1) Identifying information.

13 (2) Licensure data.

14 (3) Adverse Actions against a Licensee and information related thereto.

15 (4) Nonconfidential information related to Alternative Program participation, the
16 beginning and ending dates of such participation, and other information
17 related to such participation not made confidential under Member State law.

18 (5) Any denial of application for licensure, and the reason(s) for such denial.

19 (6) The presence of investigative information.

20 (7) Other information that may facilitate the administration of this Compact or the
21 protection of the public, as determined by the Rules of the Commission.

22 (c) Nothing in this Compact shall be deemed or construed to alter, limit, or inhibit the
23 power of a Member State to control and maintain ownership of its Licensee information or alter,
24 limit, or inhibit the laws or regulations governing Licensee information in the Member State.

25 **"§ 115C-270.48. Rulemaking.**

26 (a) The Commission shall exercise its Rulemaking powers pursuant to the criteria set
27 forth in this interstate compact and the Rules adopted thereunder. Rules and amendments shall
28 become binding as of the date specified in each Rule or amendment.

29 (b) The Commission shall promulgate reasonable Rules to achieve the intent and purpose
30 of this interstate compact. In the event the Commission exercises its Rulemaking authority in a
31 manner that is beyond the purpose and intent of this interstate compact, or the powers granted
32 hereunder, then such an action by the Commission shall be invalid and have no force and effect
33 of law in the Member States.

34 (c) If a majority of the legislatures of the Member States reject a Rule, by enactment of a
35 statute or resolution in the same manner used to adopt the Compact within four years of the date
36 of adoption of the Rule, then such Rule shall have no further force and effect in any Member
37 State.

38 (d) Rules or amendments to the Rules shall be adopted or ratified at a regular or special
39 meeting of the Commission in accordance with Commission Rules and bylaws.

40 (e) Prior to promulgation and adoption of a final Rule or Rules by the Commission, and
41 at least 30 days in advance of the meeting at which the Rule will be considered and voted upon,
42 the Commission shall file a notice of proposed Rulemaking:

43 (1) On the website of the Commission or other publicly accessible platform; and

44 (2) On the website of each Member State Licensing Authority or other publicly
45 accessible platform or the publication in which each state would otherwise
46 publish proposed Rules.

47 (f) Upon determination that an emergency exists, the Commission may consider and
48 adopt an emergency Rule with 48 hours' notice, with opportunity to comment, provided that the
49 usual Rulemaking procedures shall be retroactively applied to the Rule as soon as reasonably
50 possible, in no event later than 90 days after the effective date of the Rule. For the purposes of

1 this provision, an emergency Rule is one that must be adopted immediately in order to accomplish
2 the following:

3 (1) Meet an imminent threat to public health, safety, or welfare.

4 (2) Prevent a loss of Commission or Member State funds.

5 (3) Meet a deadline for the promulgation of an administrative Rule that is
6 established by federal law or Rule.

7 (4) Protect public health and safety.

8 **"§ 115C-270.49. Oversight, dispute resolution, and enforcement.**

9 (a) Oversight.

10 (1) The executive and judicial branches of the state government in each Member
11 State shall enforce this Compact and take all actions necessary and appropriate
12 to implement the Compact.

13 (2) Venue is proper and judicial proceedings by or against the Commission shall
14 be brought solely and exclusively in a court of competent jurisdiction where
15 the principal office of the Commission is located. The Commission may waive
16 venue and jurisdictional defenses to the extent it adopts or consents to
17 participate in alternative dispute resolution proceedings. Nothing herein shall
18 affect or limit the selection or propriety of venue in any action against a
19 Licensee for professional malpractice, misconduct, or any such similar matter.

20 (3) The Commission shall be entitled to receive service of process in any
21 proceeding regarding the enforcement or interpretation of the Compact and
22 shall have standing to intervene in such a proceeding for all purposes. Failure
23 to provide the Commission service of process shall render a judgment or order
24 void as to the Commission, this Compact, or promulgated Rules.

25 (b) Default, Technical Assistance, and Termination.

26 (1) If the Commission determines that a Member State has defaulted in the
27 performance of its obligations or responsibilities under this Compact or the
28 promulgated Rules, the Commission shall provide written notice to the
29 defaulting state. The notice of default shall describe the default, the proposed
30 means of curing the default, and any other action that the Commission may
31 take and shall offer training and specific technical assistance regarding the
32 default.

33 (2) The Commission shall provide a copy of the notice of default to the other
34 Member States.

35 (c) If a state in default fails to cure the default, the defaulting state may be terminated
36 from the Compact upon an affirmative vote of a supermajority of the delegates of the Member
37 States, and all rights, privileges, and benefits conferred on that state by this Compact may be
38 terminated on the effective date of termination. A cure of the default does not relieve the
39 offending state of obligations or liabilities incurred during the period of default.

40 (d) Termination of membership in the Compact shall be imposed only after all other
41 means of securing compliance have been exhausted. Notice of intent to suspend or terminate
42 shall be given by the Commission to the governor, the majority and minority leaders of the
43 defaulting state's legislature, the defaulting State's Licensing Authority, and each of the Member
44 States' Licensing Authorities.

45 (e) A state that has been terminated is responsible for all assessments, obligations, and
46 liabilities incurred through the effective date of termination, including obligations that extend
47 beyond the effective date of termination.

48 (f) Upon the termination of a state's membership from this Compact, that state shall
49 immediately provide notice to all Licensees within that state of such termination. The terminated
50 state shall continue to recognize all Licenses granted pursuant to this Compact for a minimum of
51 six months after the date of said notice of termination.

1 (g) The Commission shall not bear any costs related to a state that is found to be in default
2 or that has been terminated from the Compact, unless agreed upon in writing between the
3 Commission and the defaulting state.

4 (h) The defaulting state may appeal the action of the Commission by petitioning the U.S.
5 District Court for the District of Columbia or the federal district where the Commission has its
6 principal offices. The prevailing party shall be awarded all costs of such litigation, including
7 reasonable attorneys' fees.

8 (i) Dispute Resolution.

9 (1) Upon request by a Member State, the Commission shall attempt to resolve
10 disputes related to the Compact that arise among Member States and between
11 Member and non-Member States.

12 (2) The Commission shall promulgate a Rule providing for both mediation and
13 binding dispute resolution for disputes as appropriate.

14 (j) Enforcement.

15 (1) By majority vote as provided by Rule, the Commission may initiate legal
16 action against a Member State in default in the U.S. District Court for the
17 District of Columbia or the federal district where the Commission has its
18 principal offices to enforce compliance with the provisions of the Compact
19 and its promulgated Rules. The relief sought may include both injunctive
20 relief and damages. In the event judicial enforcement is necessary, the
21 prevailing party shall be awarded all costs of such litigation, including
22 reasonable attorneys' fees. The remedies herein shall not be the exclusive
23 remedies of the Commission. The Commission may pursue any other
24 remedies available under federal or the defaulting Member State's law.

25 (2) A Member State may initiate legal action against the Commission in the U.S.
26 District Court for the District of Columbia or the federal district where the
27 Commission has its principal offices to enforce compliance with the
28 provisions of the Compact and its promulgated Rules. The relief sought may
29 include both injunctive relief and damages. In the event judicial enforcement
30 is necessary, the prevailing party shall be awarded all costs of such litigation,
31 including reasonable attorneys' fees.

32 (3) No person other than a Member State shall enforce this Compact against the
33 Commission.

34 **"§ 115C-270.50. Effective date, withdrawal, and amendment.**

35 (a) The Compact shall come into effect on the date on which the Compact statute is
36 enacted into law in the seventh Member State.

37 (1) On or after the effective date of the Compact indicated above, the Commission
38 shall convene and review the enactment of each of the Charter Member States
39 to determine if the statute enacted by each such Charter Member State is
40 materially different than the model Compact statute.

41 a. A Charter Member State whose enactment is found to be materially
42 different from the model Compact statute shall be entitled to the
43 default process set forth in G.S. 115C-270.49.

44 b. If any Member State is later found to be in default, or is terminated or
45 withdraws from the Compact, the Commission shall remain in
46 existence and the Compact shall remain in effect even if the number
47 of Member States should be less than seven.

48 (2) Member States enacting the Compact subsequent to the Charter Member
49 States shall be subject to the process set forth in subdivision (22) of subsection
50 (c) of G.S. 115C-470.46 to determine if their enactments are materially

1 different from the model Compact statute and whether they qualify for
2 participation in the Compact.

3 (3) All actions taken for the benefit of the Commission or in furtherance of the
4 purposes of the administration of the Compact prior to the effective date of
5 the Compact or the Commission coming into existence shall be considered to
6 be actions of the Commission unless specifically repudiated by the
7 Commission.

8 a. Any state that joins the Compact subsequent to the Commission's
9 initial adoption of the Rules and bylaws shall be subject to the Rules
10 and bylaws as they exist on the date on which the Compact becomes
11 law in that state. Any Rule that has been previously adopted by the
12 Commission shall have the full force and effect of law on the day the
13 Compact becomes law in that state.

14 b. Any Member State may withdraw from this Compact by enacting a
15 statute repealing the same.

16 (b) A Member State's withdrawal shall not take effect until 180 days after enactment of
17 the repealing statute.

18 (c) Withdrawal shall not affect the continuing requirement of the withdrawing State's
19 Licensing Authority to comply with the investigative and Adverse Action reporting requirements
20 of this Compact prior to the effective date of withdrawal.

21 (d) Upon the enactment of a statute withdrawing from this Compact, a state shall
22 immediately provide notice of such withdrawal to all Licensees within that state.
23 Notwithstanding any subsequent statutory enactment to the contrary, such withdrawing state
24 shall continue to recognize all Licenses granted pursuant to this Compact for a minimum of six
25 months after the date of such notice of withdrawal.

26 (1) Nothing contained in this Compact shall be construed to invalidate or prevent
27 any licensure agreement or other cooperative arrangement between a Member
28 State and a non-Member State that does not conflict with the provisions of this
29 Compact.

30 (2) This Compact may be amended by the Member States. No amendment to this
31 Compact shall become effective and binding upon any Member State until it
32 is enacted into the laws of all Member States.

33 **"§ 115C-270.51. Construction and severability.**

34 (a) This Compact and the Commission's Rulemaking authority shall be liberally
35 construed so as to effectuate the purposes and the implementation and administration of the
36 Compact. Provisions of the Compact expressly authorizing or requiring the promulgation of
37 Rules shall not be construed to limit the Commission's Rulemaking authority solely for those
38 purposes.

39 (b) The provisions of this Compact shall be severable and if any phrase, clause, sentence,
40 or provision of this Compact is held by a court of competent jurisdiction to be contrary to the
41 constitution of any Member State, a state seeking participation in the Compact, or of the United
42 States, or the applicability thereof to any government, agency, person, or circumstance is held to
43 be unconstitutional by a court of competent jurisdiction, the validity of the remainder of this
44 Compact and the applicability thereof to any other government, agency, person, or circumstance
45 shall not be affected thereby.

46 (c) Notwithstanding subsection (b) of this section, the Commission may deny a state's
47 participation in the Compact or, in accordance with the requirements of subsection (b) of
48 G.S. 115C-270.49, terminate a Member State's participation in the Compact, if it determines that
49 a constitutional requirement of a Member State is a material departure from the Compact.
50 Otherwise, if this Compact shall be held to be contrary to the constitution of any Member State,

1 the Compact shall remain in full force and effect as to the remaining Member States and in full
2 force and effect as to the Member State affected as to all severable matters.

3 **"§ 115C-270.52. Consistent effect and conflict with other state laws.**

4 (a) Nothing herein shall prevent or inhibit the enforcement of any other law of a Member
5 State that is not inconsistent with the Compact.

6 (b) Any laws, statutes, regulations, or other legal requirements in a Member State in
7 conflict with the Compact are superseded to the extent of the conflict. All permissible agreements
8 between the Commission and the Member States are binding in accordance with their terms."

9 **SECTION 7.48.(b)** G.S. 115C-12 is amended by adding a new subdivision to read:

10 "(50) Duty to Fulfill Requirements Related to School Psychologist Interstate
11 Licensure Compact. – The State Board of Education shall be the State
12 Licensing Authority or Licensing Authority for purposes of Article 17F of this
13 Chapter and shall fulfill any requirements, duties, or obligations of the State
14 Licensing Authority or Licensing Authority pursuant to that Article."

15 **SECTION 7.48.(c)** The section is effective when it becomes law.

16
17 **INCREASE TO EC FUNDING CAP**

18 **SECTION 7.49.(a)** G.S. 115C-111.05 reads as rewritten:

19 **"§ 115C-111.05. Funding for children with disabilities.**

20 To the extent funds are made available for this purpose, the State Board shall allocate funds
21 for children with disabilities to each local school administrative unit on a per child basis. Each
22 local school administrative unit shall receive funds for the lesser of (i) all children who are
23 identified as children with disabilities or (ii) thirteen and one-quarter percent (~~13%~~)(13.25%) of
24 its allotted average daily membership in the local school administrative unit for the current school
25 year."

26 **SECTION 7.49.(b)** This section is effective when it becomes law and applies
27 beginning with funding allocated for the 2025-2026 school year.

28
29 **CLASS SIZE EXEMPTIONS FOR GROWING COUNTIES**

30 **SECTION 7.50.(a)** G.S. 115C-301 reads as rewritten:

31 **"§ 115C-301. Allocation of teachers; class size.**

32 ...

33 (c) Maximum Class Size for Kindergarten Through Third Grade. – The average class size
34 for kindergarten through third grade in a local school administrative unit shall be as follows:

35 (1) Growing local school administrative units. – If a local school administrative
36 unit has an increase in student population of one-half percent (0.5%) of the
37 average daily membership of the local school administrative unit for two
38 consecutive years, then the unit shall be considered a growing local school
39 administrative unit for the two years immediately following the second year
40 of student population increase. Growing local school administrative units may
41 exceed the allotment ratios listed in subdivision (2) of this subsection by up to
42 three students.

43 (2) All other local school administrative units. – For any local school
44 administrative unit not qualifying as growing under subdivision (1) of this
45 subsection, the average class size for kindergarten through third grade in the
46 local school administrative unit shall at no time exceed the funded allotment
47 ratio of teachers to students in kindergarten through third grade. At the end of
48 the second school month and for the remainder of the school year, the size of
49 an individual class in kindergarten through third grade shall not exceed the
50 allotment ratio by more than three students. The funded class size allotment
51 ratio for kindergarten through third grade shall be as follows:

1 ~~(1)~~a. For kindergarten, one teacher per 18 students.

2 ~~(2)~~b. For first grade, one teacher per 16 students.

3 ~~(3)~~c. For second grade, one teacher per 17 students.

4 ~~(4)~~d. For third grade, one teacher per 17 students.

5 In grades four through 12, local school administrative units shall have the maximum
6 flexibility to use allotted teacher positions to maximize student achievement.

7 ...

8 (g) Waivers and Allotment Adjustments. – Local boards of education shall report
9 exceptions to the class size requirements set out for kindergarten through third grade and
10 significant increases in class size at other grade levels to the State Board and shall request
11 allotment adjustments at any grade level, waivers from the requirements for kindergarten through
12 third grade, or both. Within 45 days of receipt of reports, the State Board of Education, within
13 funds available, may allot additional positions at any grade level. The State Board shall not grant
14 waivers for excess class size in kindergarten through third grade, except under the following
15 circumstances:

16 (1) Emergencies or acts of God that impact the availability of classroom space or
17 facilities.

18 (2) An unanticipated increase in student population of an individual school in
19 excess of two percent (2%) of the average daily membership of that school.
20 The State Board of Education shall allow waivers in consecutive years for
21 schools located in growing local school administrative units that continue to
22 qualify for a waiver under this subdivision.

23 (3) Organizational problems in geographically isolated local school
24 administrative units in which the average daily membership is less than one
25 and one-half per square mile.

26 (4) Classes organized for a solitary curricular area.

27 (5) A charter school closure.

28 ~~(6)~~ The performance grade of the school under G.S. 115C-12(9)c1 and
29 G.S. 115C-83.15 is a B or better and the school is located in a growing local
30 school administrative unit. Waivers granted pursuant to this subsection shall
31 be for an additional two students per class, in addition to the three additional
32 students allowed under subdivision (1) of subsection (c) of this section.

33 The State Board shall report on all waivers to the Joint Legislative Commission on
34 Governmental Operations within 30 days of the grant of the waiver. The report shall include the
35 local school administrative unit, school, and class or classes for which the waiver was granted,
36 the statutory grounds for the waiver, and the terms of the waiver. A waiver for excess class size
37 in kindergarten through third grade shall not become effective until the State Board submits the
38 report to the Joint Legislative Commission on Governmental Operations.

39 Upon notification from the State Board that the reported exception does not qualify for an
40 allotment adjustment or a waiver, the local board of education shall take action to correct the
41 exception within 30 days. Within 60 days of notification by the State Board, the Superintendent
42 of Public Instruction shall request an updated report from the local board of education on the size
43 of each class in kindergarten through third grade for each school within the local school
44 administrative unit. If the Superintendent of Public Instruction finds that a local board of
45 education is continuing to exceed class size requirements, the State Board may impose the
46 penalty set forth in subsection (j) of this section until such time the schools in the unit meet the
47 class size requirements for kindergarten through third grade.

48 "

49 **SECTION 7.50.(b)** G.S. 115C-301.7(a) reads as rewritten:

50 "(a) Class Size Flexibility. – Notwithstanding G.S. 115C-301, with the approval of the
51 State Board of Education, ATR schools may exceed the maximum class size requirements for

1 kindergarten through third grade during any term of up to three years in which State funds are
2 awarded to the ATR unit where the school is located. At the conclusion of the term, any class
3 size flexibility approved for an ATR school pursuant to this subsection shall expire.grade."
4

5 AFTER SCHOOL ROBOTICS GRANT PROGRAM

6 **SECTION 7.51.(a)** Program; Purpose. – To the extent funds are made available for
7 the purpose, there is established the Educational and Competitive After-School Robotics Grant
8 Program (Program) for each year of the 2025-2027 fiscal biennium. The purpose of the Program
9 shall be to (i) promote evidence-based, after-school programs for robotics education and
10 competition and (ii) motivate students to pursue education and career opportunities in science,
11 technology, engineering, and mathematics while building critical life and work-related skills.

12 **SECTION 7.51.(b)** Eligibility. – Any public school unit is eligible to apply to the
13 Department of Public Instruction for a grant to develop an educational and competitive
14 after-school robotics program with a robotics partner in any high school within the public school
15 unit. As used in this subsection, the term "robotics partner" shall refer to a third-party entity, such
16 as a nonprofit organization or institution of higher education, approved by the Department of
17 Public Instruction that is able to provide adequate support for an after-school robotics program.
18 In order to provide adequate support, a robotics partner must meet at least all of the following
19 criteria:

- 20 (1) Have a national presence in robotics education and competition.
- 21 (2) Provide adequate instruction and programming for students and adult
22 volunteers in (i) robotics education, (ii) project-based learning, and (iii)
23 competitive robotics.
- 24 (3) Promote a safe and equitable social environment.

25 **SECTION 7.51.(c)** Applications; Criteria and Guidelines. – No later than August 1
26 of each year that funds are made available for the Program, the Department shall develop and
27 publish criteria and guidelines for the application process for the Program in the upcoming school
28 year, including any documentation required to be submitted by the applicants. The Department
29 shall accept applications until September 30 of each school year. Applications shall include, at a
30 minimum, the following information:

- 31 (1) Evidence that the applicant has or will be able to establish a relationship with
32 a robotics partner.
- 33 (2) A proposed budget for the educational and competitive after-school robotics
34 program.

35 **SECTION 7.51.(d)** Award and Use of Funds. – The Department shall prioritize
36 awarding grants to public school units that participated in the Program in the prior school year.
37 Grant awards shall not exceed fifteen thousand dollars (\$15,000) per participating high school in
38 the public school unit. The Department shall award grants to the selected applicants by October
39 31 of each year of the Program. Funds may be used for any of the following purposes:

- 40 (1) Establishing a relationship with a robotics partner.
- 41 (2) Purchasing robotics kits.
- 42 (3) Providing stipends for coaches.
- 43 (4) Making payments associated with participation in a robotics league or robotics
44 competition.
- 45 (5) Paying fees incurred as part of the administration of a robotics team.

46 **SECTION 7.51.(e)** Reporting. – No later than October 15 of each year in which
47 funds are made available for the Program, the Department shall report the following information
48 from the prior school year to the Joint Legislative Education Oversight Committee and the Fiscal
49 Research Division:

- 50 (1) Number and amounts of grants awarded.
- 51 (2) Identities of the public school units receiving grants.

- 1 (3) Identities of public school units that applied for grants but did not receive one.
- 2 (4) The extent to which students participating in after-school robotics programs
- 3 funded by the Program experienced measurable improvement in academic
- 4 performance, if any.
- 5

6 FUNDS FOR ALL PRO DAD

7 **SECTION 7.52.** Of the funds appropriated to the Department of Public Instruction
8 in this act, the Department shall allocate the sum of two million dollars (\$2,000,000) in
9 nonrecurring funds for the 2025-2026 fiscal year as a directed grant to Family First, Inc., the
10 nonprofit corporation registered in the state of Florida, to expand its All Pro Dad fatherhood
11 program in this State, provided that (i) the nonprofit registers as an entity with the Secretary of
12 State to conduct business in the State and (ii) the nonprofit allocates the funds appropriated in
13 this act to expand its All Pro Dad program in North Carolina, including increasing All Pro Dad
14 chapters in schools, holding events that encourage father-child engagement and foster improved
15 communication between children and fathers, and distributing resources to help fathers enhance
16 their parenting skills and become more involved in their children's lives.

17 RESPONSIBLE FATHERHOOD NORTH CAROLINA ACT

18 **SECTION 7.53.(a)** The General Assembly recognizes that families are stronger
19 when both parents act responsibly in caring for their children. It is the intent of the General
20 Assembly to recognize and support the important and unique role that fathers play in ensuring
21 the physical, emotional, and economic well-being of their children and families.

22 **SECTION 7.53.(b)** The Department shall contract for the development and
23 implementation of the Responsible Fatherhood North Carolina program. The program shall
24 provide an opportunity for every father in the State to be able to obtain information and
25 inspiration that will motivate and enable him to enhance his abilities as a father, recognizing that
26 some fathers have greater challenges than others and would benefit from greater support. The
27 entity the Department contracts with to develop, implement, and manage the program, "Program
28 Manager," shall be a nonprofit organization that satisfies all of the following criteria:

- 29 (1) Has a history of focusing on responsible fatherhood, including providing
30 online resources to fathers, and engaging fathers, father figures, and children
31 through community-based and school-based events to encourage responsible
32 fatherhood.
- 33 (2) Has the organizational capacity to manage a statewide initiative and
34 successfully carry out the requirements of this section.

35 **SECTION 7.53.(c)** The Program Manager shall be solely responsible for developing,
36 implementing, and managing the program which shall include at least the following:

- 37 (1) A statewide media campaign that increases the awareness and importance of
38 fathers being involved in their children's lives.
- 39 (2) Resources and information for fathers and father figures to increase
40 engagement and involvement in their children's lives.
- 41 (3) Promotion of related fatherhood programs that are provided by the
42 Department of Public Instruction, the Community College System, or The
43 University of North Carolina System.

44 **SECTION 7.53.(d)** To most effectively use the funds appropriated to this program,
45 the Program Manager shall identify and use other existing media assets, content, and online
46 resources it deems appropriate, including any existing media assets, content, and online resources
47 it has available, to implement and execute the items required by this section.

48 **SECTION 7.53.(e)** The Program Manager shall administer a grant program to award
49 grants to nonprofit community-based organizations that address the needs of fathers in
50 accordance with the following:
51

- 1 (1) The Program Manager shall award the following types of grants:
- 2 a. Grants that comprehensively address the needs of fathers, such as
- 3 assisting them in finding employment, managing child support
- 4 obligations, transitioning from a period of incarceration, accessing
- 5 health care, understanding child development, and enhancing
- 6 parenting skills. Services provided shall be tailored to the needs of the
- 7 father being served. Case management services shall be provided to
- 8 the fathers who are served by the grants under this subdivision.
- 9 b. Grants that provide evidence-based parenting education specifically
- 10 for fathers. The grants under this subdivision do not require case
- 11 management services.
- 12 (2) The Program Manager shall prioritize awarding grants according to the
- 13 following:
- 14 a. Need in a geographic area and the population to be served by the grant
- 15 as indicated by, at a minimum, all of the following:
- 16 1. Unemployment rates.
- 17 2. Incarceration rates.
- 18 3. Housing instability.
- 19 4. The number of single-parent households.
- 20 5. The number of public benefit recipients.
- 21 6. Graduation rates.
- 22 7. Levels of academic achievement.
- 23 b. If an applicant has a primary mission of, or a history of a significant
- 24 focus on and effective work toward, addressing the needs of men in
- 25 their role as fathers.
- 26 c. Applicant current and historical involvement in the community being
- 27 served.
- 28 d. Applicant commitment and capability to employ competent staff who
- 29 can effectively engage with the fathers being served, including, at a
- 30 minimum, those individuals who share a similar background as the
- 31 fathers being served.
- 32 e. The number of individuals the applicant plans to serve through the
- 33 grant and the projected costs for the program.
- 34 f. Applicant organizational capacity to effectively meet the requirements
- 35 of the grant and to deliver the programs proposed by the applicant. The
- 36 Program Manager may offer technical assistance to applicants and
- 37 grant recipients that have lower organizational capacity as long as such
- 38 organizations have, or the organization's leadership has, significant
- 39 experience serving fathers.
- 40 (3) Grant recipients shall submit reports to the Department in a format and at
- 41 intervals prescribed by the Department.

42 **SECTION 7.53.(f)** Of the funds appropriated to the Department of Public Instruction
 43 in this act for the Responsible Fatherhood North Carolina program, the Department shall use up
 44 to two million dollars (\$2,000,000) in nonrecurring funds for the 2025-2026 fiscal year to
 45 contract for the Program Manager as required in subsection (b) of this section. The remainder of
 46 the funds shall be used for the grants authorized in subsection (e) of this section.

47
 48 **COMPETITIVE SPEECH AND DEBATE GRANT PILOT**

49 **SECTION 7.54.(a)** Program; Purpose. – To the extent funds are made available for
 50 the purpose, there is established the Competitive Speech and Debate Team Grant Pilot Program
 51 (Program). The purpose of the Program is to allow each public school serving students in grades

1 nine through 12 in North Carolina to form a speech and debate team and to allow the team to
2 participate in speech and debate competitions. The Program shall begin in the 2025-2026 school
3 year and conclude at the end of the 2028-2029 school year.

4 **SECTION 7.54.(b)** Eligibility. – Any public school unit that includes a school that
5 serves students in grades nine through 12 is eligible to apply to the Department of Public
6 Instruction for a grant to develop, maintain, or expand an educational and competitive speech
7 and debate team.

8 **SECTION 7.54.(c)** Applications; Criteria and Guidelines. – No later than August 1
9 of each year that funds are made available for the Program, the Department shall develop and
10 publish criteria and guidelines for the application process for the Program in the upcoming school
11 year. The Department shall accept applications until September 30 of each school year.
12 Applications shall include, at a minimum, a proposed budget for the speech and debate team.

13 **SECTION 7.54.(d)** Award; Use of Funds. – The Department shall award grants to
14 selected applicants by October 31 of each year that funds are made available for the Program.
15 The Department shall determine the amount of each award up to a maximum of ten thousand
16 dollars (\$10,000) per team per school year and may only include two stipends, one lead team
17 coach stipend of up to two thousand five hundred dollars (\$2,500) and one assistant team coach
18 stipend of one thousand five hundred dollars (\$1,500). Funds may be used for any of the
19 following purposes:

- 20 (1) Provide stipends for coaches.
- 21 (2) Make payments associated with participation in a speech and debate league or
22 competition.
- 23 (3) Travel to and from speech and debate competitions.

24 **SECTION 7.54.(e)** Speech and debate teams receiving funds through the Program
25 shall participate in the Tarheel Forensic League and the National Speech and Debate Association.

26 **SECTION 7.54.(f)** Student Participation. – If a student is enrolled in a school that
27 does not offer a speech and debate team, the student is eligible to participate on the speech and
28 debate team at the school located geographically closest to where the student resides that does
29 have a team. A student joining a team under the authority of this section shall be responsible for
30 transportation to and from the school where the team meets. Nothing in this section prohibits a
31 school from enforcing guidelines for student participation in extracurricular activities, such as
32 academic performance requirements, nor does it prohibit a speech and debate team from
33 conducting a selection process for the team, so long as the student is able to participate in the
34 selection process as if the student were enrolled in that school.

35 **SECTION 7.54.(g)** Reporting. – No later than February 15 of each school year in
36 which funds are made available for the Program, the Department shall report the following
37 information to the Joint Legislative Education Oversight Committee and the Fiscal Research
38 Division:

- 39 (1) The public school units receiving grants and the amount of the grant.
- 40 (2) A description of how the grants were used.
- 41 (3) The public school units that applied for grants but did not receive one.
- 42 (4) The extent to which students participating in speech and debate programs
43 funded by the Program experienced measurable improvement in academic
44 performance.

45 **SECTION 7.54.(h)** Of the funds appropriated to the Department of Public
46 Instruction in this act, the Department shall use the sum of five hundred thousand dollars
47 (\$500,000) in recurring funds for the 2025-2026 fiscal year to establish and administer the
48 Competitive Speech and Debate Team Grant Pilot Program, as established by this section. At the
49 conclusion of the Program, when creating the base budget for the 2029-2031 fiscal biennium, the
50 Director of the Budget shall not include these funds for the 2029-2030 fiscal year.

51

NORTHEAST REGIONAL SCHOOL OF BIOTECHNOLOGY AND AGRISCIENCE

SECTION 7.55.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 15A.

"Northeast Regional School of Biotechnology and Agriscience.

"§ 115C-229.5. Purpose.

(a) The purpose of this Article is to establish the Northeast Regional School of Biotechnology and Agriscience as a school of choice that will expand student opportunities for educational success through high quality instructional programming in the northeastern region of the State. The Northeast Regional School of Biotechnology and Agriscience may partner with other education partners, including local boards of education, institutions of higher education, or private businesses or organizations, and shall foster, encourage, and promote the development of knowledge and skills in career clusters of critical importance to the region.

(b) The Northeast Regional School of Biotechnology and Agriscience is a political subdivision of the State and shall operate as a public school unit with a board of directors as the governing body.

(c) Except as otherwise provided in this Article and Article 7B of this Chapter, the Northeast Regional School of Biotechnology and Agriscience is exempt from statutes and rules applicable to a local board of education or local school administrative unit.

"§ 115C-229.10. Definitions.

The following definitions apply in this Part:

(1) Regional school. – The Northeast Regional School of Biotechnology and Agriscience.

(2) Regional school board of directors or board of directors. – The governing board of the Northeast Regional School of Biotechnology and Agriscience.

(3) Regional school service area. – The counties of Beaufort, Bertie, Camden, Currituck, Dare, Edenton, Edgecombe, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell, and Washington.

"§ 115C-229.15. Board of directors; appointment; terms of office.

(a) The board of directors of the regional school shall consist of the following members:

(1) The Superintendent of Public Instruction shall appoint three members who are either a local board of education member or superintendent of a local school administrative unit in a county where at least five percent (5%) of the students enrolled in the regional school reside.

(2) The State Board of Education shall appoint five members as representatives of the business community, upon the recommendation of the North Carolina Economic Developers Association, who reside in a county where at least five percent (5%) of the students enrolled in the regional school reside. At least one of the appointees shall be a resident of the county in which the regional school is located.

(3) The Parent Advisory Council established by G.S. 115C-229.20 shall appoint one member to the board of directors from among the Council membership. The seat shall be declared vacant if the child of the appointed parent no longer attends the regional school.

(4) Any institution of higher education partner may appoint a representative of the institution of higher education to serve as an ex officio member of the board of directors.

(b) Members shall serve four-year terms of office. Appointed members of the board of directors shall be selected for their interest in and commitment to the importance of public education to regional economic development and to the purposes of the regional school.

1 (c) Whenever an appointed member of the board of directors ceases to meet the
2 qualifications for appointment or for any reason other than ill health or service in the interest of
3 the State or nation to be present at three successive regular meetings of the board of directors, his
4 or her place as a member of the board of directors shall be deemed vacant. Any member of the
5 board of directors may be removed from office by the appointing authority for misfeasance,
6 malfeasance, or nonfeasance in office. All vacancies shall be filled by the appointing authority
7 for the remainder of the term of office by an individual meeting the qualifications for the vacated
8 seat.

9 **"§ 115C-229.20. Parent Advisory Council; purpose; appointments.**

10 (a) Purpose. – There shall be a Parent Advisory Council to serve as a resource and provide
11 input to the board of directors as to the operation of the regional school. The board of directors
12 shall consult the Parent Advisory Council when considering changes to the regional school's
13 operations that may significantly impact students attending the regional school.

14 (b) Appointment. – The Superintendent of Public Instruction shall appoint one member
15 from each county where at least five percent (5%) of the students enrolled in the regional school
16 reside to the Parent Advisory Council for a term of four years or until the member's child no
17 longer attends the regional school. Appointees shall be parents or guardians of students attending
18 the regional school and shall, to the extent possible, reflect the demographic composition of the
19 regional school.

20 **"§ 115C-229.25. Board of directors; meetings; rules of procedure; officers.**

21 (a) The board of directors shall meet at least four times a year and may hold special
22 meetings at any time at the call of the chair or upon petition addressed to the chair by a majority
23 of the members of the board of directors. All meetings of the board of directors shall be subject
24 to the requirements of Article 33C of Chapter 143 of the General Statutes.

25 (b) The board of directors shall elect a chair and a vice-chair from among its members,
26 who shall serve a two-year term.

27 (c) All members of the board of directors shall be voting members except for the chair,
28 who may vote only on matters to break a tie.

29 (d) The board of directors shall determine its own rules of procedure and may delegate
30 to such committees as it may create such of its powers as it deems appropriate.

31 (e) Members of the board of directors shall receive such per diem compensation and
32 necessary travel and subsistence expenses while engaged in the discharge of their official duties
33 as is provided by law for members of State boards and commissions.

34 **"§ 115C-229.30. Board of directors; corporate powers.**

35 (a) The board of directors of the regional school shall be known and distinguished by the
36 name of "The Northeast Regional School of Biotechnology and Agriscience Board of Directors"
37 and shall continue as a body politic and corporate and by that name shall have perpetual
38 succession and a common seal. It shall be able and capable in law to take, demand, receive, and
39 possess all moneys, goods, and chattels that shall be given for the use of the regional school, and
40 to apply to same according to the will of the donors; and by gift, purchase, or devise to receive,
41 possess, enjoy, and retain forever any and all real and personal estate and funds, of whatsoever
42 kind, nature, or quality the same may be, in special trust and confidence that the same, or the
43 profits thereof, shall be applied to and for the use and purpose of establishing and endowing the
44 regional school, and shall have power to receive donations from any source whatsoever, to be
45 devoted exclusively to the purposes of the maintenance of the regional school, or according to
46 the terms of the donation.

47 (b) The board of directors shall be able and capable in law to bargain, sell, grant, alien,
48 or dispose of and convey and assure to the purchasers any and all such real and personal estate
49 and funds as it may lawfully acquire when the condition of the grant to it or the will of the deviser
50 does not forbid it; and shall be able and capable in law to sue and be sued in all courts whatsoever;
51 and shall have power to open and receive subscriptions; and in general may do all such things as

1 are usually done by bodies corporate and politic, or such as may be necessary for the promotion
2 of learning and virtue.

3 **"§ 115C-229.35. Board of directors; powers and duties.**

4 The board of directors shall have the following powers and duties:

- 5 (1) The board of directors shall establish the regional school's academic program
6 in accordance with the following:
- 7 a. The board of directors shall establish the standard course of study for
8 the regional school. This course of study shall set forth the subjects to
9 be taught in each grade and the texts and other educational materials
10 on each subject to be used in each grade. The board of directors shall
11 design its programs to meet at least the student performance standards
12 adopted by the State Board of Education and the student performance
13 standards contained in this Chapter.
- 14 b. The board of directors shall conduct student assessments required by
15 the State Board of Education.
- 16 c. The board of directors shall provide the opportunity to earn or obtain
17 credit toward degrees from a community college subject to Chapter
18 115D of the General Statutes or a constituent institution of The
19 University of North Carolina.
- 20 d. The board of directors shall adopt a school calendar consisting of a
21 minimum of 185 days or 1,025 hours of instruction covering at least
22 nine calendar months.
- 23 e. The board of directors shall ensure that financial literacy instruction is
24 provided as required by the State Board of Education pursuant to
25 G.S. 115C-81.65, including required professional development for
26 teachers of the EPF course.
- 27 (2) The board of directors shall establish policies and standards for academic
28 performance, attendance, and conduct for students of the regional school. The
29 policies of the board of directors shall comply with Article 27 of this Chapter.
- 30 (3) Every parent, guardian, or other person in this State having charge or control
31 of a child who is enrolled in the regional school and who is less than 16 years
32 of age shall cause the child to attend school continuously for a period equal to
33 the time that the regional school shall be in session. No person shall
34 encourage, entice, or counsel any child to be unlawfully absent from the
35 regional school. Any person who aids or abets a student's unlawful absence
36 from the regional school shall, upon conviction, be guilty of a Class 1
37 misdemeanor. The principal shall be responsible for implementing such
38 additional policies concerning compulsory attendance as shall be adopted by
39 the board of directors, including regulations concerning lawful and unlawful
40 absences, permissible excuses for temporary absences, maintenance of
41 attendance records, and attendance counseling.
- 42 (4) The board of directors shall comply with the reporting requirements
43 established by the State Board of Education in the Uniform Education
44 Reporting System.
- 45 (5) The board of directors shall require compliance with laws and policies relating
46 to the education of children with disabilities. The school is subject to and shall
47 comply with Article 9 of this Chapter and The Individuals with Disabilities
48 Education Improvements Act, 20 U.S.C. § 1400.
- 49 (6) The board of directors shall require that the regional school meet the same
50 health and safety standards required of a local school administrative unit.

- 1 (7) The board of directors shall require the regional school to comply with
2 G.S. 115C-375.2A and shall provide the school with a supply of emergency
3 epinephrine auto-injectors necessary to carry out the provisions of that section.
4 (8) The regional school shall comply with the requirements for public school units
5 in Part 2 of Article 8C of this Chapter.
6 (9) The regional school shall implement the rule addressing student awareness of
7 child abuse and neglect, including sexual abuse, adopted by the State Board
8 of Education under G.S. 115C-12(47).
9 (10) The board of directors shall apply the rules and policies established by the
10 State Board of Education for issuance of driving eligibility certificates.
11 (11) The regional school shall comply with G.S. 115C-407.40 regarding cultural
12 expression at all graduation ceremonies.
13 (12) The regional school shall strive to ensure that one hundred percent (100%)
14 muscadine grape juice is made available to students as a part of the school's
15 nutrition program or through the operation of the school's vending facilities.
16 (13) If the regional school organizes athletic teams for middle or high school
17 students to participate in interscholastic or intramural athletic activities, those
18 teams shall be organized in accordance with G.S. 115C-12(23).
19 (14) The board of directors shall comply with the purchasing and contract statutes
20 and regulations applicable to local school administrative units.
21 (15) The board of directors shall be exempt from Chapter 150B of the General
22 Statutes, except final decisions of the board of directors in a contested case
23 shall be subject to judicial review in accordance with Article 4 of Chapter
24 150B of the General Statutes.
25 (16) The regional school shall ensure that the report card issued for it by the State
26 Board of Education receives wide distribution to the local press or is otherwise
27 provided to the public. A regional school shall ensure that the overall school
28 performance score and grade earned by the regional school for the current and
29 previous four school years is prominently displayed on the school website. If
30 a regional school earned an overall school performance grade of D or F, the
31 regional school shall provide notice of the grade in writing to the parent or
32 guardian of all students enrolled in that school.
33 (17) The board of directors is encouraged to adopt a policy against bullying or
34 harassing behavior, including cyber-bullying, for the regional school that is
35 consistent with the provisions of Article 29C of this Chapter. If the board of
36 directors adopts a policy to prohibit bullying and harassing behavior, the
37 regional school shall, at the beginning of each school year, provide the policy
38 to staff, students, and parents as defined in G.S. 115C-390.1(b)(8).
39 (18) The regional school is encouraged to facilitate access for students to
40 participate in activities provided by any youth group listed in Title 36 of the
41 United States Code as a patriotic society, such as the Boy Scouts of America,
42 and its affiliated North Carolina groups and councils, and the Girl Scouts of
43 the United States of America, and its affiliated North Carolina groups and
44 councils. Student participation in any activities offered by these organizations
45 shall not interfere with instructional time during the school day for the
46 purposes of encouraging civic education.
47 (19) The board of directors shall comply with the requirements of G.S. 115C-523.1
48 and G.S. 115C-523.2 for any regional school building owned by the board of
49 directors.
50 (20) The board of directors shall adopt and implement a child sexual abuse and sex
51 trafficking training program in accordance with G.S. 115C-375.20.

- 1 (21) The regional school shall adopt a school-based mental health plan, including
2 a mental health training program and suicide risk referral protocol, in
3 accordance with G.S. 115C-376.5.
- 4 (22) The regional school shall annually report the information required by
5 G.S. 115C-12(48) to the State Board of Education, the Senate Appropriations
6 Committee on Education/Higher Education, and the House Appropriations
7 Committee on Education no later than September 15.
- 8 (23) The regional school shall annually update information to the digital learning
9 dashboard, as required by G.S. 115C-102.9.
- 10 (24) The board of directors shall develop a plan to provide transportation to the
11 students enrolled in the regional school, which may include entering into
12 interlocal agreements with local school administrative units.
- 13 (25) The board of directors, to the extent practicable, shall provide school food
14 services to the regional school. School food services may be provided by
15 entering into an interlocal agreement with a local school administrative unit.
16 For purposes of federal funding through the National School Lunch Program
17 or other federally supported food service programs, a local school
18 administrative unit that has entered into an interlocal agreement with the
19 regional school for the purpose of providing school food services shall be
20 permitted to include eligible students enrolled in the regional school.

21 **"§ 115C-229.40. Student admissions and assignment.**

- 22 (a) The regional school may serve grades seven through 12.
- 23 (b) A student domiciled in a county within the regional school service area is eligible to
24 attend the regional school. A student's eligibility to remain enrolled in the regional school shall
25 terminate at the end of any school year during which a student ceases to satisfy the residency
26 requirements.
- 27 (c) The board of directors shall establish criteria, standards, and procedures for admission
28 of students. The admission criteria may give priority to students with no parent that has completed
29 a two- or four-year degree and shall include the following:
- 30 (1) Demonstrated academic achievement.
- 31 (2) Demonstrated student interest in attendance.
- 32 (3) Documented parental support for student attendance.
- 33 (d) If the number of eligible students meeting the board of directors' admission criteria
34 exceeds the seats available, students shall be accepted by lot.

35 **"§ 115C-229.45. Employees.**

36 The board of directors shall appoint all certified and noncertified staff.

- 37 (1) The board of directors shall employ and contract with a principal for a term
38 not to exceed three years. The principal shall meet the requirements for
39 certification set out in G.S. 115C-284, unless waived by the State Board of
40 Education upon submission of a request by the board of directors. The
41 principal shall be responsible for school operations and shall exercise those
42 duties and powers delegated by the board of directors.
- 43 (2) The board of directors shall employ and contract with necessary teachers to
44 perform the particular service for which they are employed in the school. At
45 least fifty percent (50%) of teachers employed by the board of directors shall
46 hold teacher licensure, unless waived by the State Board of Education upon
47 submission of a request by the board of directors.
- 48 (3) If a teacher employed by a local school administrative unit makes a written
49 request for a leave of absence to teach at the regional school, the local school
50 administrative unit shall grant the leave for one year. For the initial year of the
51 regional school's operation, the local school administrative unit may require

1 that the request for a leave of absence be made up to 45 days before the teacher
2 would otherwise have to report for duty. After the initial year of the regional
3 school's operation, the local school administrative unit may require that the
4 request for a leave of absence be made up to 90 days before the teacher would
5 otherwise have to report for duty. A local board of education is not required
6 to grant a request for a leave of absence or a request to extend or renew a leave
7 of absence for a teacher who previously has received a leave of absence from
8 that school board under this subdivision. A teacher who has received a leave
9 of absence to teach at a regional school may return to a public school in the
10 local school administrative unit at the end of the leave of absence or upon the
11 end of employment at the regional school if an appropriate position is
12 available. If a teacher has career status under G.S. 115C-325 prior to receiving
13 a leave of absence to teach at the regional school, the teacher may return to a
14 public school in the local school administrative unit with career status at the
15 end of the leave of absence or upon the end of employment at the regional
16 school if an appropriate position is available. If an appropriate position is
17 unavailable, the teacher's name shall be placed on a list of available teachers
18 in accordance with G.S. 115C-325(e)(2).

- 19 (4) The board of directors also may employ necessary employees who are not
20 required to hold teacher licensure to perform duties other than teaching and
21 may contract for other services.
- 22 (5) An employee of the board of directors is not an employee of the local school
23 administrative unit in which the regional school is located. The board of
24 directors may discharge certified and noncertified employees according to the
25 terms of the employment contract.
- 26 (6) Employees of the board of directors shall participate in the Teachers' and State
27 Employees' Retirement System and the State Health Plan on the same terms
28 as employees employed by local boards of education.
- 29 (7) Employees of the board of directors shall be exempt from Chapter 126 of the
30 General Statutes, except for Articles 6 and 7 and G.S. 126-8.6.
- 31 (8) Teachers employed by the board of directors shall be eligible for paid parental
32 leave as provided in G.S. 126-8.6. The board of directors shall be eligible to
33 receive funds as provided in G.S. 115C-336.1(b).

34 **"§ 115C-229.50. Criminal history record checks.**

35 (a) As used in this section:

- 36 (1) "Criminal history" means a county, state, or federal criminal history of
37 conviction of a crime, whether a misdemeanor or a felony, that indicates an
38 individual (i) poses a threat to the physical safety of students or personnel or
39 (ii) has demonstrated that he or she does not have the integrity or honesty to
40 fulfill his or her duties as school personnel. These crimes include the following
41 North Carolina crimes contained in any of the following Articles of Chapter
42 14 of the General Statutes: Article 5A, Endangering Executive and
43 Legislative, and Court Officers; Article 6, Homicide; Article 7B, Rape and
44 Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and
45 Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or
46 Incendiary Device or Material; Article 14, Burglary and Other
47 Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny;
48 Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretense and
49 Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent
50 Use of Credit Device or Other Means; Article 20, Frauds; Article 21, Forgery;
51 Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult

1 Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29,
2 Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against
3 the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies;
4 Article 39, Protection of Minors; and Article 60, Computer-Related Crime.
5 These crimes also include possession or sale of drugs in violation of the North
6 Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General
7 Statutes, and alcohol-related offenses such as sale to underage persons in
8 violation of G.S. 18B-302 or driving while impaired in violation of
9 G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes
10 listed in this subdivision, such crimes also include similar crimes under federal
11 law or under the laws of other states.

12 (2) "School personnel" means any of the following:

- 13 a. Member of the board of directors.
14 b. Employee of the regional school.
15 c. Independent contractor or employee of an independent contractor of
16 the regional school if the independent contractor carries out duties
17 customarily performed by school personnel, whether paid with federal,
18 State, local, or other funds, who has significant access to students or
19 who has responsibility for the fiscal management of the regional
20 school.

21 (b) The board of directors shall adopt a policy on whether and under what circumstances
22 school personnel shall be required to be checked for a criminal history. The board of directors
23 shall apply its policy uniformly in requiring school personnel to be checked for a criminal history.
24 The board of directors may grant conditional approval of an application while the board of
25 directors is checking a person's criminal history and making a decision based on the results of
26 the check. The board of directors shall not require school personnel to pay for the criminal history
27 record check authorized under this section.

28 (c) The board of directors shall require the person to be checked by the Department of
29 Public Safety (i) to be fingerprinted and to provide any additional information required by the
30 Department of Public Safety to a person designated by the board of directors or to the local sheriff
31 or the municipal police, whichever is more convenient for the person, and (ii) to sign a form
32 consenting to the check of the criminal record and to the use of fingerprints and other identifying
33 information required by the repositories. The board of directors shall consider refusal to consent
34 when making employment decisions and decisions with regard to independent contractors. The
35 fingerprints of the individual shall be forwarded to the State Bureau of Investigation for a search
36 of the State criminal history record file, and the State Bureau of Investigation shall forward a set
37 of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
38 The Department of Public Safety shall provide to the board of directors the criminal history from
39 the State and National Repositories of Criminal Histories of any school personnel for which the
40 board of directors requires a criminal history record check. The board of directors shall not
41 require school personnel to pay for the fingerprints authorized under this section.

42 (d) The board of directors shall review the criminal history it receives on an individual.
43 The board of directors shall determine whether the results of the review indicate that the
44 individual (i) poses a threat to the physical safety of students or personnel or (ii) has demonstrated
45 that he or she does not have the integrity or honesty to fulfill his or her duties as school personnel
46 and shall use the information when making employment decisions and decisions with regard to
47 independent contractors. The board of directors shall make written findings with regard to how
48 it used the information when making employment decisions and decisions with regard to
49 independent contractors. The board of directors may delegate any of the duties in this subsection
50 to the principal.

1 (e) The board of directors, or the principal if designated by the board of directors, shall
2 provide to the State Board of Education the criminal history it receives on a person who is
3 certificated, certified, or licensed by the State Board of Education. The State Board of Education
4 shall review the criminal history and determine whether the person's certificate or license should
5 be revoked in accordance with State laws and rules regarding revocation.

6 (f) All the information received by the board of directors through the checking of the
7 criminal history or by the State Board of Education in accordance with this section is privileged
8 information and is not a public record but is for the exclusive use of the board of directors or the
9 State Board of Education. The board of directors or the State Board of Education may destroy
10 the information after it is used for the purposes authorized by this section after one calendar year.

11 (g) There shall be no liability for negligence on the part of the board of directors, or its
12 employees, or the State Board of Education, the Superintendent of Public Instruction, or any of
13 their members or employees, individually or collectively, arising from any act taken or omission
14 by any of them in carrying out the provisions of this section. The immunity established by this
15 subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that
16 would otherwise be actionable. The immunity established by this subsection shall be deemed to
17 have been waived to the extent of indemnification by insurance, indemnification under Articles
18 31A and 31B of Chapter 143 of the General Statutes, and to the extent sovereign immunity is
19 waived under the Tort Claims Act, as set forth in Article 31 of Chapter 143 of the General
20 Statutes.

21 (h) Any applicant for employment who willfully furnishes, supplies, or otherwise gives
22 false information on an employment application that is the basis for a criminal history record
23 check under this section shall be guilty of a Class A1 misdemeanor.

24 (i) The board of directors may adopt a policy providing for uniform periodic checks of
25 criminal history of employees. Boards of directors shall not require employees to pay for the
26 criminal history check authorized under this subsection. A board of directors shall indicate, upon
27 inquiry by any other local board of education, charter school, or regional school in the State as
28 to the reason for an employee's resignation or dismissal. If a teacher's criminal history is relevant
29 to a teacher's resignation, the board of directors shall report to the State Board of Education the
30 reason for an employee's resignation.

31 **§ 115C-229.55. Finance and budget.**

32 (a) The board of directors shall have all the rights, duties, and obligations for receipt,
33 accounting, and dispersing of funds for the school, including all the rights, duties, and obligations
34 specified in Article 31 of this Chapter. The board may contract with a local school administrative
35 unit to serve as the finance agent for the board and shall provide reasonable compensation to the
36 local school administrative unit for this service. Upon such agreement, that local school
37 administrative unit shall act as agent for the board in all receipt, accounting, and dispersing
38 functions, but the board shall retain liability for compliance with Article 31 of this Chapter.

39 (b) A regional school may request appropriations directly from a city, as authorized by
40 G.S. 160A-700.

41 (c) With respect to the receipt, deposit, and disbursement of moneys (i) required by law
42 to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn
43 on the State Treasurer, regional schools are subject to Article 6A of Chapter 147 of the General
44 Statutes.

45 (d) The State Board of Education shall allocate to the regional school:

46 (1) An amount equal to the average per pupil allocation for average daily
47 membership from the local school administrative unit allotments in which the
48 regional school is located for each child attending the regional school except
49 for the allocation for children with disabilities and for the allocation for
50 children with limited English proficiency.

(2) An additional amount for each child attending the regional school who is a child with disabilities. In the event a child with disabilities leaves the regional school and enrolls in a local school administrative unit during the first 60 school days in the school year, the regional school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a regional school during the first 60 school days in the school year, the State Board shall allocate to the regional school the pro rata amount of additional funds for children with disabilities.

(3) An additional amount for children with limited English proficiency attending the regional school, based on a formula adopted by the State Board.

(4) An additional amount equal to the average per pupil share of the local current expense fund of all of the local school administrative units in the regional school service area for the prior fiscal year."

SECTION 7.55.(b) G.S. 58-31A-1(2) reads as rewritten:

"(2) Public education board. – A local board of education of a local school administrative unit, as defined in G.S. 115C-5(5), ~~a board of trustees of a regional school, as defined in G.S. 115C-238.63,~~ the board of directors of the regional school established by G.S. 115C-229.5, or a board of trustees of a community college, as defined in G.S. 115D-12."

SECTION 7.55.(c) G.S. 115B-2(a)(6) reads as rewritten:

"(6) Any child enrolled in a regional school established pursuant to ~~Part 10 of Article 16~~ Article 15A of Chapter 115C of the General Statutes who enrolls in classes at a constituent institution or community college which has a written agreement with the regional school."

SECTION 7.55.(d) G.S. 115C-238.50A(1a)c. reads as rewritten:

"c. It is located on the campus of the partner institution of higher education, unless the governing Board or the local board of trustees for a private North Carolina college specifically waives the requirement through adoption of a formal resolution. This criterion shall not apply to a regional school established as provided in ~~Part 10 of this Article.~~ Article 15A of this Chapter."

SECTION 7.55.(e) Part 10 of Article 16 of Chapter 115C of the General Statutes is

repealed.

SECTION 7.55.(f) G.S. 126-5(c1)(8a) reads as rewritten:

"(8a) Employees of a regional school established pursuant to ~~Part 10 of Article 16~~ Article 15A of Chapter 115C of the General Statutes."

SECTION 7.55.(g) G.S. 143B-931(b) reads as rewritten:

"(b) The Department of Public Safety may provide a criminal history record check to the board of directors of a regional school of a person who is employed at ~~a~~ the regional school or of a person who has applied for employment at ~~a~~ the regional school if the employee or applicant consents to the record check. ~~The~~ In accordance with G.S. 115C-229.50, the Department may also provide a criminal history record check of school personnel ~~as defined in G.S. 115C-238.73~~ by fingerprint card to the board of directors of the regional school from the National Repositories of Criminal Histories, ~~in accordance with G.S. 115C-238.73.~~ ~~The~~ and the information shall be kept confidential by the board of directors of the regional school ~~as provided in G.S. 115C-238.73.~~ school."

SECTION 7.55.(h) G.S. 160A-700(d)(5) reads as rewritten:

"(5) A regional school ~~created under Part 10 of Article 16~~ established by Article 15A of Chapter 115C of the General Statutes."

1 **SECTION 7.55.(i)** Notwithstanding G.S. 115C-229.15, as enacted by this section,
2 the terms of members serving on the board of directors as of the date this act becomes law shall
3 terminate on June 30, 2026. Initial appointments to the board of directors in accordance with
4 G.S. 115C-229.15 shall be made for terms beginning July 1, 2026. The Superintendent of Public
5 Instruction shall appoint two members to two-year terms and one member to a four-year term
6 beginning July 1, 2026. The State Board of Education shall appoint two members to two-year
7 terms and three members to four-year terms beginning July 1, 2026. Thereafter, all appointees
8 shall serve four-year terms.

9 **SECTION 7.55.(j)** The title to and ownership of all property of the Northeast
10 Regional School of Biotechnology and Agriscience, established as provided in Part 10 of Article
11 16 of Chapter 115C of the General Statutes, both real and personal of every kind and description,
12 shall be vested in the Northeast Regional School of Biotechnology and Agriscience as established
13 by Article 15A of Chapter 115C of the General Statutes, as enacted by this act, by July 1, 2025.
14 All claims and demands of every kind related to the Northeast Regional School of Biotechnology
15 and Agriscience, established as provided in Part 10 of Article 16 of Chapter 115C of the General
16 Statutes, shall pass and be transferred to the Northeast Regional School of Biotechnology and
17 Agriscience as established by Article 15A of Chapter 115C of the General Statutes, as enacted
18 by this act by July 1, 2025, and the board of directors of the Northeast Regional School of
19 Biotechnology and Agriscience shall have the same powers and authority to enforce said claims
20 and demands. Any obligations and liabilities related to the Northeast Regional School of
21 Biotechnology and Agriscience, established as provided in Part 10 of Article 16 of Chapter 115C
22 of the General Statutes, shall become the obligations of the Northeast Regional School of
23 Biotechnology and Agriscience as established by Article 15A of Chapter 115C of the General
24 Statutes, as enacted by this act by July 1, 2025, and such obligations and liabilities may be
25 enforced against the board of directors of the Northeast Regional School of Biotechnology and
26 Agriscience thereafter to the same extent that they might have otherwise been enforced.

27 **SECTION 7.55.(k)** Subsections (a) through (h) of this section are effective July 1,
28 2025. The remainder of this section is effective when it becomes law.

29 30 **HIGH-INTENSITY TUTORING PROGRAM**

31 **SECTION 7.56.** No later than April 1, 2026, Union County Public Schools, with
32 assistance from the Department of Public Instruction, shall report to the Joint Legislative
33 Education Oversight Committee on Union County Public Schools' high-intensity tutoring
34 program. At a minimum, the report shall include the following:

- 35 (1) A detailed description of the tutoring plan, including the number of students
36 that participate in each tutoring session and the frequency of tutoring sessions.
- 37 (2) An overview of the cost of the high-intensity tutoring program, including
38 identifying all funding sources.
- 39 (3) A detailed description on the impacts of the high-intensity tutoring program
40 on student performance.
- 41 (4) Lessons Union County Public Schools has learned or challenges overcome in
42 developing the high-intensity tutoring program.
- 43 (5) Recommendations on how the high-intensity tutoring program could be
44 replicated in other districts.
- 45 (6) Any other information Union County Public Schools or the Department deems
46 relevant related to high-intensity tutoring programs.

47 48 **DIABETES EDUCATION FOR PARENTS**

49 **SECTION 7.57.** G.S. 115C-375.3 reads as rewritten:

50 "**§ 115C-375.3. Guidelines to support and assist students with diabetes.**"

(a) ~~Local boards of education and boards of directors of charter schools~~ Governing bodies of public school units shall ensure that the guidelines adopted by the State Board of Education under G.S. 115C-12(31) are implemented in schools in which students with diabetes are enrolled. In particular, the boards shall require the implementation of the procedures set forth in those guidelines for the development and implementation of individual diabetes care plans. The boards also shall make available necessary information and staff development to teachers and school personnel in order to appropriately support and assist students with diabetes in accordance with their individual diabetes care plans.

(b) Governing bodies of public school units shall ensure that each school provides parents and legal guardians with information about type 1 and type 2 diabetes at the beginning of every school year. This information shall include all of the following:

- (1) A description of type 1 and type 2 diabetes.
- (2) A description of the risk factors and warning signs associated with type 1 and type 2 diabetes.
- (3) A recommendation that if a student is displaying warning signs associated with diabetes, the parent or guardian of the student consult with the primary care provider of the student to determine if immediate screening for diabetes is appropriate.
- (4) A description of the screening process for and stages of diabetes.
- (5) A recommendation that if a student receives a diabetes diagnosis, the parent or guardian of the student consult with the primary care provider of the student to develop an appropriate treatment plan.
- (6) Notification that the school is required to assist students with diabetes in accordance with the rules adopted by the State Board of Education pursuant to G.S. 115C-12(31)."

MEDICAL CONDITION ACTION PLANS

SECTION 7.58.(a) G.S. 115C-12 is amended by adding the following new subdivisions to read:

- "(50) Medical Condition Action Plan. – The State Board of Education shall adopt a rule establishing a medical condition action plan as provided in G.S. 115C-375.1 to be implemented by each public school unit for each student at risk for a medical emergency as diagnosed by a doctor.
- (51) Medical Emergency Plan. – The State Board of Education, in consultation with the Department of Public Instruction and the Department of Health and Human Services, shall adopt a rule establishing the required response of public school unit employees when a student has a medical emergency not otherwise covered by a medical condition action plan implemented in accordance with G.S. 115C-375.1. The Department of Public Instruction shall provide each public school unit with a copy of the rule, and each public school unit shall implement the rule."

SECTION 7.58.(b) G.S. 115C-375.1 reads as rewritten:

"§ 115C-375.1. To provide some medical care to ~~students~~ students and implement medical condition action plans.

(a) Notwithstanding G.S. 90-21.10B, it is within the scope of duty of teachers, including substitute teachers, teacher assistants, student teachers, or any other public school employee when authorized by the ~~board of education~~ governing body of a public school unit or its designee, (i) to administer any drugs or medication prescribed by a doctor upon written request of the parents, or as described in the medical condition action plan required by subsection (b) of this section, (ii) to give emergency health care when reasonably apparent circumstances indicate that any delay would seriously worsen the physical condition or endanger the life of the ~~pupil~~ student,

1 and (iii) to perform any other first aid or lifesaving techniques in which the employee has been
2 trained in a program approved by the State Board of Education. At least one public school unit
3 employee per school shall be trained in first aid and lifesaving techniques, including seizure
4 recognition. No public school unit employee, however, other than a school administrator, shall
5 be required to administer drugs or medication or attend lifesaving techniques programs.

6 (b) Each governing body of a public school unit shall implement the medical condition
7 action plan adopted by the State Board of Education pursuant to G.S. 115C-12(50) for each
8 student at risk of a medical emergency as diagnosed by a doctor. The medical condition action
9 plan adopted by the State Board of Education shall include all of the following:

10 (1) A standard medical condition action plan form.

11 (2) Detailed instructions in the medical condition action plan form to ensure that
12 all individuals designated by the principal, or, if there is no principal, the staff
13 member with the highest decision-making authority, to provide medical care
14 for a student at risk for a medical emergency as diagnosed by a doctor, know
15 how to address the medical emergency.

16 (3) Information detailing the method by which and by whom any medical
17 emergency will be handled when the student is at a school-sponsored activity
18 that is not on the campus of the public school unit, including field trips and
19 interscholastic athletic activities.

20 (c) Any public school unit employee, authorized by the ~~board of education governing~~
21 body of a public school unit or its designee to act under (i), (ii), or (iii) above, subsections (a)
22 and (b) of this section, shall not be liable in civil damages for any authorized act or for any
23 omission relating to that act unless the act or omission amounts to gross negligence, wanton
24 conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of
25 or with the permission or consent of the ~~board of education governing~~ body of a public school
26 unit or its designee, who has been given the authority by the ~~board of education governing~~ body
27 of a public school unit or its designee to ~~act under (ii) above~~ give emergency health care when
28 reasonably apparent circumstances indicate that any delay would seriously worsen the physical
29 condition or endanger the life of the student shall not be liable in civil damages for any authorized
30 act or for any omission relating to the act unless the act amounts to gross negligence, wanton
31 conduct, or intentional wrongdoing.

32 (d) At the commencement of each school year, but before the beginning of classes, and
33 thereafter as circumstances require, the principal of each ~~school~~ school, or, if there is no principal,
34 the staff member with the highest decision-making authority, shall determine which persons will
35 participate in the medical care program."

36 **SECTION 7.58.(c)** The State Board of Education may adopt temporary rules to
37 implement this section.

38 **SECTION 7.58.(d)** G.S. 115C-47 is amended by adding the following new
39 subdivisions to read:

40 "(70) To Implement a Medical Condition Action Plan. – Local boards of education
41 shall implement the medical condition action plan adopted by the State Board
42 of Education under G.S. 115C-12(50) and as provided in G.S. 115C-375.1.

43 (71) To Implement a Medical Emergency Plan. – Local boards of education shall
44 implement the medical emergency plan adopted by the State Board of
45 Education under G.S. 115C-12(51)."

46 **SECTION 7.58.(e)** G.S. 115C-218.75 is amended by adding the following new
47 subsections to read:

48 "(e3) Medical Condition Action Plan. – A charter school shall implement the medical
49 condition action plan adopted by the State Board of Education under G.S. 115C-12(50) and as
50 provided in G.S. 115C-375.1.

1 (e4) Medical Emergency Plan. – A charter school shall implement the medical emergency
2 plan adopted by the State Board of Education under G.S. 115C-12(51)."

3 **SECTION 7.58.(f)** G.S. 115C-238.66 is amended by adding the following new
4 subdivisions to read:

5 "(7h) Medical condition action plan. – A regional school shall implement the
6 medical condition action plan adopted by the State Board of Education under
7 G.S. 115C-12(50) and as provided in G.S. 115C-375.1.

8 (7i) Medical emergency plan. – A regional school shall implement the medical
9 emergency plan adopted by the State Board of Education under
10 G.S. 115C-12(51)."

11 **SECTION 7.58.(g)** G.S. 116-239.8(b) is amended by adding the following new
12 subdivisions to read:

13 "(26) Medical condition action plan. – A laboratory school shall implement the
14 medical condition action plan adopted by the State Board of Education under
15 G.S. 115C-12(50) and as provided in G.S. 115C-375.1.

16 (27) Medical emergency plan. – A laboratory school shall implement the medical
17 emergency plan adopted by the State Board of Education under
18 G.S. 115C-12(51)."

19 **SECTION 7.58.(h)** Subdivision (2) of Section 6(d) of S.L. 2018-32 is amended by
20 adding the following new sub-subdivisions to read:

21 "p. (70) [To Implement a Medical Condition Action Plan].

22 q. (71) [To Implement a Medical Emergency Plan]."

23 24 **NORTH CAROLINA STUDENT LIFELINE INFORMATION**

25 **SECTION 7.59.(a)** G.S. 115C-47 is amended by adding the following new
26 subdivision to read:

27 "(70) To Provide Students the Suicide and Crisis Lifeline Phone Number and the
28 NC Peer Warmline Phone Number. – A local board of education shall adopt
29 a policy to ensure all schools in the local school administrative unit provide
30 students the phone numbers for the Suicide and Crisis Lifeline and the NC
31 Peer Warmline. The board shall verify that the phone numbers for the Lifeline
32 and the Warmline are current and accurate annually. If either phone number
33 has changed, schools shall use the updated phone number. Unless an updated
34 phone number exists, the schools shall have the phrases "To reach the Suicide
35 and Crisis Lifeline, call 988 or text HOME to 741741" and "To reach the NC
36 Peer Warmline, call 855-733-7762" in the following places:

37 a. On any new student identification (student ID) issued to a student in
38 grades six through 12. The text shall be in a conspicuous location on
39 the student ID. The text may be printed on the ID or affixed by sticker.
40 Nothing in this subdivision requires a school to issue a student ID.

41 b. On the school website.

42 c. On the home screen of any electronic device issued to students.

43 d. On any school agenda or calendar, whether digital or printed.

44 e. On a document during any suicide awareness activity.

45 f. On a document when the student registers to attend the school."

46 **SECTION 7.59.(b)** G.S. 115C-150.12C is amended by adding a new subdivision to
47 read:

48 "(37) To provide students the Suicide and Crisis Lifeline phone number and the NC
49 Peer Warmline phone number. – The board of trustees shall provide students
50 the phone numbers for the Suicide and Crisis Lifeline and the NC Peer
51 Warmline. The board shall verify that the phone numbers for the Lifeline and

1 the Warmline are current and accurate annually. If either phone number has
 2 changed, the board shall use the updated phone number. Unless an updated
 3 phone number exists, the board shall have the phrases "To reach the Suicide
 4 and Crisis Lifeline, call 988 or text HOME to 741741" and "To reach the NC
 5 Peer Warmline, call 855-733-7762" in the following places:

- 6 a. On any new student identification (student ID) issued to a student in
 7 grades six through 12. The text shall be in a conspicuous location on
 8 the student ID. The text may be printed on the ID or affixed by sticker.
 9 Nothing in this subdivision requires a school to issue a student ID.
 10 b. On the school website.
 11 c. On the home screen of any electronic device issued to students.
 12 d. On any school agenda or calendar, whether digital or printed.
 13 e. On a document during any suicide awareness activity.
 14 f. On a document when the student registers to attend the school."

15 **SECTION 7.59.(c)** G.S. 115C-218.75 is amended by adding a new subsection to

16 read:

17 "(p) To Provide Students the Suicide and Crisis Lifeline Phone Number and the NC Peer
 18 Warmline Phone Number. – A charter school shall provide students the phone numbers for the
 19 Suicide and Crisis Lifeline and the NC Peer Warmline. The school shall verify that the phone
 20 numbers for the Lifeline and the Warmline are current and accurate annually. If either phone
 21 number has changed, the school shall use the updated phone number. Unless an updated phone
 22 number exists, the school shall have the phrases "To reach the Suicide and Crisis Lifeline, call
 23 988 or text HOME to 741741" and "To reach the NC Peer Warmline, call 855-733-7762" in the
 24 following places:

- 25 (1) On any new student identification (student ID) issued to a student in grades
 26 six through 12. The text shall be in a conspicuous location on the student ID.
 27 The text may be printed on the ID or affixed by sticker. Nothing in this
 28 subsection requires a school to issue a student ID.
 29 (2) On the school website.
 30 (3) On the home screen of any electronic device issued to students.
 31 (4) On any school agenda or calendar, whether digital or printed.
 32 (5) On a document during any suicide awareness activity.
 33 (6) On a document when the student registers to attend the school."

34 **SECTION 7.59.(d)** G.S. 115C-238.66 is amended by adding a new subdivision to

35 read:

36 "(23) To provide students the Suicide and Crisis Lifeline phone number and the NC
 37 Peer Warmline phone number. – A regional school shall provide students the
 38 phone numbers for the Suicide and Crisis Lifeline and the NC Peer Warmline.
 39 The school shall verify that the phone numbers for the Lifeline and the
 40 Warmline are current and accurate annually. If either phone number has
 41 changed, the school shall use the updated phone number. Unless an updated
 42 phone number exists, the school shall have the phrases "To reach the Suicide
 43 and Crisis Lifeline, call 988 or text HOME to 741741" and "To reach the NC
 44 Peer Warmline, call 855-733-7762" in the following places:

- 45 a. On any new student identification (student ID) issued to a student in
 46 grades six through 12. The text shall be in a conspicuous location on
 47 the student ID. The text may be printed on the ID or affixed by sticker.
 48 Nothing in this subdivision requires a school to issue a student ID.
 49 b. On the school website.
 50 c. On the home screen of any electronic device issued to students.
 51 d. On any school agenda or calendar, whether digital or printed.

1 e. On a document during any suicide awareness activity.

2 f. On a document when the student registers to attend the school."

3 **SECTION 7.59.(e)** G.S. 116-239.8(b) is amended by adding a new subdivision to
4 read:

5 "(26) To provide students the Suicide and Crisis Lifeline phone number and the NC
6 Peer Warmline phone number. – A laboratory school shall provide students
7 the phone numbers for the Suicide and Crisis Lifeline and the NC Peer
8 Warmline. The school shall verify that the phone numbers for the Lifeline and
9 the Warmline are current and accurate annually. If either phone number has
10 changed, the school shall use the updated phone number. Unless an updated
11 phone number exists, the school shall have the phrases "To reach the Suicide
12 and Crisis Lifeline, call 988 or text HOME to 741741" and "To reach the NC
13 Peer Warmline, call 855-733-7762" in the following places:

14 a. On any new student identification (student ID) issued to a student in
15 grades six through 12. The text shall be in a conspicuous location on
16 the student ID. The text may be printed on the ID or affixed by sticker.
17 Nothing in this subdivision requires a school to issue a student ID.

18 b. On the school website.

19 c. On the home screen of any electronic device issued to students.

20 d. On any school agenda or calendar, whether digital or printed.

21 e. On a document during any suicide awareness activity.

22 f. On a document when the student registers to attend the school."

23 **SECTION 7.59.(f)** Part 1 of Article 39 of Chapter 115C of the General Statutes is
24 amended by adding a new section to read:

25 **§ 115C-550.2. Provide students the Suicide and Crisis Lifeline phone number and the NC**
26 **Peer Warmline phone number.**

27 Each private church school or school of religious charter shall provide students the phone
28 numbers for the Suicide and Crisis Lifeline and the NC Peer Warmline. The school shall verify
29 that the phone numbers for the Lifeline and the Warmline are current and accurate annually. If
30 either phone number has changed, the school shall use the updated phone number. Unless an
31 updated phone number exists, the school shall have the phrases "To reach the Suicide and Crisis
32 Lifeline, call 988 or text HOME to 741741" and "To reach the NC Peer Warmline, call
33 855-733-7762" in the following places:

34 (1) On any new student identification (student ID) issued to a student in grades
35 six through 12. The text shall be in a conspicuous location on the student ID.
36 The text may be printed on the ID or affixed by sticker. Nothing in this section
37 requires a school to issue a student ID.

38 (2) On the school website.

39 (3) On the home screen of any electronic device issued to students.

40 (4) On any school agenda or calendar, whether digital or printed.

41 (5) On a document during any suicide awareness activity.

42 (6) On a document when the student registers to attend the school."

43 **SECTION 7.59.(g)** Part 2 of Article 39 of Chapter 115C of the General Statutes is
44 amended by adding a new section to read:

45 **§ 115C-558.2. Provide students the Suicide and Crisis Lifeline phone number and the NC**
46 **Peer Warmline phone number.**

47 Each qualified nonpublic school shall provide students the phone numbers for the Suicide
48 and Crisis Lifeline and the NC Peer Warmline. The school shall verify that the phone numbers
49 for the Lifeline and the Warmline are current and accurate annually. If either phone number has
50 changed, the school shall use the updated phone number. Unless an updated phone number exists,

1 the school shall have the phrases "To reach the Suicide and Crisis Lifeline, call 988 or text HOME
2 to 741741" and "To reach the NC Peer Warmline, call 855-733-7762" in the following places:

- 3 (1) On any new student identification (student ID) issued to a student in grades
4 six through 12. The text shall be in a conspicuous location on the student ID.
5 The text may be printed on the ID or affixed by sticker. Nothing in this section
6 requires a school to issue a student ID.
- 7 (2) On the school website.
- 8 (3) On the home screen of any electronic device issued to students.
- 9 (4) On any school agenda or calendar, whether digital or printed.
- 10 (5) On a document during any suicide awareness activity.
- 11 (6) On a document when the student registers to attend the school."

12 **SECTION 7.59.(h)** Part 2 of Article 1 of Chapter 115D, as enacted by Section 6.5
13 of this act, is amended by adding a new section to read:

14 **"§ 115D-9.40. Provide students the Suicide and Crisis Lifeline phone number and the NC**
15 **Peer Warmline phone number.**

16 "The State Board of Community Colleges shall adopt a policy requiring all community
17 colleges to provide students the phone numbers for the Suicide and Crisis Lifeline and the NC
18 Peer Warmline. The State Board shall verify that the phone numbers for the Lifeline and the
19 Warmline are current and accurate annually. If either phone number has changed, the community
20 colleges shall use the updated phone number. Unless an updated phone number exists, the
21 community colleges shall have the phrases "To reach the Suicide and Crisis Lifeline, call 988 or
22 text HOME to 741741" and "To reach the NC Peer Warmline, call 855-733-7762" in the
23 following places:

- 24 (1) On any new student identification (student ID) issued. The text shall be in a
25 conspicuous location on the student ID. The text may be printed on the ID or
26 affixed by sticker. Nothing in this subdivision requires a school to issue a
27 student ID.
- 28 (2) On the school website.
- 29 (3) On the home screen of any electronic device issued to students.
- 30 (4) On any school agenda or calendar, whether digital or printed.
- 31 (5) On a document during any suicide awareness activity.
- 32 (6) On a document when the student registers to attend the school."

33 **SECTION 7.59.(i)** G.S. 116-11 is amended by adding a new subdivision to read:

34 **"(3d) The Board of Governors shall adopt a policy requiring all constituent**
35 **institutions to provide students the phone numbers for the Suicide and Crisis**
36 **Lifeline and the NC Peer Warmline. The Board of Governors shall verify that**
37 **the phone numbers for the Lifeline and the Warmline are current and accurate**
38 **annually. If either phone number has changed, the constituent institutions shall**
39 **use the updated phone number. Unless an updated phone number exists, the**
40 **constituent institutions shall have the phrases "To reach the Suicide and Crisis**
41 **Lifeline, call 988 or text HOME to 741741" and "To reach the NC Peer**
42 **Warmline, call 855-733-7762" in the following places:**

- 43 a. On any new student identification (student ID) issued. The text shall
44 be in a conspicuous location on the student ID. The text may be printed
45 on the ID or affixed by sticker. Nothing in this subdivision requires a
46 school to issue a student ID.
- 47 b. On the school website.
- 48 c. On the home screen of any electronic device issued to students.
- 49 d. On any school agenda or calendar, whether digital or printed.
- 50 e. On a document during any suicide awareness activity.
- 51 f. On a document when the student registers to attend the school."

1
2 **DPI TO CONTINUE PROVIDING FINANCIAL DATA REPORTING PLATFORM TO**
3 **CHARTERS FOR INITIAL YEAR OF OPERATION**

4 **SECTION 7.60.** Part 4 of Article 14A of Chapter 115C of the General Statutes is
5 amended by adding a new section to read:

6 **"§ 115C-218.106. Initial financial data reporting expenses.**

7 The Department of Public Instruction shall provide a charter school access to any required
8 financial data reporting platforms during the charter school's first year of operation at no cost to
9 the charter school."

10
11 **SCHOOLS FOR THE DEAF AND BLIND AMENDMENTS**

12 **SECTION 7.61.(a)** G.S. 115C-150.11(c), as enacted by Section 3J.1(a) of S.L.
13 2024-57, reads as rewritten:

14 "(c) Administrative Support. – The Department of Administration shall provide support
15 to each school in matters related to finance, human resources, and procurement, ~~including~~
16 excluding support for information technology. Each school shall enter into a memorandum of
17 understanding with the Department of Administration with regard to this support. No civil
18 liability shall attach to the Department of Administration, or to any of its employees, individually
19 or collectively, for any acts or omissions of a school."

20 **SECTION 7.61.(b)** G.S. 115C-150.11 reads as rewritten:

21 **"§ 115C-150.11. Establishment of the schools for the deaf and blind.**

22 (a) Establishment. – The following are created as separate State agencies governed
23 respectively by boards of trustees:

- 24 (1) The Governor Morehead School for the Blind of the Department of Public
25 Instruction for the function, purpose, and duty of serving students who are
26 blind or visually impaired from birth to age 22. The Governor Morehead
27 School for the Blind shall include the Governor Morehead
28 ~~Preschool~~.Preschool and the Early Learning Sensory Support Program for
29 Vision.
- 30 (2) The Eastern North Carolina School for the Deaf of the Department of Public
31 Instruction for the function, purpose, and duty of serving students who are
32 deaf or hard of ~~hearing~~.hearing from birth to age 22. The Eastern North
33 Carolina School for the Deaf shall include the Early Learning Sensory Support
34 Program for Hearing.
- 35 (3) The North Carolina School for the Deaf of the Department of Public
36 Instruction for the function, purpose, and duty of serving students who are
37 deaf or hard of ~~hearing~~.hearing from birth to age 22. The North Carolina
38 School for the Deaf shall include the Early Learning Sensory Support Program
39 for Hearing.

40"

41 **SECTION 7.61.(c)** Effective December 1, 2025, the Governor Morehead Preschool
42 and the Early Learning Sensory Program for Vision is transferred from the Department of
43 Instruction to the Governor Morehead School for the Blind.

44 **SECTION 7.61.(d)** Effective December 1, 2025, the Early Learning Sensory
45 Support Program for Hearing is transferred from the Department of Public Instruction to the
46 North Carolina School for the Deaf and the Eastern North Carolina School for the Deaf. Upon
47 transfer, the North Carolina School of the Deaf and the Eastern North Carolina School for the
48 Deaf shall agree on a geographical boundary to divide the administrative responsibility for the
49 Early Learning Sensory Support Program for Hearing between the two schools.

50 **SECTION 7.61.(e)** The transfers made in this section shall have all of the elements
51 of a Type I transfer, as defined in G.S. 143A-6. Upon transfer, teachers and instructional support

1 personnel in the Preschool and the Early Learning Sensory Program for Vision and the Early
2 Learning Sensory Support Program for Hearing shall receive a salary, including any supplement,
3 equivalent to those teachers and instructional support personnel that work on the campus of their
4 respective residential schools. Nothing in this section shall be construed to result in the loss of
5 salary by any employee in the Preschool or Early Learning Sensory Support Programs.

6 **SECTION 7.61.(f)** G.S. 115C-150.12A(f) reads as rewritten:

7 "(f) Meetings. – A board of trustees shall meet at least four times a year and also at such
8 other times as it may deem necessary. A majority of the voting members of the board shall
9 constitute a quorum for the transaction of business. All meetings shall be subject to Article 33C
10 of Chapter 143 of the General Statutes. A board of trustees may conduct remote meetings in
11 accordance with Article 33C of Chapter 143 of the General Statutes, so long as the board of
12 trustees complies with the provisions of G.S. 166A-19.24, except that a declaration of emergency
13 is not needed. The members shall receive per diem compensation and necessary travel and
14 subsistence expenses while engaged in the discharge of their official duties, in accordance with
15 the provisions of G.S. 138-5."

16 **SECTION 7.61.(g)** G.S. 115C-150.12B(a) reads as rewritten:

17 "(a) Superintendent. – Each board of trustees of a school shall appoint a superintendent
18 for that school who meets the requirements of G.S. 115C-271 for employment. The
19 superintendent shall act as secretary to the board of trustees in accordance with
20 G.S. 115C-150.12A. All acts of the boards of trustees, not in conflict with State law, shall be
21 binding on the superintendent, and the superintendent shall carry out all rules and regulations of
22 the board and other duties as prescribed by the board of trustees. For purposes of application to
23 other statutes in this Chapter, the superintendent shall be the equivalent of a superintendent of a
24 local school administrative unit and shall fulfill the duties of a superintendent as provided in
25 Article 18 of this Chapter. Unless otherwise required by the board of trustees, the superintendent
26 shall not be required to reside in the county in which the residential school is located."

27 **SECTION 7.61.(h)** Subsections (b) and (c) of Section 8 of S.L. 2023-10 read as
28 rewritten:

29 "**SECTION 8.(b)** Notwithstanding current employment classifications of administrators for
30 the schools for the deaf and blind and G.S. 115C-150.12B, as enacted by this act, those employed
31 as administrators of each school for the deaf and blind shall remain in employment, subject to
32 dismissal for cause as provided in Article 8 of Chapter 126 of the General Statutes, until June 30,
33 ~~2025.~~ 2025, at which point the administrator's employment shall terminate unless the
34 administrator has already been separated from employment prior to that date or is appointed
35 superintendent or employed in some other capacity by the respective board of trustees pursuant
36 to G.S. 115C-150.12B. Notwithstanding Article 18 of Chapter 115C of the General Statutes, the
37 State Board of Education shall waive superintendent licensure requirements for those employed
38 as administrators of each school for the deaf and blind until June 30, 2025.

39 "**SECTION 8.(c)** Notwithstanding G.S. 115C-150.12B, as enacted by this act, Chapter 126
40 of the General Statutes shall apply to any employee of the schools for the deaf and blind employed
41 on June 30, 2024, for as long as that employee remains employed at that ~~school.~~ school, except
42 those employed on that date as an administrator of the school."

43
44 **REPEAL ECONOMICALLY DISADVANTAGED PUBLIC SCHOOLS SUPPORT**
45 **PROGRAM AND ESTABLISH ECONOMICALLY DISADVANTAGED CHARTER**
46 **SCHOOLS SUPPORT PROGRAM**

47 **SECTION 7.62.(a)** G.S. 115C-105.34 is repealed.

48 **SECTION 7.62.(b)** Article 14A of Chapter 115C of the General Statutes is amended
49 by adding a new section to read:

50 **§ 115C-218.108. Economically disadvantaged charter school support funds.**

51 (a) For purposes of this section, the following definitions shall apply:

- 1 (1) Curriculum. – Materials or programs related to courses offered by an
2 economically disadvantaged charter school.
- 3 (2) Economically disadvantaged charter school. – A charter school with a student
4 population that is composed of at least eighty percent (80%) of students
5 identified by the Department of Public Instruction as economically
6 disadvantaged students.
- 7 (3) Eligible employee. – Any full-time or part-time employee of a qualifying
8 economically disadvantaged charter school.
- 9 (4) Qualifying economically disadvantaged charter school. – An economically
10 disadvantaged charter school that met or exceeded expected growth in the
11 prior school year, as determined by the State Board of Education pursuant to
12 Part 1B of Article 8 of this Chapter.

13 (b) The Department of Public Instruction shall establish the Economically Disadvantaged
14 Charter Schools Support Program (Program) to provide funds to support the efforts of qualifying
15 economically disadvantaged charter schools to continue to meet or exceed growth in subsequent
16 school years. To the extent funds are provided to the Department for this purpose, the Department
17 shall allocate these funds annually to each governing body of an economically disadvantaged
18 charter school based on the relative proportion of students in each qualifying economically
19 disadvantaged charter school governed by that body. The governing body shall allocate those
20 funds to each qualifying economically disadvantaged charter school based on the relative
21 proportion of students in each school. The funds shall be used for curriculum, activities necessary
22 to support students and instructional support personnel, and bonuses and retention programs for
23 eligible employees in the discretion of the governing body of the charter school, as appropriate.

24 (c) It is the intent of the General Assembly that funds provided pursuant to this section
25 will supplement and not supplant local funds."

26
27 **REQUIRE LOCAL BOARDS OF EDUCATION TO PUBLISH TOTAL**
28 **COMPENSATION AND POSITION INFORMATION FOR CENTRAL OFFICE**
29 **EMPLOYEES**

30 **SECTION 7.63.(a)** G.S. 115C-320 reads as rewritten:

31 "**§ 115C-320. ~~Certain records open to inspection.~~ Publication and inspection of certain**
32 **records.**

33 (a) Each local board of education shall maintain a record of each of its employees,
34 showing the following information with respect to each employee:

- 35 (1) Name.
- 36 (2) Age.
- 37 (3) Date of original employment or appointment.
- 38 (4) The terms of any contract by which the employee is employed whether written
39 or oral, past and current, to the extent that the board has the written contract
40 or a record of the oral contract in its possession.
- 41 (5) Current position.
- 42 (6) Title.
- 43 (7) Current ~~salary~~ total compensation, as defined in sub-subdivision a. of
44 subdivision (1) of subsection (b1) of this section.
- 45 (8) Date and amount of each increase or decrease in ~~salary~~ total compensation, as
46 defined in sub-subdivision a. of subdivision (1) of subsection (b1) of this
47 section, with that local board of education.
- 48 (9) Date and type of each promotion, demotion, transfer, suspension, separation,
49 or other change in position classification with that local board of education.
- 50 (10) Date and general description of the reasons for each promotion with that local
51 board of education.

1 (11) Date and type of each dismissal, suspension, or demotion for disciplinary
2 reasons taken by the local board of education. If the disciplinary action was a
3 dismissal, a copy of the written notice of the final decision of the local board
4 education setting forth the specific acts or omissions that are the basis of the
5 dismissal.

6 (12) The office or station to which the employee is currently assigned.

7 (b) For the purposes of this section, the term "central office employees" refers to
8 superintendents, assistant superintendents, associate superintendents, directors/coordinators,
9 supervisors, finance officers, all personnel categorized as central office employees by the
10 Department of Public Instruction or the local school administrative unit, and any permanent
11 employee of the local school administrative unit or employee of a third-party contractor with the
12 local school administrative unit that is not assigned to a school campus. The term "salary"
13 includes pay, benefits, incentives, supplements, bonuses, and deferred and all other forms of
14 compensation paid by the employing entity.

15 (b1) No later than August 15, 2025, and annually thereafter, each local board of education
16 shall publish and maintain on its website all of the following information:

17 (1) For each central office employee:

18 a. Total compensation from all funding sources, including at least the
19 following:

20 1. Salary.

21 2. Reimbursements and allowances, including reimbursements
22 and allowances related to travel.

23 b. Position title.

24 c. Position description.

25 d. The date the position was created.

26 e. The department, unit, or office of the local school administrative unit
27 in which the position is located.

28 (2) The title of each central office employee position in the local school
29 administrative unit and the number of positions associated with that title.

30 (3) For each department, unit, or office of the local school administrative unit:

31 a. The number of central office employees located in that department,
32 unit, or office.

33 b. The number of central office employees for each position title.

34 (c) Subject only to rules and regulations for the safekeeping of records adopted by the
35 local board of education, every person having custody of the records shall permit them to be
36 inspected and examined and copies made by any person during regular business hours. The name
37 of a participant in the Address Confidentiality Program established pursuant to Chapter 15C of
38 the General Statutes shall not be open to inspection and shall be redacted from any record released
39 pursuant to this section. Any person who is denied access to any record for the purpose of
40 inspecting, examining or copying the record shall have a right to compel compliance with the
41 provisions of this section by application to a court of competent jurisdiction for a writ of
42 mandamus or other appropriate relief."

43 **SECTION 7.63.(b)** The title of Article 21A of Chapter 115C of the General Statutes
44 reads as rewritten:

45 "Article 21A.

46 "~~Privacy of Employee Personnel Records.~~"

47 **SECTION 7.63.(c)** This section is effective when it becomes law.

48
49 **WORKFORCE REPORT FOR OCCUPATIONAL THERAPISTS AND PHYSICAL**
50 **THERAPISTS**

SECTION 7.64. Article 21 of Chapter 115C of the General Statutes is amended by adding a new section to read:

§ 115C-316.3. Occupational therapist and physical therapist workforce report.

(a) Definition. – For purposes of this section, the term "therapist" refers to a person working in a local school administrative unit who is an occupational therapist or a physical therapist.

(b) Local Report. – No later than February 15 of each year, every local board of education shall report the following information to the Department of Public Instruction regarding therapists in the unit, disaggregated by type of therapist:

- (1) Number of employees of the local school administrative unit.
- (2) Number of employees of a third-party contractor.
- (3) Number of vacant positions.

(c) State Report. – No later than April 15 of each year, the Department of Public Instruction shall report the information received pursuant to subsection (b) of this section to the Joint Legislative Education Oversight Committee."

PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedules shall apply for the 2025-2026 fiscal year and the 2026-2027 fiscal year, respectively, to licensed personnel of the public schools who are classified as teachers. The salary schedules are based on years of teaching experience.

2025-2026 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	\$4,800
1	\$4,825
2	\$4,850
3	\$4,875
4	\$4,900
5	\$4,950
6	\$5,000
7	\$5,050
8	\$5,100
9	\$5,150
10	\$5,200
11	\$5,250
12	\$5,300
13	\$5,350
14	\$5,403
15	\$5,496
16	\$5,521
17	\$5,546
18	\$5,571
19	\$5,591
20	\$5,611
21	\$5,631
22	\$5,651
23	\$5,671
24	\$5,691
25+	\$5,711

2026-2027 Teacher Monthly Salary Schedule

	Years of Experience	"A" Teachers
1		
2		
3	0	\$5,000
4	1	\$5,020
5	2	\$5,040
6	3	\$5,060
7	4	\$5,080
8	5	\$5,100
9	6	\$5,120
10	7	\$5,140
11	8	\$5,164
12	9	\$5,214
13	10	\$5,265
14	11	\$5,316
15	12	\$5,366
16	13	\$5,417
17	14	\$5,470
18	15	\$5,565
19	16	\$5,590
20	17	\$5,615
21	18	\$5,641
22	19	\$5,661
23	20	\$5,681
24	21	\$5,701
25	22	\$5,722
26	23	\$5,742
27	24	\$5,762
28	25+	\$5,782

SECTION 7A.1.(b) Salary Supplements for Teachers Paid on These Salary

Schedules. –

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

1 **SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are
2 licensed as speech pathologists at the master's degree level or higher, and school audiologists
3 who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- 4 (1) The first step of the salary schedule shall be equivalent to the sixth step of the
5 "A" salary schedule.
- 6 (2) These employees shall receive the following salary supplements each month:
 - 7 a. Ten percent (10%) of their monthly salary, excluding the supplement
8 provided pursuant to sub-subdivision b. of this subdivision.
 - 9 b. Three hundred fifty dollars (\$350.00).
- 10 (3) These employees are eligible to receive salary supplements equivalent to those
11 of teachers for academic preparation at the six-year degree level or the
12 doctoral degree level.
- 13 (4) The twenty-sixth step of the salary schedule shall be seven and one-half
14 percent (7.5%) higher than the salary received by these same employees on
15 the twenty-fifth step of the salary schedule.

16 **SECTION 7A.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing
17 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
18 longevity payments are included in the monthly amounts under the teacher salary schedule.

19 **SECTION 7A.1.(e)** A teacher compensated in accordance with these salary
20 schedules in the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the
21 following:

- 22 (1) The applicable amount on the applicable salary schedule for the applicable
23 school year.
- 24 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
25 the sum of the following:
 - 26 a. The salary the teacher received in the 2013-2014 school year pursuant
27 to Section 35.11 of S.L. 2013-360.
 - 28 b. The longevity that the teacher would have received under the longevity
29 system in effect for the 2013-2014 school year provided in Section
30 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - 31 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 32 (3) For teachers who were not eligible for longevity for the 2013-2014 school
33 year, the sum of the salary and annual bonus the teacher received in the
34 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

35 **SECTION 7A.1.(f)** As used in this section, the term "teacher" shall also include
36 instructional support personnel.
37

38 **REINSTATE EDUCATION-BASED SALARY SUPPLEMENTS FOR TEACHERS AND** 39 **INSTRUCTIONAL SUPPORT PERSONNEL**

40 **SECTION 7A.1A.(a)** G.S. 115C-302.10 is repealed.

41 **SECTION 7A.1A.(b)** Notwithstanding any other provision of law, for the
42 2025-2026 fiscal year, State Board of Education policy TCP-A-006, as it was in effect on June
43 30, 2013, shall be used to determine (i) whether teachers and instructional support personnel are
44 paid on the "M" salary schedule and (ii) whether they receive a salary supplement for academic
45 preparation at the six-year or doctoral degree level.
46

47 **CONSOLIDATED TEACHER BONUS PROGRAM**

48 **SECTION 7A.2.(a)** Article 20 of Chapter 115C of the General Statutes is amended
49 by adding the following new section to read:

50 **§ 115C-302.9. Teacher bonuses.**

1 (a) Program. – The State Board of Education shall establish a consolidated teacher bonus
2 program to reward teacher performance and encourage student learning and improvement. To
3 attain this goal, to the extent funds are made available for this purpose, the Department of Public
4 Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from
5 State funds in January of each year, based on data from the prior school year, in accordance with
6 this section.

7 (b) Definitions. – For purposes of this section, the following definitions shall apply:

8 (1) Eligible advanced course teacher. – A teacher of Advanced Placement
9 courses, International Baccalaureate Diploma Programme courses, or the
10 Cambridge Advanced International Certificate of Education (AICE) program
11 who meets the following criteria:

12 a. Is employed by, or retired having last held a position at, one or more
13 of the following:

14 1. A qualifying public school unit.

15 2. The North Carolina Virtual Public School program.

16 b. Taught one or more students who received a score listed in subsection
17 (c) of this section.

18 (2) Eligible career and technical education (CTE) teacher. – A teacher who meets
19 the following criteria:

20 a. Is employed by, or retired having last held a position at, a qualifying
21 public school unit.

22 b. Taught one or more students who attained approved industry
23 certifications or credentials consistent with G.S. 115C-156.2.

24 (3) Eligible growth teacher. – A teacher who meets at least one of the following
25 criteria:

26 a. Is employed by, or retired having last held a position at, a qualifying
27 public school unit and meets one of the following criteria:

28 1. Is in the top twenty-five percent (25%) of teachers in the State
29 according to the EVAAS student growth index score for third
30 grade reading from the previous school year.

31 2. Is in the top twenty-five percent (25%) of teachers in the State
32 according to the EVAAS student growth index score for fourth
33 or fifth grade reading from the previous school year.

34 3. Is in the top twenty-five percent (25%) of teachers in the State
35 according to the EVAAS student growth index score for fourth,
36 fifth, sixth, seventh, or eighth grade mathematics from the
37 previous school year.

38 b. Is employed by, or retired having last held a position at, a local school
39 administrative unit and meets one of the following criteria:

40 1. Is in the top twenty-five percent (25%) of teachers in the
41 teacher's respective local school administrative unit according
42 to the EVAAS student growth index score for third grade
43 reading from the previous school year.

44 2. Is in the top twenty-five percent (25%) of teachers in the
45 teacher's respective local school administrative unit according
46 to the EVAAS student growth index score for fourth or fifth
47 grade reading from the previous school year.

48 3. Is in the top twenty-five percent (25%) of teachers in the
49 teacher's respective local school administrative unit according
50 to the EVAAS student growth index score for fourth, fifth,

- 1 sixth, seventh, or eighth grade mathematics from the previous
2 school year.
- 3 c. Was employed by a local school administrative unit that employed in
4 the previous school year three or fewer total teachers in that teacher's
5 grade level as long as the teacher has an EVAAS student growth index
6 score from the previous school year of exceeded expected growth in
7 one of the following subject areas:
- 8 1. Third grade reading.
9 2. Fourth or fifth grade reading.
10 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 11 (4) EVAAS. – The Education Value-Added Assessment System.
- 12 (5) Predecessor bonus programs. – All of the following:
- 13 a. The Advanced Placement/International Baccalaureate/Cambridge
14 AICE Teacher Bonus Program provided in Section 8.8 of S.L.
15 2016-94, as amended by Section 8.8B of S.L. 2017-57, Section 2.10
16 of S.L. 2017-197, and Section 8.10 of S.L. 2018-5.
- 17 b. The Industry Certifications and Credentials Teacher Bonus Program
18 provided in Section 8.9 of S.L. 2016-94, as amended by Section 8.8B
19 of S.L. 2017-57, Section 2.10 of S.L. 2017-197, and Section 8.10 of
20 S.L. 2018-5.
- 21 c. The Third Grade Read to Achieve Teacher Bonus Program provided
22 in Section 8.8C of S.L. 2017-57, as amended by Section 2.10 of S.L.
23 2017-197 and Section 8.10 of S.L. 2018-5.
- 24 d. The Fourth and Fifth Grade Reading Teacher Bonus Program provided
25 in Section 8.8D of S.L. 2017-57, as amended by Section 8.11 of S.L.
26 2018-5.
- 27 e. The Fourth to Eighth Grade Math Teacher Bonus Program provided
28 in Section 8.8E of S.L. 2017-57, as amended by Section 8.12 of S.L.
29 2018-5.
- 30 f. Advanced course and CTE Teacher bonuses provided in Section 7A.4
31 of S.L. 2021-180.
- 32 g. Bonuses for Teachers Based on Student Growth provided in Section
33 7A.2 of S.L. 2022-74.
- 34 h. The Consolidated Teacher Bonus Program provided in Section 7A.3
35 of S.L. 2023-134.
- 36 (6) Qualifying public school unit. – Any of the following:
- 37 a. A local school administrative unit.
38 b. A charter school.
39 c. A regional school.
40 d. A school providing elementary or secondary instruction operated by
41 The University of North Carolina under Article 29A of Chapter 116 of
42 the General Statutes.
- 43 (7) Qualifying teacher. – An eligible teacher who meets one of the following
44 criteria:
- 45 a. Remains employed teaching in the same qualifying public school unit
46 or, if an eligible advanced course teacher is only employed by the
47 North Carolina Virtual Public School program, remains employed
48 teaching in that program, at least from the school year the data is
49 collected until January 1 of the corresponding school year that the
50 bonus is paid.

- 1 b. Retired, between the last day of the school year in which the data is
2 collected and January 1 of the corresponding school year in which the
3 bonus is paid, after attaining one of the following:
4 1. The age of at least 65 with five years of creditable service.
5 2. The age of at least 60 with 25 years of creditable service.
6 3. Thirty years of creditable service.
- 7 (c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars (\$50.00) shall be
8 provided to qualifying advanced course teachers for each student taught in each advanced course
9 who receives the following score:
- 10 (1) For Advanced Placement courses, a score of three or higher on the College
11 Board Advanced Placement Examination.
- 12 (2) For International Baccalaureate Diploma Programme courses, a score of four
13 or higher on the International Baccalaureate course examination.
- 14 (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge
15 AICE program examinations.
- 16 (d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall
17 be provided in the following amounts:
- 18 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
19 by a teacher who provided instruction in a course that led to the attainment of
20 an industry certification or credential with a twenty-five dollar (\$25.00) value
21 ranking as determined under subsection (e) of this section.
- 22 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
23 teacher who provided instruction in a course that led to the attainment of an
24 industry certification or credential with a fifty dollar (\$50.00) value ranking
25 as determined under subsection (e) of this section.
- 26 (e) CTE Course Value Ranking. – The Department of Commerce, in consultation with
27 the State Board, shall assign a value ranking for each industry certification and credential based
28 on academic rigor and employment value in accordance with this subsection. Fifty percent (50%)
29 of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on
30 employment value. Academic rigor and employment value shall be based on the following
31 elements:
- 32 (1) Academic rigor shall be based on the number of instructional hours, including
33 work experience or internship hours, required to earn the industry certification
34 or credential, with extra weight given for coursework that also provides
35 community college credit.
- 36 (2) Employment value shall be based on the entry wage, growth rate in
37 employment for each occupational category, and average annual openings for
38 the primary occupation linked with the industry certification or credential.
- 39 (f) Statewide Growth Bonuses. – The Department shall provide bonuses to qualifying
40 teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b)
41 of this section, as follows:
- 42 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
43 eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of
44 subsection (b) of this section. These funds shall be distributed equally among
45 qualifying teachers.
- 46 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
47 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
48 a.2. of subdivision (3) of subsection (b) of this section.
- 49 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
50 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
51 a.3. of subdivision (3) of subsection (b) of this section.

1 (g) Local Growth Bonuses. – The Department shall provide bonuses to eligible teachers
2 under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

3 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
4 eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of
5 subdivision (3) of subsection (b) of this section. These funds shall be divided
6 proportionally based on average daily membership in third grade for each
7 local school administrative unit and then distributed equally among qualifying
8 third grade reading teachers in each local school administrative unit.

9 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
10 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
11 b.2. or c.2. of subdivision (3) of subsection (b) of this section.

12 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
13 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
14 b.3. or c.3. of subdivision (3) of subsection (b) of this section.

15 (h) Limitations and Other Criteria. – The following additional limitations and other
16 criteria shall apply to the program:

17 (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d),
18 subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this
19 section shall not exceed three thousand five hundred dollars (\$3,500) per
20 subsection or subdivision in any given school year.

21 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1.,
22 b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a
23 bonus under both subdivision (1) of subsection (f) and subdivision (1) of
24 subsection (g) of this section but shall not receive more than seven thousand
25 dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision
26 (1) of subsection (g) of this section in any given school year.

27 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2.,
28 b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a
29 bonus under both subdivision (2) of subsection (f) and subdivision (2) of
30 subsection (g) of this section but shall not receive more than two bonuses
31 pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection
32 (g) of this section in any given school year.

33 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3.,
34 b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a
35 bonus under both subdivision (3) of subsection (f) and subdivision (3) of
36 subsection (g) of this section but shall not receive more than two bonuses
37 pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection
38 (g) of this section in any given school year.

39 (i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section
40 shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to
41 receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not
42 compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for
43 Teachers and State Employees.

44 (j) Study and Report. – The State Board of Education shall study the effect of the
45 program on teacher performance and retention. The State Board shall report the results of its
46 findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the
47 Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee,
48 and the Fiscal Research Division by March 15 of each year. The report shall include, at a
49 minimum, the following information:

50 (1) Number of students enrolled and taking examinations in each of the following
51 categories of courses:

- a. Advanced Placement.
 - b. International Baccalaureate Diploma Programme.
 - c. Cambridge AICE program.
 - d. Courses needed for the attainment of an industry certification or credential.
- (2) Number of students receiving outcomes on examinations resulting in the award of a bonus for a teacher in each category of courses identified in subdivision (1) of this subsection.
 - (3) Number of teachers receiving a bonus in each category of courses identified in subdivision (1) of this subsection.
 - (4) The amounts awarded to teachers for each category of courses identified in subdivision (1) of this subsection.
 - (5) The type of industry certifications and credentials earned by the students, the value ranking for each certification and credential, the number of bonuses earned for each certification or credential, and the total bonus amount awarded for each certification or credential.
 - (6) Average bonus amount awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section.
 - (7) The percentage of teachers who received a bonus pursuant to this section and were eligible to receive a bonus for teaching in the same grade level or course in either or both of the prior two school years pursuant to this section or a predecessor bonus program.
 - (8) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in either or both of the prior two school years pursuant to this section or a predecessor bonus program.
 - (9) The statistical relationship between a teacher receiving a bonus pursuant to this section and receiving a bonus for teaching in the same grade level or course in one or more prior school years pursuant to this section or a predecessor bonus program.
 - (10) The distribution of statewide and local growth bonuses awarded pursuant to this section as among qualifying public school units and, where applicable, schools within those units."

SECTION 7A.2.(b) This section applies beginning with bonuses awarded in January of 2026 based on data from the 2024-2025 school year.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.3.(a) Use of Funds. – For each year of the 2025-2027 fiscal biennium, except as provided in subsection (g) of this section, the State Board of Education shall allocate funds pursuant to this section to eligible local school administrative units to provide salary supplements to teachers and qualifying school administrators in those units. Allocation of salary supplements among teachers and qualifying school administrators within each eligible local school administrative unit, including whether a teacher or qualifying school administrator receives a salary supplement and the amount of the supplement provided to that person, shall be determined in the discretion of the local board of education of the eligible unit, except that no individual salary supplement shall exceed the per teacher funding amount awarded to that unit pursuant to subdivision (4) of subsection (c) of this section.

SECTION 7A.3.(b) Definitions. – As used in this section, the following definitions shall apply:

- 1 (1) Adjusted market value of taxable real property. – A county's assessed taxable
2 real property value, using the latest available data published by the
3 Department of Revenue, divided by the county's sales assessment ratio
4 determined under G.S. 105-289(h).
- 5 (2) Composite value. – For each eligible county, the sum of the following:
6 a. The taxable real property factor multiplied by sixty-five percent
7 (65%).
8 b. The median household income factor multiplied by twenty-five
9 percent (25%).
10 c. The effective tax rate factor multiplied by ten percent (10%).
- 11 (3) County allocation factor. – For each eligible county, the supplement factor for
12 that county divided by the sum of all supplement factors for the State.
- 13 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
14 annual sales assessment ratio for that county.
- 15 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
16 that county divided by the median effective tax rate in the State.
- 17 (6) Eligible county. – A county that has an adjusted market value of taxable real
18 property of less than sixty-three billion dollars (\$63,000,000,000).
- 19 (7) Eligible local school administrative unit. – A local school administrative unit
20 located in whole or in part in an eligible county.
- 21 (8) Eligible school. – A public school that is located in an eligible county and
22 governed by a local school administrative unit.
- 23 (9) Maintenance of effort amount. – For each local school administrative unit in
24 each fiscal year, the supplant factor multiplied by the total State and non-State
25 funds expended for salaries for teachers from the fiscal year for which the
26 most recent salary data are available.
- 27 (10) Median household income. – A county's median household income for the
28 most recent 12 months for which data are available, as that term is used in
29 G.S. 143B-437.08.
- 30 (11) Median household income factor. – For each eligible county, the median
31 household income in the State divided by the median household income for
32 that county.
- 33 (12) Non-State funds. – Any funds held by a local school administrative unit, other
34 than nonrecurring federal funds received as a result of legislation enacted by
35 Congress in response to COVID-19, that are not State funds.
- 36 (13) Qualifying school administrator. – Any of the following:
37 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
38 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 39 (14) Supplant factor. – For each local school administrative unit in each fiscal year
40 of the fiscal biennium, the total non-State funds expended for salary
41 supplements for teachers in the 2020-2021 fiscal year divided by the total
42 State and non-State funds expended for salaries for teachers in the 2020-2021
43 fiscal year.
- 44 (15) Supplement factor. – For each eligible county, the composite value multiplied
45 by the number of State-funded teachers employed in a school in the county
46 that is governed by a local school administrative unit.
- 47 (16) Taxable real property factor. – For each eligible county, the median adjusted
48 market value of taxable real property in the State divided by the adjusted
49 market value of taxable real property for that county.
- 50 (17) Teacher. – Teachers and instructional support personnel.

1 **SECTION 7A.3.(c)** Allocation of Funds. – The State Board of Education shall
2 allocate funds for salary supplements to eligible local school administrative units according to
3 the following procedure:

- 4 (1) County allocation. – For each eligible county, the State Board shall determine
5 a county allocation by multiplying the county allocation factor for that county
6 by the funding amount appropriated pursuant to this section for the applicable
7 fiscal year.
- 8 (2) Per teacher funding amount. – For each eligible county, the State Board shall
9 determine a per teacher funding amount by dividing the county allocation
10 amounts determined pursuant to subdivision (1) of this subsection by the total
11 number of State-funded teachers employed in all eligible schools in that
12 county.
- 13 (3) Unit funding amount. – For each eligible local school administrative unit, the
14 State Board shall determine the funding amount for that unit based on the per
15 teacher funding amount or amounts for the eligible county or counties where
16 the unit is located. For each county with an eligible school governed by the
17 unit, the State Board shall multiply the applicable per teacher funding amount
18 for that county determined pursuant to subdivision (2) of this subsection by
19 the number of State-funded teachers employed in the eligible school in that
20 county. If the unit is located in multiple eligible counties, the State Board shall
21 aggregate those amounts.
- 22 (4) Allocation and funding cap. – The State Board shall allocate the amount
23 determined pursuant to subdivision (3) of this subsection to each eligible local
24 school administrative unit for each applicable fiscal year, up to a maximum of
25 five thousand dollars (\$5,000) per State-funded teacher.

26 **SECTION 7A.3.(d)** Charter Schools. – Funds appropriated to the Department of
27 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter
28 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools
29 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying
30 school administrators in the charter school in accordance with the requirements of this section.

31 **SECTION 7A.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to
32 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
33 funding to eligible local school administrative units and is not intended to reflect any measure of
34 the adequacy of the educational program or funding for public schools. The formula is also not
35 intended to reflect any commitment by the General Assembly to appropriate any additional
36 supplemental funds for eligible local school administrative units.

37 **SECTION 7A.3.(f)** Nonsupplant Requirement. – A local school administrative unit
38 that receives funds under this section shall use those funds to supplement non-State funds
39 provided for salary supplements for teachers and qualifying school administrators and shall not
40 use any State funds, including funds received under this section, Section 7A.4 of S.L. 2023-134,
41 or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements
42 for teachers and qualifying school administrators. For purposes of this section, a local school
43 administrative unit has supplanted non-State funds if the State Board finds that the amount of
44 non-State funds expended by the unit for salary supplements was less than ninety-five percent
45 (95%) of the maintenance of effort amount for the local school administrative unit.

46 **SECTION 7A.3.(g)** Nonsupplant Enforcement. – The State Board of Education shall
47 not allocate any funds under this section to a local school administrative unit if it determines that
48 the unit has supplanted non-State funds in violation of subsection (f) of this section.

49 **SECTION 7A.3.(h)** Reports. – No later than April 15 of each year of the 2025-2027
50 fiscal biennium, the State Board of Education shall report the following information for the

1 applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal
2 Research Division:

- 3 (1) A list of all eligible counties and eligible local school administrative units.
- 4 (2) Funds allocated to each eligible local school administrative unit.
- 5 (3) The percentage and amount of teachers and qualifying school administrators
6 in each eligible local school administrative unit receiving salary supplements.
- 7 (4) The average salary supplement amount in each eligible local school
8 administrative unit.
- 9 (5) The range of salary supplement amounts in each eligible local school
10 administrative unit.
- 11 (6) The effect of the salary supplements on the retention of teachers and
12 qualifying school administrators in eligible local school administrative units.
- 13 (7) The identity of any local school administrative unit that the State Board
14 determines has supplanted funds.

15
16 **PRINCIPAL SALARY SCHEDULE**

17 **SECTION 7A.4.(a)** The following annual salary schedule for principals shall apply
18 for each year of the 2025-2027 fiscal biennium, beginning July 1, 2025:

19 **2025-2027 Principal Annual Salary Schedule**

20 Avg. Daily Membership	21 Base	22 Met Growth	23 Exceeded Growth
24 0-200	\$79,737	\$87,709	\$95,684
25 201-400	\$83,723	\$92,095	\$100,467
26 401-700	\$87,709	\$96,481	\$105,252
27 701-1,000	\$91,698	\$100,866	\$110,037
28 1,001-1,600	\$95,684	\$105,252	\$114,821
29 1,601+	\$99,670	\$109,637	\$119,604

30 A principal's placement on the applicable salary schedule shall be determined
31 according to the average daily membership of the school supervised by the principal, as described
32 in subsection (b) of this section, and the school growth scores, calculated pursuant to
33 G.S. 115C-83.15(c), for each school the principal supervised in at least two of the prior three
34 school years, as described in subsection (c) of this section, regardless of a break in service, and
35 provided the principal supervised each school as a principal for at least a majority of the school
36 year, as follows:

- 37 (1) A principal shall be paid according to the Exceeded Growth column of the
38 schedule if the school growth scores show the school or schools exceeded
39 expected growth in at least two of the prior three school years.
- 40 (2) A principal shall be paid according to the Met Growth column of the schedule
41 if any of the following apply:
 - 42 a. The school growth scores show the school or schools met expected
43 growth in at least two of the prior three school years.
 - 44 b. The school growth scores show the school or schools met expected
45 growth in at least one of the prior three school years and exceeded
46 expected growth in one of the prior three school years.
 - 47 c. The principal supervised a school in at least two of the prior three
48 school years that was not eligible to receive a school growth score.
- 49 (3) A principal shall be paid according to the Base column if any of the following
apply:
 - a. The school growth scores show the school or schools did not meet
expected growth in at least two of the prior three school years.

- 1 b. The principal has not supervised any school as a principal for a
2 majority of the school year in at least two of the prior three school
3 years.

4 **SECTION 7A.4.(b)** For purposes of determining the average daily membership of a
5 principal's school, the allotted average daily membership for the school for the applicable school
6 year shall be used. For purposes of this section, the allotted average daily membership of a
7 principal's school shall include any prekindergarten students in membership at that school.

8 **SECTION 7A.4.(c)** For purposes of determining the school growth scores for each
9 school the principal supervised in one or more prior school years, the following school growth
10 scores shall be used during the following time periods:

- 11 (1) For the first six months of the applicable fiscal year, the school growth scores
12 from the first, second, and third years.
13 (2) For the second six months of the applicable fiscal year, the school growth
14 scores from the second, third, and fourth years.
15 (3) If a principal does not have a school growth score from any of the school years
16 identified in this subsection, the most recent available growth scores, up to the
17 fourth year, shall be used.

18 **SECTION 7A.4.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
19 annual longevity payments to principals paid on the principal salary schedule, the amounts of
20 those longevity payments are included in the annual amounts under the principal salary schedule.

21 **SECTION 7A.4.(e)** A principal compensated in accordance with this section for the
22 2025-2027 fiscal biennium shall receive an amount equal to the greater of the following:

- 23 (1) The applicable amount on the principal salary schedule for the applicable
24 fiscal year.
25 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
26 the sum of the following:
27 a. The salary the principal received in the 2016-2017 fiscal year pursuant
28 to Section 9.1 or Section 9.2 of S.L. 2016-94.
29 b. The longevity that the principal would have received as provided for
30 State employees under the North Carolina Human Resources Act for
31 the 2016-2017 fiscal year based on the principal's current years of
32 service.
33 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal
34 year, the salary the principal received in the 2016-2017 fiscal year pursuant to
35 Section 9.1 or Section 9.2 of S.L. 2016-94.

36 **SECTION 7A.4.(f)** For purposes of this section, the following definitions apply:

- 37 (1) First year. – The school year immediately preceding the second year.
38 (2) Fourth year. – The school year immediately preceding the applicable school
39 year.
40 (3) Second year. – The school year immediately preceding the third year.
41 (4) The applicable fiscal year. – The fiscal year of the 2025-2027 fiscal biennium
42 in which the principal is employed.
43 (5) The applicable school year. – The school year of the 2025-2027 fiscal
44 biennium in which the principal is employed.
45 (6) Third year. – The school year immediately preceding the fourth year.

46 **BONUSES FOR PRINCIPALS**

47 **SECTION 7A.5.** Article 19 of Chapter 115C of the General Statutes is amended by
48 adding the following new section to read:

49 **"§ 115C-285.5. Bonuses for principals.**
50

(a) To the extent funds are made available for this purpose, the Department of Public Instruction shall administer a bonus in each fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

Principal Bonus Schedule

<u>Statewide Growth Percentage</u>	<u>Bonus</u>
<u>Top 5%</u>	<u>\$15,000</u>
<u>Top 10%</u>	<u>\$10,000</u>
<u>Top 15%</u>	<u>\$5,000</u>
<u>Top 20%</u>	<u>\$2,500</u>
<u>Top 50%</u>	<u>\$1,000</u>

A principal shall receive no more than one bonus pursuant to this section. The bonus shall be paid at the highest amount for which the principal qualifies.

(b) The bonus awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

(e) The bonus provided pursuant to this section shall be paid no later than October 31 of each year to qualifying principals employed as of October 1 of that year."

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.6.(a) For each year of the 2025-2027 fiscal biennium, beginning July 1, 2025, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.6.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION 7A.6.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.6.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 7A.6.(e) An assistant principal compensated in accordance with this section for the 2025-2027 fiscal biennium shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable year.

- 1 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
- 2 year, the sum of the following:
- 3 a. The salary the assistant principal received in the 2016-2017 fiscal year
- 4 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
- 5 b. The longevity that the assistant principal would have received as
- 6 provided for State employees under the North Carolina Human
- 7 Resources Act for the 2016-2017 fiscal year based on the assistant
- 8 principal's current years of service.
- 9 (3) For assistant principals who were not eligible for longevity in the 2016-2017
- 10 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
- 11 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.7.(a) For the 2025-2027 fiscal biennium, beginning July 1, 2025, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers whose salaries are supported from State funds shall be increased by two and one-half percent (2.5%).

SECTION 7A.7.(b) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2025-2027 fiscal biennium, beginning July 1, 2025:

2025-2027 Fiscal Biennium

Maximum

School Administrator I	\$7,762
School Administrator II	\$8,225
School Administrator III	\$8,715
School Administrator IV	\$9,055
School Administrator V	\$9,417
School Administrator VI	\$9,974
School Administrator VII	\$10,373

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the maximums and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 7A.7.(c) The monthly salary maximums that follow apply to superintendents for each year of the 2025-2027 fiscal biennium, beginning July 1, 2025:

2025-2027 Fiscal Biennium

Maximum

Superintendent I	\$10,995
Superintendent II	\$11,650
Superintendent III	\$12,350
Superintendent IV	\$13,092
Superintendent V	\$13,880

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 7A.7.(d) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

1 **SECTION 7A.7.(e)** Superintendents, assistant superintendents, associate
2 superintendents, directors/coordinators, supervisors, and finance officers with certification based
3 on academic preparation at the six-year degree level shall receive a salary supplement of one
4 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
5 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
6 directors/coordinators, supervisors, and finance officers with certification based on academic
7 preparation at the doctoral degree level shall receive a salary supplement of two hundred
8 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
9 section.

10 **SECTION 7A.7.(f)** The State Board of Education shall not permit local school
11 administrative units to transfer State funds from other funding categories for salaries for public
12 school central office administrators.

13 **NONCERTIFIED PERSONNEL SALARIES**

14 **SECTION 7A.8.** For the 2025-2027 fiscal biennium, beginning July 1, 2025, the
15 annual salary for noncertified public school employees whose salaries are supported from State
16 funds shall be increased as follows:

- 17
- 18 (1) For permanent, full-time employees on a 12-month contract, by two and
19 one-half percent (2.5%).
 - 20 (2) For the following employees, by an equitable amount based on the amount
21 specified in subdivision (1) of this section:
 - 22 a. Permanent, full-time employees on a contract for fewer than 12
23 months.
 - 24 b. Permanent, part-time employees.
 - 25 c. Temporary and permanent hourly employees.
- 26

27 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

28 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

29 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the
30 2025-2027 fiscal biennium for student financial aid shall be allocated in accordance with
31 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if
32 the interest income generated from the Escheat Fund is less than the amounts referenced in this
33 act, the difference may be taken from the Escheat Fund principal to reach the appropriations
34 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
35 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat
36 Fund by this act for student financial aid remain uncommitted as of the end of a fiscal year, the
37 funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount
38 of the Escheat Fund income for that fiscal year.

39 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall
40 conduct periodic evaluations of expenditures of the student financial aid programs administered
41 by the Authority to determine if allocations are utilized to ensure access to institutions of higher
42 education and to meet the goals of the respective programs. The Authority may make
43 recommendations for redistribution of funds to the President of The University of North Carolina
44 and the President of the Community College System regarding their respective student financial
45 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal
46 year.
47

48 **ESTABLISH SCHOOL OF CIVIC LIFE AND LEADERSHIP**

49 **SECTION 8.2.(a)** Chapter 116 of the General Statutes is amended by adding a new
50 Article to read:
51

1 "Article 31B.

2 "The School of Civic Life and Leadership.

3 **"§ 116-258.1. The School of Civic Life and Leadership established.**

4 (a) For purposes of this Article, the term "the School" refers to the School of Civic Life
5 and Leadership established pursuant to subsection (b) of this section.

6 (b) The Board of Trustees of the University of North Carolina at Chapel Hill, in
7 consultation with the Board of Governors of The University of North Carolina, the Provost of
8 the University of North Carolina at Chapel Hill, and faculty and administration officials at the
9 University of North Carolina at Chapel Hill, shall establish the School of Civic Life and
10 Leadership as a separate reporting unit of the University of North Carolina at Chapel Hill.

11 **"§ 116-258.2. Scope.**

12 The School shall do at least the following:

13 (1) Provide course opportunities for students. Courses may focus on the
14 development of democratic competencies informed by American history, the
15 American political tradition, and the study of the great texts and traditions of
16 Western civilization that form the foundation of the American republic. The
17 purpose of these courses is to foster public discourse and civil engagement
18 necessary to promote democracy and benefit society.

19 (2) Develop programming to address the topics identified in subdivision (1) of
20 this section and provide resources to students, faculty, and the general public,
21 as needed.

22 **"§ 116-258.3. Faculty.**

23 (a) The Dean of the School shall be appointed by the Chancellor of the University of
24 North Carolina at Chapel Hill, with the consent of the Board of Trustees of the University of
25 North Carolina at Chapel Hill. Neither the Chancellor nor the Board of Trustees shall delegate
26 this responsibility to another party.

27 (b) All faculty hired by or appointed to the School shall be subject to the approval of the
28 Dean of the School.

29 (c) Faculty members may hold joint or courtesy appointments with other reporting units
30 of the University of North Carolina at Chapel Hill. All joint and courtesy appointments shall be
31 made at the discretion of the Dean of the School.

32 **"§ 116-258.4. Report.**

33 No later than November 15 of each year, the Board of Trustees of the University of North
34 Carolina at Chapel Hill shall report to the Joint Legislative Education Oversight Committee and
35 the Fiscal Research Division on the School, including at least the following information:

36 (1) Courses and other programming provided by the School.

37 (2) Faculty hired by the School, including the number of faculty members hired
38 from outside of the University of North Carolina at Chapel Hill.

39 (3) Uses of funds appropriated to the School pursuant to this section.

40 (4) Any other matter the Board deems relevant to the progress of establishing the
41 School."

42 **SECTION 8.2.(b)** For the 2025-2026 academic year, the following shall occur:

43 (1) The School of Civic Life and Leadership (the School) shall employ at least 20
44 faculty members hired from outside the University of North Carolina at
45 Chapel Hill. These faculty members shall be hired with permanent tenure or
46 be eligible to receive permanent tenure in accordance with policies adopted
47 by The Board of Governors of The University of North Carolina and the
48 University of North Carolina at Chapel Hill.

49 (2) The School shall not employ any additional faculty by joint or courtesy
50 appointment with other reporting units of the University of North Carolina at
51 Chapel Hill unless the school has employed at least 20 faculty members hired

1 from outside the University of North Carolina at Chapel Hill in accordance
2 with this subsection.

3 **SECTION 8.2.(c)** Notwithstanding G.S. 116-30.2, the recurring funds allocated to
4 the School of Civic Life and Leadership (the School) by this section beginning in the 2025-2026
5 fiscal year shall be used only to support the School and shall not be redirected for any other
6 purpose. In addition, these funds shall be used to supplement and not supplant any funds the
7 School would otherwise receive, including funds received by the School based on enrollment.

8
9 **REPEAL FUTURE TEACHERS OF NORTH CAROLINA PROGRAM**

10 **SECTION 8.4.** Part 4B of Article 1 of Chapter 116 of the General Statutes is
11 repealed.

12
13 **ESTABLISH STANDARDS FOR AGREEMENTS BETWEEN CONSTITUENT**
14 **INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA AND LOCAL**
15 **SCHOOL ADMINISTRATIVE UNITS FOR THE OPERATION AND**
16 **MAINTENANCE OF LABORATORY SCHOOLS**

17 **SECTION 8.6.** G.S. 116-239.8(b) reads as rewritten:

18 "(b) The chancellor shall be the administrative head of a laboratory school approved by
19 the Subcommittee and shall provide general direction for the establishment and operation of a
20 laboratory school. The chancellor, with advice and input from the advisory board established in
21 subdivision (1) of this subsection, shall adopt policies, operating procedures, and the courses of
22 study to govern the operation of the laboratory school. The chancellor may designate the duties
23 required by this Article to other personnel as necessary. The chancellor shall also have the
24 following powers and duties:

- 25 ...
- 26 (4) ~~Operation and maintenance of laboratory schools. – Cost standards for~~
27 ~~laboratory schools. – The Board of Governors and the State Board of~~
28 ~~Education shall jointly determine standards for establishing the costs to local~~
29 ~~school administrative units for providing the facilities and services identified~~
30 ~~in this subdivision subdivision (4b) of this subsection for the operation and~~
31 ~~maintenance of a laboratory school. The standards shall include at least the~~
32 ~~lease amount by square foot for facility leases, which shall incorporate the~~
33 ~~cost of the outstanding debt service for the facility.~~
- 34 (4a) Memorandum of understanding. – The chancellor and the local school
35 administrative unit shall adopt a memorandum of understanding for the
36 operation and maintenance of the laboratory school that includes the facilities
37 and services identified in subdivision (4b) of this subsection. The chancellor
38 and the local school administrative unit shall review and update the
39 memorandum at least every three years and any updated memorandum shall
40 take effect no earlier than the next school year. For any proposal to amend a
41 term of the memorandum regarding facilities, services, or operations of the
42 laboratory school, the proposing party shall provide at least six months' notice,
43 and the amendment shall take effect no earlier than the next school year.
- 44 (4b) Facilities and services. – A local school administrative unit shall provide, at
45 the laboratory school's request, any of the following facilities and services to
46 the laboratory school, but the costs of those facilities and services charged to
47 the laboratory school shall not exceed the established standards for
48 determination of costs. The following shall be determined in a memorandum
49 of understanding between the chancellor and the local school administrative
50 unit for the operation and maintenance of the laboratory school as
51 needed: school:

- 1 a. Facilities and leases. – Upon request, the local school administrative
2 unit in which the laboratory school is located shall lease adequate
3 facilities to the constituent institution for use as a laboratory school.
4 Unless the laboratory school requests not to include any of the
5 following, the lease shall include use of or access to any existing
6 buildings, parking areas, playgrounds, driveways required for ingress
7 and egress, furniture, classroom space, a cafeteria or multipurpose
8 room, moveable equipment, appliances, playground materials,
9 including a library collection, instructional materials, and classroom
10 and other technology equipment necessary to operate the laboratory
11 school. The lease term shall be terminated if the laboratory school
12 ceases operation. Upon request, the local school administrative unit
13 shall maintain the facilities and premises of the laboratory school and
14 keep them in good repair and tenantable condition by providing all
15 routine custodial services and routine facilities maintenance services,
16 including routine indoor maintenance, routine mowing, trimming, and
17 maintenance of exterior landscaping and snow removal, and timely
18 repair of the facilities and premises. The chancellor is authorized to
19 execute the lease agreement and memoranda of agreement for the
20 operation of a laboratory school.
- 21 b. Transportation services. – Upon request, the local school
22 administrative unit in which the laboratory school is located shall
23 provide transportation to students who reside in the local school
24 administrative unit and attend the laboratory school, including any
25 students who are homeless and require assistance pursuant to 42
26 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance
27 Act. The requirement to provide transportation to students residing in
28 the local school administrative unit shall (i) apply regardless of where
29 a laboratory school student resides in the unit or how the unit's
30 transportation policies and practices are applied to other students and
31 (ii) upon request, include providing transportation of students and
32 personnel for laboratory school extracurricular activities and
33 educational trips in the same manner as other schools in the unit for
34 that school year.
- 35 c. Food services. – ~~The laboratory school shall strive to ensure that one~~
36 ~~hundred percent (100%) muscadine grape juice is made available to~~
37 ~~students as a part of the school's nutrition program or through the~~
38 ~~operation of the school's vending facilities. Upon request, Food~~
39 ~~services shall be provided to students of the laboratory school as~~
40 ~~follows:~~
- 41 1. Unless the laboratory school agrees in the memorandum of
42 understanding to administer the National School Lunch
43 Program as the school food authority for its own students, the
44 local school administrative unit in which the laboratory school
45 is located shall administer the National School Lunch Program
46 as the school food authority for the laboratory school in
47 accordance with G.S. 115C-264. As part of that process, the
48 local school administrative unit shall do at least the following:
- 49 I. Purchase, prepare, deliver, and serve food and drink for
50 students in the laboratory school.

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- II. Engage in any contracts or other actions necessary to provide these services, including procuring federal reimbursement funds.
 - 2. The laboratory school shall strive to ensure that one hundred percent (100%) muscadine grape juice is made available to students as part of the school's nutrition program or through the operation of the school's vending facilities.
 - d. Student support services. – Upon request, the local school administrative unit in which the laboratory school is located shall provide any of the following student support services for the operation of the laboratory school, including:
 - 1. Services required by the Department of Public Instruction for children with disabilities.
 - 2. Children and family support services, including social worker and school nurse services.
 - 3. Other health services, including dental screenings, vision screenings, and similar health services that apply to other students enrolled in the local school administrative unit.
 - 4. Parent involvement coordinator services.
 - 5. School counselor services.
 - (4c) Costs of services; reimbursement. – The local school administrative unit may charge the costs of the facilities and services provided pursuant to subdivision (4b) of this subsection to the laboratory school. These charges shall not exceed the standards for determination of costs established pursuant to subdivision (4) of this subsection. If a local school administrative unit fails to provide any of the services listed in subdivision (4b) of this subsection, the laboratory school may provide those services without the support of the local school administrative unit. In the event a laboratory school provides its own services pursuant to this subdivision, the laboratory school may charge the local school administrative unit for the actual costs of those services, even if those services exceed the standards for determination of costs established pursuant to subdivision (4) of this subsection, and the local school administrative unit shall reimburse the laboratory school for those services from non-State funds.
-"

BROADEN TEACHING FELLOWS AWARD PARAMETERS

SECTION 8.7.(a) G.S. 116-209.60 reads as rewritten:

"§ 116-209.60. Definitions.

The following definitions apply in this Part:

- (1) Commission. – The North Carolina Teaching Fellows Commission.
- (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- (3) Forgivable loan. – A forgivable loan made under the Program.
- (4) Program. – The North Carolina Teaching Fellows Program.
- (5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
- (5a) Qualifying licensure area. – A teacher licensure area in one of the following subjects:
 - a. Either of the following, as identified pursuant to G.S. 116-209.62(h):
 - 1. Special education.

2. ~~Stem.~~STEM.

3. Career and technical education.

b. Elementary education (K-6).

c. Middle Grades Language Arts.

d. English (9-12).

(5b) Qualifying special education teacher. – A qualifying teacher who is licensed in special education and spends at least eighty percent (80%) of his or her work time on activities related to special education.

~~(5b)~~(5c) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:

a. Received a forgivable loan under the Program.

b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.

c. Serves as a teacher in a qualifying licensure area.

(6) STEM. – Science, technology, engineering, and mathematics.

(7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund."

SECTION 8.7.(b) G.S. 116-209.62 reads as rewritten:

"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

...

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with up to ~~40-13~~ institutions of higher education with approved educator preparation ~~programs~~programs, including all historically black colleges and universities (HBCUs) and historically minority-serving institutions in North Carolina that are constituent institutions of The University of North Carolina, selected by the Commission that represent a diverse selection of both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

...

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at up to ~~40-13~~ selected institutions for completion of a program leading to initial teacher licensure as follows:

(1) North Carolina high school seniors. – Forgivable loans of up to ~~five thousand dollars (\$5,000) per semester for up to eight semesters.~~ten thousand dollars (\$10,000) per academic year for up to four academic years.

(2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to ~~five thousand dollars (\$5,000) per semester for up to six semesters.~~ten thousand dollars (\$10,000) per academic year for up to four academic years.

(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to ~~five thousand dollars (\$5,000) per semester for up to four semesters.~~ten thousand dollars (\$10,000) per academic year for up to two academic years.

(4) Students matriculating at institutions of higher education who are changing to an approved program of study at a selected educator preparation program. – Forgivable loans of up to ~~five thousand dollars (\$5,000) per semester for up to four semesters.~~ten thousand dollars (\$10,000) per academic year for up to four academic years.

Forgivable loans may be used for ~~tuition, fees, the cost of books, and expenses related to obtaining licensure.~~all expenses related to enrollment in an approved educator preparation program and obtaining licensure, including tuition, fees, and the cost of books.

1 (h) Identification of ~~STEM and Special Education~~ Certain Qualifying Licensure Areas
 2 Areas; Report on Need. – The Superintendent of Public Instruction shall identify and provide to
 3 the Commission and the Authority a list of ~~STEM and special education~~ STEM, special
 4 education, and career and technical education licensure areas and shall annually provide to the
 5 Commission the number of available positions in ~~each qualifying licensure area~~ all qualifying
 6 licensure areas relative to the number of current and anticipated teachers in ~~that each~~ area of
 7 licensure. The Commission shall make the list of ~~STEM and special education~~ STEM, special
 8 education, and career and technical education licensure areas readily available to applicants.

9"

10 **SECTION 8.7.(c)** G.S. 116-209.63 reads as rewritten:

11 "**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

12 ...

13 (b) Forgiveness. – ~~For~~ The Authority shall forgive the loan amount provided pursuant to
 14 this Part as follows:

15 (1) Except as provided in subdivision (2) of this subsection, for every year a
 16 qualifying teacher remains a qualifying teacher, the Authority shall forgive
 17 the loan amount received over one year of enrollment in an educator
 18 preparation program and any interest accrued on that amount.

19 (2) For every six months that a qualifying special education teacher remains a
 20 qualifying special education teacher, the Authority shall forgive the loan
 21 amount received over one year of enrollment in an educator preparation
 22 program and any interest accrued on that amount.

23 (3) The Authority shall also forgive the loan if it finds that it is impossible for the
 24 recipient to work for up to eight years, within 10 years after completion of the
 25 program leading to teacher licensure, at a North Carolina public school
 26 because of the death or permanent disability of the recipient. If the recipient
 27 repays the forgivable loan by cash payments, all indebtedness shall be repaid
 28 within 10 years after completion of the program leading to teacher licensure
 29 supported by the forgivable loan. If the recipient completes a program leading
 30 to teacher licensure, payment of principal and interest shall begin no later than
 31 the first day of September after the completion of the program. Should a
 32 recipient present extenuating circumstances, the Authority may extend the
 33 period to repay the loan in cash to no more than a total of 12 years."

34 **SECTION 8.7.(d)** This section becomes effective July 1, 2025, and applies
 35 beginning in the 2025-2026 academic year.

36
 37 **REQUIRE UNC TO INCORPORATE POSITION INFORMATION INTO BEACON/HR**
 38 **PAYROLL SYSTEM**

39 **SECTION 8.8.** No later than April 15, 2026, the Board of Governors of The
 40 University of North Carolina, in collaboration with the Office of State Controller and the State
 41 Chief Information Officer, shall incorporate all position and salary information for employees of
 42 constituent institutions of The University of North Carolina, The University of North Carolina
 43 System Office, the State Education Assistance Authority, and any other entity under the purview
 44 of the Board of Governors of The University of North Carolina into the Building Enterprise
 45 Access for North Carolina's Core Operation Needs (BEACON) human resources payroll system.
 46 The Board of Governors shall report to the Joint Legislative Education Oversight Committee and
 47 the Fiscal Research Division on the results of this process by May 15, 2026.

48
 49 **PERMIT CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH**
 50 **CAROLINA TO PROVIDE DISCOUNTED TUITION TO PERSONS RECEIVING**

1 **MILITARY TUITION ASSISTANCE OR PERSONS ENROLLED IN AN**
2 **EMPLOYER-SPONSORED FINANCIAL SUPPORT PROGRAM**

3 **SECTION 8.10.(a)** G.S. 116-143 reads as rewritten:

4 "**§ 116-143. State-supported institutions of higher education required to charge tuition and**
5 **fees.**

6 ...

7 (c) Inasmuch as the giving of tuition and fee waivers, or especially reduced rates,
8 represent in effect a variety of scholarship awards, the said practice is hereby prohibited except
9 when expressly authorized by statute.

10 ~~(d) Notwithstanding the above provision relating to the abolition of free tuition, the Board~~
11 ~~of Governors of The University of North Carolina may, in its discretion, provide regulations~~
12 ~~under which personnel may during the period of normal employment enroll in The University of~~
13 ~~North Carolina free of charge for tuition and fees, provided such enrollment does not interfere~~
14 ~~with normal employment obligations and further provided that such enrollments are not counted~~
15 ~~for the purpose of receiving General Fund appropriations as follows:~~

16 ~~(1) Except as provided in subdivision (2) of this subsection, a full-time faculty~~
17 ~~member of the rank of full-time instructor or above and any full-time staff~~
18 ~~member of The University of North Carolina may enroll in not more than three~~
19 ~~courses per year.~~

20 ~~(2) A full-time or part-time campus law enforcement officer may enroll in the~~
21 ~~number of courses per year determined by regulation.~~

22 (d1) Notwithstanding subsection (c) of this section, the Board of Governors of The
23 University of North Carolina may do any of the following:

24 (1) Personnel. – Provide regulations under which personnel may enroll in The
25 University of North Carolina free of charge for tuition and fees during the
26 period of normal employment if the (i) enrollment does not interfere with
27 normal employment obligations and (ii) enrollments are not counted for the
28 purpose of receiving General Fund appropriations. Personnel may enroll free
29 of charge for tuition and fees as follows:

30 a. A full-time faculty member of the rank of full-time instructor or above
31 of The University of North Carolina may enroll in not more than three
32 courses per year.

33 b. A full-time staff member of The University of North Carolina may
34 enroll in more than three courses per year.

35 c. A full-time or part-time campus law enforcement officer may enroll in
36 the number of courses per year determined by regulation.

37 (2) Military students. – Allow constituent institutions, in their discretion, to
38 discount tuition to qualifying military students by an amount of up to the
39 difference in the maximum amount of military tuition assistance funds the
40 student receives and the applicable tuition. For purposes of this subdivision, a
41 qualifying military student is a student who meets the following criteria:

42 a. Is a resident for tuition purposes under G.S. 116-143.1.

43 b. Receives either (i) federal military tuition assistance funds or (ii)
44 military tuition assistance funds for members of the North Carolina
45 National Guard under Article 15 of Chapter 127A of the General
46 Statutes.

47 (3) Employer sponsorships. – Allow constituent institutions, in their discretion,
48 to discount tuition to students who are enrolled in an employer-sponsored
49 financial support program which has been approved by the Board of
50 Governors of The University of North Carolina. The discount may be up to
51 the difference in the maximum amount provided by the employer and the

1 applicable tuition. For purposes of this subdivision, an employer-sponsored
 2 financial support program is a program in which the employer of a student has
 3 committed to provide financial support to the student to offset the costs of
 4 tuition or fees in the student's degree or credential program.

5 (d2) No later than February 15 of each year, the Board of Governors of The University of
 6 North Carolina shall report to the Joint Legislative Education Oversight Committee and the Fiscal
 7 Research Division on the discounted tuition provided in the previous academic year pursuant to
 8 subdivisions (2) and (3) of subsection (d1) of this section, including at least the following
 9 information:

10 (1) The number of students that receive a discount under subdivisions (2) and (3)
 11 of subsection (d1) of this section.

12 (2) The annual financial impact on each constituent institution resulting from the
 13 discounted tuition provided.

14"

15 **SECTION 8.10.(b)** This section is effective when it becomes law and applies
 16 beginning with the 2025-2026 academic year.

18 ESTABLISH OFFICE OF LEARNING RESEARCH

19 **SECTION 8.13.(a)** Article 31A of Chapter 116 of the General Statutes is amended
 20 by adding the following new section to read:

21 "**§ 116-257. Office of Learning Research.**

22 (a) Office of Learning Research Established. – There is established the Office of
 23 Learning Research (OLR) to identify and evaluate the efficacy and efficiency of programs,
 24 activities, initiatives, procedures, and any other factors related to elementary and secondary
 25 education in the State. The OLR shall be housed within the Collaboratory.

26 (b) Funding and Duties of the OLR. – Funding allocated to the Collaboratory for the OLR
 27 shall be administered by the Collaboratory pursuant to the provisions of G.S. 116-255(c). These
 28 funds shall be used to do at least the following:

29 (1) Provide information and support needed by elementary and secondary public
 30 schools, university leaders, and elected officials to make evidence-based
 31 decisions.

32 (2) Collaborate with constituent institutions of The University of North Carolina
 33 and other stakeholders to implement innovative policies and programs to
 34 accelerate learning for all students.

35 (3) Work with external research resources and partners to evaluate local, State,
 36 and federal programs in order to establish metrics and assess return on
 37 investment.

38 (4) Support the operations of the OLR.

39 (c) Access to Information. – All units of State and local government, including the State
 40 Board of Education, the Department of Public Instruction, and public school units, shall provide
 41 access to the OLR to records, data, processes, personnel, and any other information deemed
 42 relevant by the Collaboratory to carry out its duties pursuant to G.S. 116-255(b). The access
 43 provided to the Collaboratory pursuant to this subsection shall be in addition to any access
 44 provided related to funding received by the Collaboratory under G.S. 116-255(c)."

45 **SECTION 8.13.(b)** Section 2A.8 of S.L. 2024-57 reads as rewritten:

46 "**SECTION 2A.8.(a)** ~~OLR Established.~~ OLR Funds. – There is appropriated from the
 47 General Fund to the Board of Governors of The University of North Carolina the sum of one
 48 million five hundred thousand dollars (\$1,500,000) in recurring funds for the 2024-2025 fiscal
 49 year to be allocated to the North Carolina Collaboratory to ~~establish and operate~~ the Office of
 50 Learning Research (OLR), beginning in the 2024-2025 fiscal year. ~~The purpose of OLR is to~~

1 identify and evaluate the efficacy and efficiency of programs, activities, initiatives, procedures,
2 and any other factors related to elementary and secondary education in the State.

3 ~~"SECTION 2A.8.(b) Funding and Duties of OLR. — Funding allocated to the Collaboratory~~
4 ~~for OLR shall be administered by the Collaboratory pursuant to the provisions of~~
5 ~~G.S. 116-255(c). These funds shall be used to do at least the following:~~

- 6 (1) ~~Provide information and support needed by elementary and secondary public~~
7 ~~schools, university leaders, and elected officials to make evidence-based~~
8 ~~decisions.~~
- 9 (2) ~~Collaborate with constituent institutions of The University of North Carolina~~
10 ~~and other stakeholders to implement innovative policies and programs to~~
11 ~~accelerate learning for all students.~~
- 12 (3) ~~Work with external research resources and partners to evaluate local, State,~~
13 ~~and federal programs in order to establish metrics and assess return on~~
14 ~~investment.~~
- 15 (4) ~~Support the operations of OLR.~~

16 ~~"SECTION 2A.8.(c) Collaboratory May Relocate OLR. — After the Collaboratory~~
17 ~~establishes OLR, the Collaboratory may, in consultation with The University of North Carolina~~
18 ~~System Office and the Provost at the University of North Carolina at Chapel Hill, relocate OLR~~
19 ~~within the University of North Carolina at Chapel Hill. If the Collaboratory relocates OLR~~
20 ~~pursuant to this section, the Collaboratory shall do the following:~~

- 21 (1) ~~Continue to administer funds appropriated in this act for OLR for the~~
22 ~~operations of OLR, as described in subsection (b) of this section.~~
- 23 (2) ~~Continue to determine, fund, manage, and oversee the research portfolio of~~
24 ~~OLR. The entity to which OLR is relocated shall otherwise oversee the~~
25 ~~operations of OLR.~~
- 26 (3) ~~Within 60 days of the relocation, report to the Joint Legislative Education~~
27 ~~Oversight Committee on where OLR was relocated and any other information~~
28 ~~the Collaboratory deems relevant to the relocation.~~

29 ~~"SECTION 2A.8.(d) Access to Information. — All units of State and local government,~~
30 ~~including the State Board of Education, the Department of Public Instruction, and public school~~
31 ~~units, shall provide reasonable access to records, data, processes, personnel, and any other~~
32 ~~information deemed relevant by the Office or the Collaboratory, to the extent otherwise permitted~~
33 ~~under State and federal law, to carry out the provisions of this section.~~

34 ~~"SECTION 2A.8.(e) Report. — No later than July 1, 2025, the Collaboratory shall report to~~
35 ~~the Joint Legislative Education Oversight Committee on the progress made in establishing and~~
36 ~~operating the OLR pursuant to this section. For each fiscal year OLR is in operation, the~~
37 ~~Collaboratory shall include in the annual report required by G.S. 116-256 information on the~~
38 ~~activities of OLR from the prior fiscal year."~~

39 **SECTION 8.13.(c)** This section is effective when it becomes law.

41 **REVISE DEADLINE FOR UNC REPORT ON STATE BUDGET ALLOCATIONS AND** 42 **POLICIES**

43 **SECTION 8.16.** G.S. 116-11(9b) reads as rewritten:

- 44 "(9b) The Board of Governors shall report by ~~February 1~~ March 1 of each year to
45 the Joint Legislative Education Oversight Committee, the Senate
46 Appropriations Committee on Education/Higher Education, the House of
47 Representatives Appropriations Subcommittee on Education, and the Fiscal
48 Research Division on the actions and adjustments necessary to its budgetary
49 policies, regulations, and standards resulting from the Current Operations
50 Appropriations Act for the administration and operation of The University of
51 North Carolina and the distribution of State and federal funds to constituent

- 1 institutions. The report shall include at least the following information for
 2 each constituent institution:
- 3 a. Guidelines related to State salaries of University of North Carolina
 4 employees, including range, median, and mean of faculty salaries at
 5 the institution.
 - 6 b. Budget allocations and reductions, including for operating expenses
 7 and specific programs.
 - 8 c. Distribution of additional State allocations for enrollment funding.
 - 9 d. Use of State funds and budget flexibility.
 - 10 e. Availability of federal funds.
 - 11 f. Tuition and fees.
 - 12 g. Composition of the student population at the institution, including
 13 headcount enrollment and full-time student enrollment for both
 14 undergraduate and graduate students, and aggregate data on residency
 15 status, median household income, gender, race, and ethnicity.
 - 16 h. Student retention and graduation rates.
 - 17 i. Postsecondary educational attainment rate at the institution, including
 18 comparison to statewide data.
 - 19 j. A comparison to prior fiscal year expenditures and appropriations.
 - 20 k. The total amount of mandatory student fee revenue collected by
 21 institution and fee type.
 - 22 l. Any source of student auxiliary revenue that represents greater than
 23 ten percent (10%) of the overall student auxiliary revenue by
 24 institution and revenue type.
 - 25 m. Any source of sales revenue that represents greater than ten percent
 26 (10%) of the overall sales revenue by institution and sales revenue
 27 type."

29 **CARRYFORWARD UNC ENROLLMENT LOSS MITIGATION FUNDS**

30 **SECTION 8.18.(a)** Section 2A.4 of S.L. 2024-57 reads as rewritten:

31 ~~"SECTION 2A.4. SECTION 2A.4.(a)~~ There is appropriated from the General Fund to the
 32 Board of Governors of The University of North Carolina for the 2024-2025 fiscal year the sum
 33 of seven million eight hundred thirty-seven thousand six hundred forty-six dollars (\$7,837,646)
 34 in nonrecurring funds to be allocated to offset enrollment-related funding losses experienced by
 35 certain constituent institutions of The University of North Carolina, as follows:

36 Allocation	Constituent Institution
37 \$1,364,971	East Carolina University
38 \$1,500,000	University of North Carolina at Asheville
39 \$19,687	University of North Carolina at Greensboro
40 \$3,701,653	University of North Carolina at Pembroke
41 \$1,251,335	Winston-Salem State University

42 **"SECTION 2A.4.(b)** These funds shall not revert at the end of the 2024-2025 fiscal year but
 43 shall remain available until the end of the 2025-2026 fiscal year."

44 **SECTION 8.18.(b)** This section becomes effective June 30, 2025.

46 **INCREASE NC PROMISE TUITION FOR NONRESIDENTS**

47 **SECTION 8.19.(a)** G.S. 116-143.11(a) reads as rewritten:

48 "(a) The NC Promise Tuition Plan shall be established and implemented as provided by
 49 this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The
 50 University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State
 51 University, the University of North Carolina at Pembroke, Fayetteville State University, and

1 Western Carolina University as follows: the rate of tuition for students deemed to be North
2 Carolina residents for purposes of tuition shall be five hundred dollars (\$500.00) per academic
3 semester and the rate of tuition for nonresident students shall be ~~two thousand five hundred~~
4 ~~dollars (\$2,500)~~ three thousand five hundred dollars (\$3,500) per academic semester."

5 **SECTION 8.19.(b)** This section applies beginning in the 2026-2027 academic year
6 to nonresident students matriculating at NC Promise institutions. Any nonresident student
7 enrolled in the 2025-2026 academic year at an NC Promise institution who remains continuously
8 enrolled in that institution shall continue to receive a rate of tuition of two thousand five hundred
9 dollars (\$2,500) per academic semester.

10 **SECTION 8.19.(c)** For purposes of this section, the term "NC Promise institution"
11 refers to Elizabeth City State University, the University of North Carolina at Pembroke,
12 Fayetteville State University, and Western Carolina University.

13 **INSTITUTIONAL PERFORMANCE ACCOUNTABILITY AND FUNDING**

14 **SECTION 8.20.** Part 2A of Article 1 of Chapter 116 of the General Statutes is
15 amended by adding the following new section to read:

16 **"§ 116-30.10. Institutional performance accountability.**

17 (a) Implementation of Accountability Measures and Performance Standards. – To the
18 extent funds are available to the Board of Governors pursuant to the provisions of this Chapter
19 or otherwise made available for this purpose, the Board of Governors may adopt and implement
20 a system of accountability measures and performance standards to be used to allocate those funds
21 to constituent institutions of The University of North Carolina.

22 (b) Recognition of Successful Institutional Performance. – The Board may allocate
23 available funds among constituent institutions based on an evaluation of the performance of each
24 institution conducted in accordance with the system of accountability measures and performance
25 standards adopted pursuant to subsection (a) of this section. The evaluation shall include at least
26 the following components:

27 (1) Performance change, based on the rate of student success at a constituent
28 institution as compared to the baseline or goal rate of student success for that
29 constituent institution.

30 (2) Institutional impact, based on the number of students at a constituent
31 institution who graduate with a degree.

32 (c) Institutional Support. – In addition to any funds allocated pursuant to subsection (b)
33 of this section, the Board of Governors may allocate available funds to specific constituent
34 institutions that require targeted support to increase performance or adapt to significant
35 enrollment changes. Funds allocated to an institution pursuant to this subsection may be used to
36 support strategies at the constituent institution to improve institutional performance."
37

38 **UNC STUDY INCREASING NCSSM MORGANTON SIZE**

39 **SECTION 8.22.(a)** No later than February 15, 2026, the Board of Governors of The
40 University of North Carolina, in consultation with the Chancellor of the North Carolina School
41 of Science and Mathematics, shall study the feasibility of increasing the size of the Morganton
42 campus of the North Carolina School of Science and Mathematics (NCSSM-Morganton),
43 develop a plan to accommodate at least twice as many enrolled students at NCSSM-Morganton,
44 and report the plan to the Joint Legislative Education Oversight Committee. At a minimum, the
45 plan shall include the following information:

46 (1) An analysis of the number of students with excellent academic records who
47 apply to the North Carolina School of Science and Mathematics but are not
48 accepted because of lack of physical space or other resources.

49 (2) Resources needed to accommodate additional students and associated costs,
50 including at least the following:
51

- a. Improvements to physical spaces, including residence halls.
 - b. Additional faculty and staff.
 - c. Instructional materials.
 - d. Other costs, as determined by the Board of Governors.
- (3) The extent to which increased enrollment could be accomplished through remote instruction, whether synchronously or asynchronously.
- SECTION 8.22.(b)** This section is effective when it becomes law.

FISCAL RESPONSIBILITY AND UNIVERSITY TECH PLANNING

SECTION 8.24. G.S. 116-11 is amended by adding a new subdivision to read:

- "(9c) The Board shall adopt a policy that requires all constituent institutions to evaluate the following when acquiring the technology, computer hardware, and software:
- a. The long-term cost of ownership, including costs of repairing the technology, computer hardware, or software.
 - b. Any flexibility for innovation during the life of the technology, computer hardware, or software.
 - c. Any anticipated resale or salvage value at the end of the target life cycle for the technology, computer hardware, or software based on the average resale or salvage value of similar technology, computer hardware, or software as a percentage of the initial cost of purchase."

COLLABORATORY OLR MATH INITIATIVE

SECTION 8.25.(a) The Office of Learning Research (OLR), as established by this act, shall develop a series of pilot initiatives using various mathematics support programs for all grade levels. OLR shall then compare results gathered from the initiatives, including existing high-intensity tutoring programs operating in the State, to evaluate the efficacy of the various initiatives and programs. OLR shall contract with at least the following entities for programs to be used in the initiatives developed pursuant to this section:

- (1) Zearn.
- (2) Curriculum Associates, LLC.

SECTION 8.25.(a1) OLR shall also consider for inclusion in initiatives developed pursuant to subsection (a) of this section math programs developed by the following entities:

- (1) MIND Education.
- (2) Carnegie Learning, Inc.

SECTION 8.25.(b) OLR shall develop guidelines for initiatives developed pursuant to this section. Guidelines shall include at least the following:

- (1) Acceptable uses for any funds provided to public school units from funds appropriated to OLR for the purposes of this section.
- (2) Application and approval processes for public school units interested in participating in an initiative.
- (3) Reporting requirements for public school units participating in each initiative so that OLR will have necessary data to evaluate the efficacy of each initiative.

SECTION 8.25.(c) OLR may conduct as many different initiatives as OLR deems feasible with funds available for this purpose. OLR shall attempt to control for varying demographics of public school units when evaluating data collected pursuant to this section.

SECTION 8.25.(d) OLR shall develop procedures for enabling public school units participating in an initiative to have access to the programs referenced in subsection (b) of this section. Procedures may include OLR contracting with an entity for access to a program, providing grant funds to participating public school units, or other methods of procuring the programs.

1 **SECTION 8.25.(e)** OLR shall report to the Joint Legislative Education Oversight
2 Committee on the efficacy of each initiative developed pursuant to this section by October 15,
3 2026, and each year thereafter that funds are received for this purpose. The report shall include
4 evaluations of which programs are most effective at improving mathematics outcomes and
5 recommendations on programs to continue use in the public schools of the State.

6 **SECTION 8.25.(f)** Notwithstanding Article 31A of Chapter 116 of the General
7 Statutes, funds appropriated for the purposes of this section shall only be used to develop and
8 implement the initiatives developed pursuant to this section.
9

10 **OLR TO STUDY 9-12 LITERACY PROFESSIONAL DEVELOPMENT**

11 **SECTION 8.26.** The Office of Learning Research (OLR), as established by this act,
12 shall evaluate providers of literacy professional development for teachers teaching students in
13 grades nine through 12 that are not reading at grade level. OLR shall evaluate various providers
14 of literacy professional development, including those already used by the State for teachers
15 teaching students in kindergarten through grade eight. OLR shall provide recommendations for
16 any professional development providers that align with existing literacy standards of the State to
17 be used for these purposes to the Joint Legislative Education Oversight Committee by April 15,
18 2026.
19

20 **SCHOOL BUSINESS SYSTEMS MODERNIZATION STUDY**

21 **SECTION 8.27.** The North Carolina Collaboratory shall conduct a study to
22 determine the feasibility of having all public school units universally implement one Enterprise
23 Resource Planning (ERP) platform. The ERP platform must interface with the Uniform
24 Education Reporting System and integrate finance, human resources, and payroll functions. No
25 later than November 1, 2026, the Collaboratory shall report to the Joint Legislative Education
26 Oversight Committee and the Fiscal Research Division at least the following information:

- 27 (1) An analysis of the positive and negative impacts of universal implementation.
- 28 (2) Any ERP platforms feasibly capable of being universally implemented by all
29 public school units.
- 30 (3) The cost of universal implementation of each identified ERP platform.
- 31 (4) A time line for universal implementation.
- 32 (5) Challenges to universal implementation, including recommendations for any
33 legislative changes needed to facilitate implementation.
- 34 (6) Any other information the Collaboratory deems relevant.
35

36 **UNC FUNDING REDUCTION**

37 **SECTION 8.28.(a)** The Board of Governors of The University of North Carolina
38 and the constituent institutions of The University of North Carolina shall allocate the funding
39 reduction provided for in this act in each fiscal year of the 2025-2027 fiscal biennium as follows:

- 40 (1) In a manner that recognizes the importance of the academic missions and
41 differences among the entities of The University of North Carolina and not by
42 using an across-the-board method.
- 43 (2) In making reductions in accordance with this act, the Board of Governors and
44 the constituent institutions shall first prioritize reductions to the following:
 - 45 a. Budget Code 16010, UNC System Office.
 - 46 b. Budget Code 16011, UNC BOG – Institutional Programs.
 - 47 c. Project Kitty Hawk.
- 48 (3) The Board of Governors and the constituent institutions shall review the
49 institutional trust funds and the special funds held by or on behalf of The
50 University of North Carolina and its constituent institutions to determine

whether there are monies available in those funds that can be used to assist with operating costs.

(4) The Board of Governors and the constituent institutions shall not take a reduction in State funds allocated in either fiscal year of the 2025-2027 fiscal biennium for any of the following:

- a. Budget Code 16012, UNC BOG Related Ed. Programs.
- b. Budget Code 16015, UNC BOG Aid to Private Institutions.
- c. Budget Code 16022, UNC at Chapel Hill – Area Health Ed.
- d. Agricultural research and extension programs.
- e. North Carolina School of Science and Mathematics.
- f. University of North Carolina School of the Arts.
- g. Any budget expansion item funded by an appropriation to the Board of Governors of The University of North Carolina in this act for the 2025-2027 fiscal biennium.

SECTION 8.28.(b) No later than April 1 of each year of the 2025-2027 fiscal biennium, the Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division on the implementation of the funding reduction provided in this act for that fiscal year. The report shall identify at least the following by constituent institution:

- (1) The total number of positions eliminated by type (faculty/nonfaculty).
- (2) The programs that were eliminated.

COLLEGE OF EDUCATIONAL OPPORTUNITIES PROGRAM ONE-TIME CARRYFORWARD

SECTION 8.29.(a) The recurring funds appropriated to the Board of Governors of The University of North Carolina for the 2024-2025 fiscal year and allocated to North Carolina State University and North Carolina Central University for the College of Educational Opportunities Program at each of those institutions shall not revert at the end of the 2024-2025 fiscal year, but shall remain available until the end of the 2025-2026 fiscal year.

SECTION 8.29.(b) This section becomes effective June 30, 2025.

AUTHORIZE THE NORTH CAROLINA COLLABORATORY TO STUDY THE INCLUSION OF THE CLASSIC LEARNING TEST AMONG STANDARDIZED TESTS CONSIDERED FOR UNDERGRADUATE ADMISSION AND THE AWARD OF SCHOLARSHIPS AT CONSTITUENT INSTITUTIONS OF THE UNIVERSITY OF NORTH CAROLINA

SECTION 8.30.(a) The North Carolina Collaboratory shall study the viability of including Classic Learning Test scores as a part of an application for admission or award of scholarship to a constituent institution of The University of North Carolina. In conducting this study, the Collaboratory shall seek input from The University of North Carolina and the James G. Martin Center for Academic Renewal. As a part of the study, the Collaboratory shall determine:

- (1) Whether an applicant's score on the Classic Learning Test serves the purpose of aiding constituent institutions in determining (i) an applicant's qualifications for undergraduate admission and (ii) an applicant's qualifications for award of scholarships funded in whole or in part with State funds and administered by an entity of The University of North Carolina.
- (2) Whether an applicant's performance on the Classic Learning Test is predictive of college success.
- (3) Whether a score on the Classic Learning Test can be deemed concordant with a score on the SAT or ACT such that The University of North Carolina could

1 use an applicant's score on the Classic Learning Test interchangeably with a
 2 score on the SAT or ACT for the purposes of setting minimum requirements
 3 for admission and awarding scholarships.

4 (4) The financial, operational, and administrative cost to The University of North
 5 Carolina and constituent institutions associated with accepting an applicant's
 6 score on the Classic Learning Test in addition to accepting an applicant's score
 7 on the SAT or ACT.

8 (5) The financial, operational, and administrative cost to the State of adding the
 9 CLT10 to the list of standardized tests offered one time and at no cost to the
 10 student for every student in the eighth through tenth grades who has completed
 11 Algebra I or who is in the last month of Algebra I pursuant to
 12 G.S. 115C-174.18.

13 **SECTION 8.30.(b)** The Collaboratory shall make a final report on its study to the
 14 Joint Legislative Education Oversight Committee no later than December 15, 2025.

15 **SECTION 8.30.(c)** This section is effective when it becomes law.

16
 17 **REVISE TUITION GRANTS FOR NCSSM AND UNCSA GRADUATES**

18 **SECTION 8.31.(a)** Part 6 of Article 23 of Chapter 116 of the General Statutes reads
 19 as rewritten:

20 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and
 21 Mathematics and the University of North Carolina School of the Arts.

22 **"§ 116-209.89. Definitions. Definitions; purpose.**

23 (a) Definitions. – The following definitions apply in this Part:

24 (1) Academic term. – Any of the following:

- 25 a. One fall semester.
- 26 b. One spring semester.
- 27 c. One summer term.

28 (1a) Eligible graduate. – A graduate of either of the following:

- 29 a. The North Carolina School of Science and Mathematics.
- 30 b. The University of North Carolina School of the Arts.

31 (1b) Eligible student. – A student who meets the requirements of subsection (a) of
 32 G.S. 116-209.90.

33 (1c) Program. – The program established in this Part to provide tuition grants to
 34 high school graduates of the North Carolina School of Science and
 35 Mathematics and the University of North Carolina School of the Arts.

36 (2) Summer term. – All instruction received in one summer between academic
 37 years.

38 (b) Purpose. – The purpose of the Program is to provide financial assistance to eligible
 39 students who graduated from the North Carolina School of Science and Mathematics and the
 40 University of North Carolina School of the Arts to promote the retention of those
 41 high-performing students in this State.

42 **"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

43 (a) Within the funds available, an eligible graduate in each school year who meets the
 44 following conditions shall qualify for a tuition grant awarded under this Part:

45 (1) Is at the time of application for the initial tuition grant a resident for tuition
 46 purposes under the criteria set forth in G.S. 116-143.1 and in accordance with
 47 the coordinated and centralized residency determination process administered
 48 by the Authority.

49 (2) Enrolls as a full-time student in a constituent institution of The University of
 50 North Carolina in the next academic year after graduation. The Authority shall
 51 have the discretion to postpone this requirement for up to one academic year

1 after graduation if the student is able to demonstrate that any of the following
2 have substantially disrupted or interrupted the student's ability to enroll as a
3 full-time student:

- 4 a. A military service obligation.
- 5 b. Serious medical debilitation.
- 6 c. A short-term or long-term disability.
- 7 d. Other extraordinary hardship.

8 (3) ~~Submits a completed Free Application for Federal Student Aid (FAFSA)~~
9 ~~form.~~

10 (b) Students who receive initial tuition grants as a cohort of a high school graduating class
11 of NCSSM or UNCOSA shall also be eligible to apply for tuition grants for subsequent academic
12 terms for up to a total of eight academic terms, provided that tuition grants are only used for
13 undergraduate tuition.

14 (b1) ~~A student~~ An eligible student must be continuously enrolled full time in an
15 undergraduate program at a constituent institution of The University of North Carolina after the
16 award of the initial tuition grant to be eligible for tuition grants in subsequent academic terms.
17 The Authority shall have the discretion to waive this requirement if the student is able to
18 demonstrate that any of the following have substantially disrupted or interrupted the student's
19 pursuit of a degree:

- 20 (1) A military service obligation.
- 21 (2) Serious medical debilitation.
- 22 (3) A short-term or long-term disability.
- 23 (4) Other extraordinary hardship.

24 (c) The amount of the tuition grant to each graduate shall be determined and distributed
25 as provided in G.S. 116-209.91.

26 "**§ 116-209.91. Administration of tuition grants.**

27 (a) ~~The~~ Except as otherwise provided in this subsection, the Authority shall administer
28 the tuition grants provided for in this Part pursuant to guidelines and procedures established by
29 the Authority consistent with its practices for administering State-funded financial aid. The
30 guidelines and procedures shall include an application process and schedule, notification and
31 disbursement procedures, standards for reporting, and standards for return of tuition grants when
32 a student withdraws. The Authority shall also require students to submit (i) a completed Free
33 Application for Federal Student Aid (FAFSA) form or (ii) other documentation, as necessary, to
34 administer and award the tuition grant. The Authority shall not approve any grant until it receives
35 proper certification from the appropriate constituent institution that the student applying for the
36 grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the
37 times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of
38 the eligible student. In the event a student on whose behalf a tuition grant has been paid is not
39 enrolled in an undergraduate program and carrying a minimum academic load as of the tenth
40 classroom day following the beginning of the school term for which the tuition grant was paid,
41 the constituent institution shall refund the full amount of the tuition grant to the Authority.

42 (b) Except as otherwise provided in this section, the amount of the grant awarded to ~~a~~ an
43 eligible student under the Program shall cover the tuition cost at the constituent institution in
44 which the eligible student is enrolled. No tuition grant awarded to ~~a~~ an eligible student under this
45 section shall exceed the cost of attendance at a constituent institution for which the eligible
46 student is enrolled.

47 (c) ~~If a student, who is eligible for a tuition grant under this section,~~ an eligible student
48 also receives a scholarship or other grant covering the cost of attendance at the constituent
49 institution for which the tuition grant is awarded, then the amount of the tuition grant shall be
50 reduced by an appropriate amount determined by the Authority so that the total amount of
51 scholarships and grants received by the eligible student does not exceed the cost of attendance

1 for the institution. The cost of attendance shall be determined by the Authority for each
 2 constituent institution.

3 (c1) The Authority shall place all funds appropriated to, or otherwise received by, the
 4 Authority for the award of tuition grants under this Part into an institutional trust fund established
 5 in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also
 6 be placed in the institutional trust fund established pursuant to this subsection. The monies in the
 7 institutional trust fund may be used only for the purposes set forth in this Part.

8 (d) In the event there are not sufficient funds to provide each eligible student who has
 9 applied in accordance with the application process and the schedule established by the Authority
 10 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata
 11 share of funds available for the academic term covered by the appropriation in the preceding
 12 fiscal year.

13 (e) The Authority may use up to five percent (5%) of the funds appropriated each year
 14 for tuition grants under this Part for the administrative costs-costs of the Program."

15 **SECTION 8.31.(b)** This section is effective when this act becomes law. Subsection
 16 (a) of this section applies beginning with the award of tuition grants in the 2025-2026 academic
 17 year.

18
 19 **PRESERVATION OF STUDENT RECORDS HELD BY LICENSED NONPUBLIC**
 20 **POSTSECONDARY EDUCATIONAL INSTITUTIONS**

21 **SECTION 8.32.** G.S. 116-15 reads as rewritten:

22 "**§ 116-15. Licensing of certain nonpublic post-secondary educational institutions.**

23 ...

24 (f) Standards for Licensure. – To receive a license to conduct post-secondary degree
 25 activity in this State, an institution shall satisfy the Board that the institution has met all of the
 26 following standards:

- 27 (1) ~~That the~~The institution is State-chartered. If chartered by a state or
 28 sovereignty other than North Carolina, the institution shall also obtain a
 29 Certificate of Authority to Transact Business or to Conduct Affairs in North
 30 Carolina issued by the Secretary of State of North ~~Carolina;~~Carolina.
- 31 (2) ~~That the~~The institution has been conducting post-secondary degree activity
 32 in a state or sovereignty other than North Carolina during consecutive,
 33 regular-term, academic semesters, exclusive of summer sessions, for at least
 34 the two years immediately prior to submitting an application for licensure
 35 under this section, or has been conducting with enrolled students, for a like
 36 period in this State or some other state or sovereignty, post-secondary
 37 educational activity not related to a post-secondary degree; provided, that an
 38 institution may be temporarily relieved of this standard under the conditions
 39 set forth in ~~subsection (i), below;~~subsection (i) of this section.
- 40 (3) ~~That the~~The substance of each course or program of study, equivalent
 41 experience, or achievement test is such as may reasonably and adequately
 42 achieve the stated objective for which the study, experience, or test is offered
 43 or to be certified as successfully ~~completed;~~completed.
- 44 (4) ~~That the~~The institution has adequate space, equipment, instructional
 45 materials, and personnel available to it to provide education of good
 46 ~~quality;~~quality.
- 47 (5) ~~That the~~The education, experience, and other qualifications of directors,
 48 administrators, supervisors, and instructors are such as may reasonably insure
 49 that the students will receive, or will be reliably certified to have received,
 50 education consistent with the stated objectives of any course or program of

- 1 study, equivalent experience, or achievement test offered by the
2 ~~institution;~~institution.
- 3 (6) ~~That the~~The institution provides students and other interested persons with a
4 catalog or brochure containing information describing the substance,
5 objectives, and duration of the study, equivalent experience, and achievement
6 testing offered, a schedule of related tuition, fees, and all other necessary
7 charges and expenses, cancellation and refund policies, and such other
8 material facts concerning the institution and the program or course of study,
9 equivalent experience, and achievement testing as are reasonably likely to
10 affect the decision of the student to enroll therein, together with any other
11 disclosures that may be specified by the Board; and that such information is
12 provided to prospective students prior to ~~enrollment;~~enrollment.
- 13 (7) ~~That upon~~Upon satisfactory completion of study, equivalent experience, or
14 achievement test, the student is given appropriate educational credentials by
15 the institution, indicating that the relevant study, equivalent experience, or
16 achievement testing has been satisfactorily completed by the
17 ~~students;~~students.
- 18 (8) ~~That records~~Records are maintained by the institution adequate to reflect the
19 application of relevant performance or grading standards to each enrolled
20 ~~student;~~student. If the institution ceases to operate in this State, the owner of
21 the institution shall ensure that these records are transferred to the North
22 Carolina State Archives.
- 23 (9) ~~That the~~The institution is maintained and operated in compliance with all
24 pertinent ordinances and laws, including rules and regulations adopted
25 pursuant thereto, relative to the safety and health of all persons upon the
26 premises of the ~~institution;~~institution.
- 27 (10) ~~That the~~The institution is financially sound and capable of fulfilling its
28 commitments to students and that the institution has provided a bond as
29 provided in subsection (f1) of this ~~section;~~section.
- 30 (11) ~~That the~~The institution, through itself or those with whom it may contract,
31 does not engage in promotion, sales, collection, credit, or other practices of
32 any type which are false, deceptive, misleading, or ~~unfair;~~unfair.
- 33 (12) ~~That the~~The chief executive officer, trustees, directors, owners,
34 administrators, supervisors, staff, instructors, and employees of the institution
35 have no record of unprofessional conduct or incompetence that would
36 reasonably call into question the overall quality of the ~~institution;~~institution.
- 37 (13) ~~That the~~The student housing owned, maintained, or approved by the
38 institution, if any, is appropriate, safe, and ~~adequate;~~adequate.
- 39 (14) ~~That the~~The institution has a fair and equitable cancellation and refund ~~policy;~~
40 ~~and~~policy.
- 41 (15) ~~That no~~No person or agency with whom the institution contracts has a record
42 of unprofessional conduct or incompetence that would reasonably call into
43 question the overall quality of the institution.
- 44 ...
- 45 (j) Enforcement Authority in the Attorney General. – The Board shall call to the attention
46 of the Attorney General, for such action as he may deem appropriate, any institution failing to
47 comply with the requirements of this section. In addition, if the Board determines that the student
48 academic records identified in subdivision (8) of subsection (f) of this section are in danger of
49 being made unavailable to the North Carolina State Archives for any reason, including refusal
50 by the institution to transfer those records, the Board shall notify the Attorney General and the

1 Attorney General shall take appropriate action to ensure the records are retrieved and preserved
2 at the North Carolina State Archives.

3"
4

5 **ESTABLISH SEPARATE BUDGET CODE FOR NORTH CAROLINA**
6 **COLLABORATORY**

7 **SECTION 8.33.** Notwithstanding any other provision of law to the contrary, as a
8 part of the certification of the budget of The University of North Carolina for the 2025-2026
9 fiscal year, the Director of the Budget, in consultation with The University of North Carolina and
10 the North Carolina Collaboratory (Collaboratory), shall establish a separate budget code and
11 make the necessary permanent adjustments to ensure that State appropriations for the
12 Collaboratory are clearly accounted for in the new budget code. The adjustments shall include
13 establishing one or more budget funds to account for each project funded with State
14 appropriations as well as a separate budget fund or funds to account for administration of the
15 Collaboratory.
16

17 **UNC HEALTH SCIENCES PROVIDER EDUCATION TRAINING FUNDS/CAROLINA**
18 **NORTH SITE PLAN**

19 **SECTION 8.34.(a)** No later than March 15, 2026, the Board of Trustees of the
20 University of North Carolina at Chapel Hill (UNC-CH) shall report to the Joint Legislative
21 Education Oversight Committee and the Fiscal Research Division on the specific uses by
22 UNC-CH of the two million dollars (\$2,000,000) in nonrecurring funds appropriated from the
23 ARPA Temporary Savings Fund to the Board of Governors of The University of North Carolina
24 for the 2023-2024 fiscal year and allocated to UNC-CH for its Department of Health Sciences at
25 the University of North Carolina School of Medicine to support an expansion of health care
26 provider education and training.

27 **SECTION 8.34.(b)** Notwithstanding any provision of law or the Committee Report
28 described in Section 43.2 of S.L. 2023-134, the unencumbered balance of the two million dollars
29 (\$2,000,000) in nonrecurring funds appropriated from the ARPA Temporary Savings Fund to the
30 Board of Governors of The University of North Carolina for the 2023-2024 fiscal year in S.L.
31 2023-134 and allocated to the University of North Carolina at Chapel Hill (UNC-CH) for its
32 Department of Health Sciences at the University of North Carolina School of Medicine to support
33 an expansion of health care provider education and training shall instead be used to develop a
34 conceptual site plan for Carolina North. The site plan shall not consider medical buildings
35 receiving funds through this act.

36 **SECTION 8.34.(c)** This section is effective when it becomes law.
37

38 **COLLABORATORY FERRYMON WATER MONITORING AND MODMON RIVER**
39 **MONITORING**

40 **SECTION 8.35.** Of the funds available to the North Carolina Collaboratory, the
41 Collaboratory shall use the following amounts as follows in each year of the 2025-2027 fiscal
42 biennium:

- 43 (1) One hundred seventy thousand dollars (\$170,000) in nonrecurring funds for
44 the continuation of its ferry-based water quality monitoring system.
- 45 (2) One hundred sixty thousand dollars (\$160,000) in nonrecurring funds for the
46 continuation of its water quality modeling and monitoring program in the
47 Neuse River and Neuse River estuary.
48

49 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**
50

1 **REVISE CERTAIN OPPORTUNITY SCHOLARSHIP DOMICILE VERIFICATION**
 2 **REQUIREMENTS**

3 **SECTION 8A.2.(a)** G.S. 115C-562.3 reads as rewritten:

4 "**§ 115C-562.3. Verification of eligibility; information from other State agencies.**

5 (a) To verify that the domicile requirements of G.S. 115C-366 are met for State
 6 ~~residency, residency for the award of scholarship grants pursuant to this Part,~~ the Authority shall
 7 establish a domicile determination system and shall establish rules for determination of domicile
 8 within the State in accordance with this subsection. The Division of Motor Vehicles of the
 9 Department of Transportation, the Department of Public Instruction, the Department of
 10 Commerce, the Department of Health and Human Services, the Department of Revenue, the State
 11 Board of Elections, and the State Chief Information Officer each shall expeditiously cooperate
 12 with the Authority in verifying electronically, or by other similarly effective and efficient means,
 13 evidence submitted to the Authority for the purposes of establishing the domicile required by
 14 G.S. 115C-366 for State residency. The Authority shall accept any of the following as evidence
 15 of domicile within the State:

16 ...

17 (b) Household members of applicants for scholarship grants shall authorize the Authority
 18 to access ~~information~~ certain information, including social security numbers and other unique
 19 identifiers, needed for verification efforts conducted under this section ~~that is held by other State~~
 20 agencies, including the Department of Revenue, the Department of Health and Human Services,
 21 and the Department of Public Instruction.

22 (b1) The Authority may adopt in its rules a process for contracting with a third-party
 23 vendor to facilitate the verification of domicile or other application information in accordance
 24 with this section.

25 (c) By December 1 of each year, the Department of Public Instruction shall provide the
 26 Authority the average State per pupil allocation for that fiscal year to determine the maximum
 27 scholarship amount for eligible students to be awarded in the following fiscal year in accordance
 28 with G.S. 115C-562.2(b2)."

29 **SECTION 8A.2.(b)** G.S. 115C-594 reads as rewritten:

30 "**§ 115C-594. Verification of eligibility; information from other State agencies.**

31 (a) Verification of Information. – The Authority may seek verification of information on
 32 any application for the award of scholarship funds for a personal education student account. The
 33 Authority shall establish rules for the verification process. If a household fails to cooperate with
 34 verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the
 35 eligible student.

36 (b) Access to Information. – Applicants for the award of scholarship funds for a PESA
 37 shall authorize the Authority to access information needed for verification efforts held by other
 38 State agencies, including the Department of Health and Human Services and the Department of
 39 Public Instruction. The provisions of G.S. 115C-562.3 shall apply to this section."

40
 41 **CLARIFY APPLICATION DATE FOR OPPORTUNITY SCHOLARSHIP AND PESA**
 42 **PROGRAMS**

43 **SECTION 8A.3.(a)** G.S. 115C-562.2(a) reads as rewritten:

44 "(a) The Authority shall make available no later than ~~February 1 annually~~ the first Monday
 45 in February of each year applications to eligible students for the award of scholarship grants to
 46 attend any nonpublic school on a full- or part-time basis. Information about scholarship grants
 47 and the application process shall be made available on the Authority's Web site. Beginning March
 48 15, the Authority shall begin awarding scholarship grants to students who have applied by ~~March~~
 49 ~~the first Monday in March~~ the first Monday in March in the following order:

50"

51 **SECTION 8A.3.(b)** G.S. 115C-592(a) reads as rewritten:

1 "(a) Application Selection. – The Authority shall make available no later than ~~February 1~~
2 the first Monday in February of each year applications to eligible students for the award of
3 scholarship funds for a personal education student account to be used for qualifying education
4 expenses to attend a nonpublic school. Information about scholarship funds and the application
5 process shall be made available on the Authority's website. Applications shall be submitted
6 electronically. The Authority shall award scholarships according to the following criteria for
7 applications received by ~~March 1~~ the first Monday in March of each year:

8 "

9
10 **PERMIT SEAA TO PROVIDE PAYMENTS FOR TESTS FOR OPPORTUNITY**
11 **SCHOLARSHIP RECIPIENTS USING ALTERNATIVE METHODS**

12 **SECTION 8A.4.** G.S. 115C-562.2(b5) reads as rewritten:

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

17
18 **CLARIFY OPPORTUNITY SCHOLARSHIP RESIDENCY REQUIREMENTS**

19 **SECTION 8A.5.(a)** Part 2A of Article 39 of Chapter 115C of the General Statutes
20 is amended by adding a new section to read:

21 **"§ 115C-562.2A. Residency required; qualified exemption for military families.**

22 (a) Definitions. – For purposes of this section, the following definitions shall apply:

23 (1) Documentation of military orders. – A copy of the official military order
24 transferring to a military installation or reservation located in the State.

25 (2) Military-connected student. – An eligible student who is the child of a military
26 family, as defined in G.S. 115C-407.5.

27 (b) Residency Required. – Except as otherwise provided in this section, a student shall
28 be a resident of North Carolina that is eligible to attend a North Carolina public school pursuant
29 to Article 25 of this Chapter in both of the following circumstances:

30 (1) At the time the student applies to receive a scholarship grant under this Part.

31 (2) At the beginning of each school year in which the student is eligible to receive
32 scholarship grant funds.

33 (c) Qualified Residency Exemptions for Military-Connected Students. – A
34 military-connected student who is not a resident solely because of military orders impacting the
35 residency of that student and who provides applicable documentation of military orders shall
36 receive the following qualified exemptions related to the residency requirements in this section:

37 (1) If the military-connected student is not a resident during the application period
38 established by the Authority, the Authority shall nevertheless accept the
39 application and award a scholarship grant in accordance with this Part.

40 (2) If the military-connected student is not a resident upon initial enrollment in a
41 nonpublic school, the military-connected student may nevertheless receive
42 grant funds in the first semester of the school year. Thereafter, the student
43 shall not receive a scholarship award until proof of residency is provided in
44 accordance with the requirements of the Authority.

45 (d) Funds and Reports. – Notwithstanding G.S. 115C-562.8, if the funds required to
46 award scholarship grants for military-connected students pursuant to subdivision (c)(1) of this
47 section exceed the funds available for the distribution of those awards, the Authority may allocate
48 the necessary funds from the unencumbered cash balance in the Opportunity Scholarship Grant
49 Fund Reserve. If the Authority expends funds in excess of those available in the Reserve, the
50 Authority shall submit the report required in G.S. 115C-562.7(d) as it relates to the awards
51 provided under this section."

1 **SECTION 8A.5.(b)** This section is effective when it becomes law and applies
2 beginning with applications for the award of scholarship grants in the 2025-2026 school year.
3

4 **REVISE SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS AND**
5 **TRANSFER ADMINISTRATION FROM THE DEPARTMENT OF MILITARY AND**
6 **VETERANS AFFAIRS TO THE STATE EDUCATION ASSISTANCE AUTHORITY**

7 **SECTION 8A.6.(a)** For purposes of subsection (b) of this section, the following
8 definitions shall apply:

- 9 (1) Authority. – The State Education Assistance Authority.
- 10 (2) Commission. – The Veterans' Affairs Commission of the Department.
- 11 (3) Department. – The Department of Military and Veterans Affairs.
- 12 (4) Program. – The program administered by the Department to award scholarship
13 funds that is referred to as Scholarships for Children of Wartime Veterans.
- 14 (5) Scholarship funds. – Scholarship funds awarded to the child of a North
15 Carolina veteran under Part 2 of Article 14 of Chapter 143B of the General
16 Statutes.

17 **SECTION 8A.6.(b)** Notwithstanding Part 2 of Article 14 of Chapter 143B of the
18 General Statutes, for the 2025-2026 academic year, the following shall occur relating to the
19 administration of scholarship funds under the Program:

- 20 (1) After the selection of persons by the Commission to receive scholarship funds,
21 and in no event later than May 15, 2026, the Commission shall notify the
22 Authority of all selections, and the Department shall notify the Authority of
23 any determinations that a student qualifies for a scholarship funded with
24 monies from the Escheat Fund.
- 25 (2) The Authority shall determine whether additional recipients of scholarship
26 funds qualify for scholarships funded with monies from the Escheat Fund
27 based on a determination of need consistent with other financial assistance
28 programs administered by the Authority and the unique needs and challenges
29 of the children of wartime veterans to ensure they have opportunities to reach
30 their higher education attainment goals.
- 31 (3) To the extent funds made available for the award of scholarship funds are
32 insufficient to provide scholarships to all selected persons, the Authority may
33 adjust and standardize award amounts as necessary, including providing pro
34 rata scholarship awards for room and board, to ensure the efficient
35 administration of the scholarship funds.
- 36 (4) The Authority may notify all recipients of their selection to receive
37 scholarship funds in accordance with Part 2 of Article 14 of Chapter 143B of
38 the General Statutes. If the Department notifies any student that the student is
39 eligible to receive scholarship funds, the Department shall inform the student
40 that the award amount is subject to the availability of funds and may be
41 prorated, if necessary.
- 42 (5) The Authority shall disburse scholarship funds in accordance with
43 G.S. 116-204(11a).
- 44 (6) From the total amount of funding appropriated to the Board of Governors of
45 The University of North Carolina and allocated to the Authority in the
46 2025-2026 fiscal year to support the award of scholarship funds under the
47 Program in that fiscal year, the Authority may use up to two and one-half
48 percent (2.5%) for administration costs related to the Program.

49 **SECTION 8A.6.(c)** The following are repealed:

- 50 (1) G.S. 143B-1211(11).
- 51 (2) G.S. 143B-1220(3).

(3) G.S. 143B-1223 through G.S. 143B-1228.

SECTION 8A.6.(d) Article 23 of Chapter 116 of the General Statutes is amended by adding the following new Part to read:

"Part 8. Children of Wartime Veterans Scholarship.

"§ 116-209.110. Purpose.

In appreciation for the service and sacrifices of North Carolina's war veterans and as evidence of this State's concern for their children, there is established the Children of Wartime Veterans Scholarship Program to be administered by the State Education Assistance Authority. The General Assembly finds that the establishment of the Program is necessary to provide financial assistance from the State to address the unique needs and challenges of the children of wartime veterans to ensure they have opportunities to reach their higher education attainment goals.

"§ 116-209.112. Definitions.

The following definitions shall apply in this Part:

(1) Active federal service. – One of the following:

- a. Full-time duty in the Armed Forces other than active duty for training.
- b. Active duty for training, if disability or death occurs (i) as a direct result of armed conflict or (ii) while engaged in extra-hazardous service, including such service under conditions simulating war.

(2) Armed Forces. – The United States Army, Navy, Marine Corps, Air Force, Space Force, and Coast Guard, including their reserve components.

(3) Authority. – The State Education Assistance Authority established pursuant to this Article.

(4) Disability. – A disability of a veteran that qualifies the veteran to receive compensation under 38 U.S.C. § 101.

(5) Eligible child. – A person who meets all of the following criteria:

- a. Is under 25 years of age at the time of application for a scholarship.
- b. Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
- c. Holds a high school diploma or its equivalent.
- d. Is the child of a veteran who meets one of the following criteria:
 1. Is a resident of North Carolina at the time of completion of the application documentation for the Program.
 2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
 3. Was permanently stationed in North Carolina at the time of his or her death.
 4. Is an active duty service member permanently stationed in North Carolina at the time of completion of the application documentation for the Program.
- e. Submits a completed Free Application for Federal Student Aid (FAFSA) to the Authority.

(6) Eligible institution. – A State educational institution or a private educational institution.

(7) Period of war or wartime. – Any of the periods or circumstances described below:

- a. Any period of war as defined in 38 U.S.C. § 101.
- b. Any period of service in the Armed Forces during which the veteran parent of an applicant for a scholarship under this Part suffered death or disability (i) as a direct result of armed conflict or (ii) while engaged

1 in extra-hazardous service, including such service under conditions
2 simulating war.

3 (8) Private educational institution. – An eligible private postsecondary institution
4 as defined in G.S. 116-280(3).

5 (9) Program. – The Children of Wartime Veterans Scholarship Program
6 established by this Part.

7 (10) State educational institution. – Any constituent institution of The University
8 of North Carolina, or any community college operated under the provisions of
9 Chapter 115D of the General Statutes of North Carolina.

10 (11) Veteran. – Either of the following:

11 a. A person who served as a member of the Armed Forces in active
12 federal service during a period of war and who was either separated
13 from the Armed Forces under honorable conditions or who is currently
14 serving in a second or subsequent enlistment.

15 b. A person who was separated from the Armed Forces under honorable
16 conditions and whose death or disability was incurred (i) as a direct
17 result of armed conflict or (ii) while engaged in extra-hazardous
18 service, including such service under conditions simulating war.

19 **§ 116-209.114. Scholarship.**

20 (a) Scholarship Benefits. – To the extent funds are made available for this purpose,
21 scholarship granted pursuant to this Part shall consist of the following benefits and other
22 requirements and limitations for eligible children enrolled as undergraduate students at eligible
23 institutions:

24 (1) Scholarship funds may be used for any of the following purposes:

25 a. The cost of attendance at an eligible institution, including tuition, fees,
26 room, and board.

27 b. The cost of short-term workforce training courses leading to industry
28 credentials.

29 (2) An eligible child may only receive scholarship funds for a total of four
30 academic years. The eligible child is not required to be continuously enrolled
31 to receive subsequent awards in a term, quarter, or semester. However, the
32 eligible child shall not receive an award after the end of a six-year period
33 beginning on the date a scholarship is first awarded. Whenever an eligible
34 child is enrolled in an eligible institution and the period for a scholarship ends
35 while enrolled in a term, quarter, or semester, such period shall be extended
36 to the end of such term, quarter, or semester, but not beyond the eligibility
37 limitation of four academic years.

38 (3) No scholarship awarded to an eligible child pursuant to this Part shall exceed
39 an amount equal to the highest cost of attendance for attendance at a State
40 educational institution for that academic year.

41 (4) As necessary, the Authority shall reduce a scholarship provided pursuant to
42 this Part so that the sum of all grants and scholarship aid covering the cost of
43 attendance received by the student, including the scholarship under this
44 section, shall not exceed the cost of attendance for the eligible institution at
45 which the student is enrolled.

46 (5) A student who has been awarded a scholarship under this section shall
47 maintain satisfactory academic progress according to the standards of the
48 eligible institution throughout the four academic years for which the student
49 is eligible for a scholarship under this section.

50 (b) Selection of Recipients. – The Authority shall select recipients for scholarships and
51 disburse the scholarships in accordance with the provisions of G.S. 116-209.116. The Authority

1 may contract with another State agency or a third-party entity to determine eligibility and select
2 recipients as required by G.S. 116-209.116(a)(1). In the event there are not sufficient funds to
3 provide each eligible child who has properly applied with a full scholarship as provided by this
4 Part, the Authority shall determine the necessary adjustment of awards consistent with the
5 priority requirements set forth in subsection (c) of this section, including establishing a lottery,
6 awarding scholarships on a pro rata share basis, or both, for the academic year.

7 (c) Award of Funds; Priority. – Beginning May 1 of the year in which the recipient enrolls
8 in an eligible institution, the Authority shall award scholarship funds to students who have
9 properly applied and are otherwise eligible under the Program in the following order:

10 (1) Students who received scholarship funds under Part 2 of Article 14 of Chapter
11 143B of the General Statutes in the previous academic year.

12 (2) Students who received scholarship funds under Part 2 of Article 14 of Chapter
13 143B of the General Statutes in any previous academic year.

14 (3) All other students.

15 **"§ 116-209.116. Administration and funding.**

16 (a) Responsibilities of the Authority. – The Authority shall administer the award of
17 scholarships under this Part and have all of the following associated responsibilities:

18 (1) Determining the eligibility of applicants and selecting recipients.

19 (2) Awarding funds to scholarship recipients.

20 (3) Suspending or revoking scholarships if the Authority is notified and finds that
21 a recipient does any of the following:

22 a. Fails to maintain satisfactory academic progress.

23 b. Engages in riots, unlawful demonstrations, the seizure of educational
24 buildings, or otherwise engages in disorderly conduct, breaches of the
25 peace, or unlawful assemblies.

26 (4) Promulgating such rules and regulations not inconsistent with the other
27 provisions of this Part as the Authority deems necessary for the orderly
28 administration of the Program. These rules may require eligible institutions to
29 provide such reports and other information as are necessary to carry out the
30 provisions of this Part, including whether a recipient is failing to maintain
31 satisfactory academic progress or engaging in any of the actions described in
32 sub-subdivision b. of subdivision (3) of this subsection.

33 (b) Funding. – Funds for the support of the Program shall be appropriated to the Board
34 of Governors of The University of North Carolina to be allocated to the Authority as a reserve
35 for payment of approved expenses for the cost of attendance. Funds to support the Program shall
36 be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, to the extent those
37 funds are used for worthy and needy residents of this State who are enrolled in public institutions
38 of higher education of this State.

39 (c) Withdrawal from Enrollment. – Irrespective of any other provision of this Part, the
40 Authority may prescribe special procedures for adjusting the accounts of scholarship recipients
41 who, for reasons of illness, physical inability to attend class, or for other valid reason satisfactory
42 to the Authority may withdraw from eligible institutions prior to the completion of the term,
43 semester, quarter, or other academic period being attended at the time of withdrawal. Such
44 procedures may include, but shall not be limited to, permitting an eligible institution to pay the
45 recipient the dollar value of his or her unused scholarship for the academic period being attended,
46 with a corresponding deduction of this period from his or her remaining scholarship eligibility
47 time.

48 (d) Administrative Costs. – Of the funds available each fiscal year to support the
49 Program, the following shall occur:

(1) The Authority may use up to two and one-half percent (2.5%) of the total funds appropriated for that fiscal year from the allocation of monies from the General Fund for administrative costs related to the Program.

(2) Up to five million dollars (\$5,000,000) that are unexpended at the end of each fiscal year shall not revert but shall remain available for future scholarships to be awarded under this Part.

"§ 116-209.118. Report on scholarships.

By January 1 of each year, the Authority shall report the following information related to scholarships awarded under this Part to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) The number of scholarships awarded in the prior academic year, disaggregated on the basis of at least the following:

a. Number of full-time students receiving scholarships, grouped by State educational institutions and private educational institutions.

b. Number of new applicants for scholarships.

c. Number of new scholarship awards offered, denied, and accepted.

d. Range and average amount of scholarships awarded.

e. Actual amount of award provided by eligible institution.

f. Total expenditures for scholarship awards classified by source, including State funds and Escheat Fund.

g. Total costs of administering the Program.

(2) The amount of funds held in reserve by the Authority for the award of scholarships under the Program at the end of the prior fiscal year."

SECTION 8A.6.(e) G.S. 116-204 reads as rewritten:

"§ 116-204. Powers of Authority.

The Authority is hereby authorized and empowered:

...

(11a) ~~To be responsible for the disbursement and accounting of funds for the State's Scholarships for Children of Wartime Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes, administer the Children of Wartime Veterans Scholarship established by Part 8 of Article 23 of this Chapter.~~

...."

SECTION 8A.6.(f) G.S. 116-209.23 reads as rewritten:

"§ 116-209.23. Inconsistent laws inapplicable.

Insofar as the provisions of this Article are inconsistent with the provisions of any general or special laws, or parts thereof, the provisions of this Article shall be ~~controlling, except that no provision of the 1971 amendments to this Article shall apply to scholarships for children of war veterans as set forth in Part 2 of Article 14 of Chapter 143B of the General Statutes, as amended, controlling.~~"

SECTION 8A.6.(g) G.S. 116B-7(b) reads as rewritten:

"(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority to partially fund the ~~program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes.~~ Children of Wartime Veterans Scholarship established by Part 8 of Article 23 of Chapter 116 of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the ~~Department of Military and Veterans Affairs~~ Authority and (ii) are enrolled in public institutions of higher education of this State."

SECTION 8A.6.(h) G.S. 116-209.124(4)c.5.I., as enacted by Section 8A.9 of this act, reads as rewritten:

1 "I. ~~Is a private educational institution, as defined in~~
2 ~~G.S. 143B-1224, an eligible private postsecondary~~
3 ~~institution as defined in G.S. 116-280(3)."~~

4 **SECTION 8A.6.(i)** Notwithstanding Part 8 of Article 23 of Chapter 116 of the
5 General Statutes, as enacted by this section, the following shall apply for any student who
6 received an award of scholarship funds under Part 2 of Article 14 of Chapter 143B of the General
7 Statutes in a previous academic year who would be eligible to receive funds under Part 2 of
8 Article 14 of Chapter 143B of the General Statutes, as that Part existed immediately prior to its
9 repeal, beginning in the 2026-2027 academic year:

10 (1) The student shall be considered an "eligible child" under G.S. 116-209.112.

11 (2) To the extent funds are made available for this purpose, the student shall
12 receive up to the amount of scholarship funds the student received under Part
13 2 of Article 14 of Chapter 143B of the General Statutes for up to four academic
14 years occurring within the eight-year period after the date the student's first
15 scholarship was awarded. In the event there are not sufficient funds to provide
16 each eligible child who has properly applied with a full scholarship in a fiscal
17 year, the Authority may adjust awards as necessary under
18 G.S. 116-209.114(b).

19 **SECTION 8A.6.(j)** The nonrecurring funds appropriated in this act to the Board of
20 Governors of The University of North Carolina for the 2025-2026 fiscal year and allocated to the
21 State Education Assistance Authority for the award of scholarships for the children of wartime
22 veterans pursuant this section shall not revert at the end of the 2025-2026 fiscal year, but shall
23 remain available until the end of the 2027-2028 fiscal year.

24 **SECTION 8A.6.(k)** Subsections (c), (d), (e), (f), (g), (h), and (i) of this section
25 become effective July 1, 2026, and apply beginning with the award of scholarship funds in the
26 2026-2027 academic year. Except as otherwise provided, this section becomes effective July 1,
27 2025.

28
29 **SEAA MAY REALLOCATE UNENCUMBERED FUNDS FROM PRIVATE**
30 **NEED-BASED SCHOLARSHIPS TO PROVIDE FUNDS FOR SPRING 2025**
31 **AWARDS FOR CHILDREN OF WARTIME VETERANS SCHOLARSHIPS**

32 **SECTION 8A.7.** Notwithstanding G.S. 116-283(c), of the funds appropriated to the
33 Board of Governors of The University of North Carolina and allocated to the State Education
34 Assistance Authority for need-based scholarships for students attending private institutions of
35 higher education in accordance with Article 34 of Chapter 116 of the General Statutes that are
36 unexpended at the end of the 2024-2025 fiscal year, the Authority may reallocate up to two
37 million one hundred thousand dollars (\$2,100,000) in nonrecurring funds for the 2025-2026
38 fiscal year to instead support scholarships for children of wartime veterans that were awarded in
39 the spring 2025 academic semester in accordance with Part 2 of Article 14 of Chapter 143B of
40 the General Statutes.

41
42 **REQUIRE SEAA TO PROVIDE TESTING COSTS FOR PESA RECIPIENTS**

43 **SECTION 8A.8.(a)** G.S. 115C-592 is amended by adding a new subsection to read:

44 "(c1) Test Costs. – In addition to the amount of the scholarship award and except as
45 otherwise provided in this subsection, for any student receiving a scholarship award in grades
46 three, eight, or 11, the Authority shall provide for the student an amount equal to the cost of the
47 nationally standardized test required to be administered as provided in G.S. 115C-562.5."

48 **SECTION 8A.8.(b)** G.S. 115C-562.5 is amended by adding a new subsection to
49 read:

1 "(b2) The parent of a student receiving scholarship funds under Article 41 of this Chapter
2 may opt that student out of any testing required by this section in accordance with rules adopted
3 by the Authority pursuant to G.S. 115C-592(c1)."
4

5 **CODIFY NORTH CAROLINA PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

6 **SECTION 8A.9.(a)** Article 23 of Chapter 116 of the General Statutes is amended by
7 adding the following new Part to read:

8 "Part 9. North Carolina Patriot Star Family Scholarship Program.

9 **"§ 116-209.120. Program established.**

10 The Board of Governors of The University of North Carolina shall establish the North
11 Carolina Patriot Star Family Scholarship Program. To the extent funds are made available for the
12 Program, the Board shall award funds for the purpose of administering scholarships under the
13 Program to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps
14 Scholarship Foundation, Inc., a nonprofit corporation.

15 **"§ 116-209.122. Purpose of the Program.**

16 The Patriot Foundation and the Marine Corps Scholarship Foundation, Inc., respectively,
17 shall provide for scholarships to eligible children and eligible spouses of certain veterans, eligible
18 children of certain currently serving members of the Armed Forces, and eligible disabled veterans
19 to attend eligible postsecondary institutions in accordance with the requirements of this Part.

20 **"§ 116-209.124. Definitions.**

21 For the purposes of this Part, the following definitions shall apply:

- 22 (1) Armed Forces. – A component of the United States Army, Navy, Marine
23 Corps, Air Force, Space Force, and Coast Guard, including their reserve
24 components.
- 25 (2) Eligible child or eligible children. – Any person who meets all of the following
26 requirements:
- 27 a. Is attending or has been accepted to enroll in an eligible postsecondary
28 institution.
- 29 b. Is a legal resident of North Carolina when scholarship documentation
30 is completed, provided that if a child is claimed as a dependent by the
31 child's parent, residency may be established based on a parent meeting
32 the requirements of sub-sub-sub-subdivision IV. of
33 sub-sub-subdivision 1. of sub-subdivision d. of this subdivision.
- 34 c. Has complied with the requirements of the Selective Service System,
35 if applicable.
- 36 d. The parent of the person is a veteran or a currently serving member of
37 the Armed Forces that meets all of the following criteria:
- 38 1. One of the following residency conditions:
- 39 I. Is a resident of North Carolina at the time of
40 scholarship documentation completion.
- 41 II. Was a resident of North Carolina at the time of entrance
42 into service in the Armed Forces.
- 43 III. Was permanently stationed in North Carolina at the
44 time of his or her death.
- 45 IV. Is an active duty service member permanently stationed
46 in North Carolina at the time of documentation
47 completion.
- 48 2. One of the following service conditions:
- 49 I. Was a member of the Armed Forces who was killed in
50 action or in the line of duty or died of wounds or other
51 causes not due to the service member's willful

- 1 misconduct during a period of war, national
2 emergency, or training in preparation for future
3 conflicts and is a direct result of service in the line of
4 duty.
- 5 II. Was a member of the Armed Forces who died of
6 service-connected injuries, wounds, illness, or other
7 causes incurred or aggravated while a member of the
8 Armed Forces during a period of war, national
9 emergency, or training in preparation for future
10 conflicts and is a direct result of service in the line of
11 duty. Standard documentation of the parent's death,
12 wounds, injury, or illness shall be supplied by a
13 scholarship recipient at the time of scholarship request.
- 14 III. Is a veteran of the Armed Forces who meets both of the
15 following criteria:
- 16 A. Incurred traumatic injuries or wounds or
17 sustained a major illness while a member of the
18 Armed Forces during a period of war, national
19 emergency, or training in preparation for future
20 conflicts, and the injuries, wounds, or illness are
21 a direct result of service in the line of duty.
- 22 B. Is receiving compensation of at least fifty
23 percent (50%) as rated by the U.S. Department
24 of Veterans Affairs for a disability connected to
25 the injuries, wounds, or illness identified in
26 accordance with sub-sub-sub-sub-division
27 A. of this sub-sub-sub-division.
- 28 IV. Is a current member of the Armed Forces who incurred
29 traumatic injuries or wounds or sustained a major
30 illness while a member of the Armed Forces during a
31 period of war, national emergency, or training in
32 preparation for future conflicts, and the injuries,
33 wounds, or illness are a direct result of service in the
34 line of duty. The parent's traumatic wounds, injury, or
35 major illness must be documented by the member's
36 Unit Commander.
- 37 (3) Eligible disabled veteran. – Any person who is a veteran who meets all of the
38 following criteria:
- 39 a. Incurred traumatic injuries or wounds or sustained a major illness
40 while a member of the Armed Forces during a period of war, national
41 emergency, or training in preparation for future conflicts, and the
42 injuries, wounds, or illness are a direct result of service in the line of
43 duty.
- 44 b. Is receiving compensation of at least fifty percent (50%) as rated by
45 the U.S. Department of Veterans Affairs for a disability connected to
46 the injuries, wounds, or illness identified in accordance with
47 sub-division a. of this subdivision.
- 48 c. Is a resident of North Carolina when scholarship documentation is
49 completed.
- 50 d. Is attending or has been accepted to enroll in an eligible postsecondary
51 institution.

- 1 (4) Eligible postsecondary institution. – Any of the following postsecondary
2 educational institutions:
3 a. A constituent institution of The University of North Carolina.
4 b. A community college under the jurisdiction of the State Board of
5 Community Colleges.
6 c. A junior college, senior college, or university that meets all of the
7 following requirements:
8 1. Is operated and governed by private interests not under the
9 control of the federal government, the State, or any local
10 government.
11 2. Has a main permanent campus, as defined in G.S. 116-280(4),
12 located within the State of North Carolina.
13 3. Does not operate for profit.
14 4. The curriculum is primarily directed toward the awarding of
15 associate, baccalaureate, or graduate degrees.
16 5. Meets one of the following requirements:
17 I. Is a private educational institution, as defined in
18 G.S. 143B-1224.
19 II. Is accredited by an accrediting agency that is
20 recognized by the United States Department of
21 Education as a reliable authority concerning the quality
22 of education or training offered by institutions of higher
23 education.
24 d. A private vocational institution, including Federal Aviation
25 Administration certificated aviation training programs.
26 (5) Eligible spouse. – Any person who meets all of the following criteria:
27 a. Is attending or has been accepted to enroll in an eligible postsecondary
28 institution.
29 b. Is a legal resident of North Carolina when scholarship documentation
30 is completed.
31 c. Has complied with the requirements of the Selective Service System,
32 if applicable.
33 d. Meets one of the conditions set forth in sub-sub-sub-subdivisions I.
34 through III. of sub-sub-subdivision 2. of sub-subdivision d. of
35 subdivision (2) of this section.
36 (6) Program. – The North Carolina Patriot Star Family Scholarship Program
37 established pursuant to this Part.
38 (7) Veteran. – An individual who has served and is no longer serving in the Armed
39 Forces of the United States. For the purposes of this subdivision, the veteran
40 shall have separated from the Armed Forces under honorable conditions or
41 whose death or disability of at least fifty percent (50%) or more was incurred
42 as a direct result of service in the line of duty.

43 **"§ 116-209.126. Administration; awards.**

44 (a) To the extent funds are made available for the Program, the Patriot Foundation and
45 the Marine Corps Scholarship Foundation, Inc., shall each separately administer and award
46 scholarships to eligible applicants in accordance with the requirements of the Program. To
47 account for the demand for scholarships, the Board of Governors of The University of North
48 Carolina may reallocate funds appropriated for the Program between the Patriot Foundation and
49 the Marine Corps Scholarship Foundation, Inc., in each fiscal year funds are made available for
50 the Program as long as each nonprofit corporation agrees to the reallocation in that year. In
51 administering the Program, each nonprofit corporation shall be responsible for oversight for the

1 scholarships awarded through its organization under the Program to ensure compliance with the
2 provisions of this Part.

3 (b) Each nonprofit corporation shall, at a minimum, establish criteria and procedures
4 related to scholarship documentation completion, the amount of individual scholarships, the
5 permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the
6 conditions for a revocation of a scholarship, and any other procedures it deems necessary for its
7 administration of the Program.

8 (c) If an eligible child or eligible spouse receives a scholarship or other grant covering
9 the costs of attendance at an eligible postsecondary institution for which the scholarship is
10 awarded, then the amount of a scholarship awarded under this Part shall be reduced so that the
11 sum of all grants and scholarships covering the costs of attendance received by the eligible child
12 or eligible spouse does not exceed the costs of attendance for the institution. For the purposes of
13 this section, costs of attendance shall include monies for tuition, fees, books, supplies, and
14 school-related expenses, including laptops, equipment, tutoring support, as well as room and
15 board, as long as the scholarship recipient is enrolled as at least a half-time student at the
16 institution. Off-campus housing costs for room and board are also included to the extent the
17 eligible postsecondary institution includes it in its costs of attendance.

18 **"§ 116-209.128. Reporting.**

19 (a) The Patriot Foundation shall submit a report by April 1 of each year in which the
20 Patriot Foundation spends State funds made available for the Program to the Joint Legislative
21 Education Oversight Committee and the Fiscal Research Division on the activities related to the
22 Program and the use of the State funds.

23 (b) The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of
24 each year in which the Marine Corps Scholarship Foundation, Inc., spends State funds made
25 available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal
26 Research Division on the activities related to the Program and the use of the State funds."

27 **SECTION 8A.9.(b)** Notwithstanding any other provision of law or the Committee
28 Report described in Section 43.2 of S.L. 2021-180, the recurring funds appropriated to the Board
29 of Governors of The University of North Carolina and allocated to the Patriot Foundation and
30 the Marine Corps Scholarship Foundation, Inc., to administer the North Carolina Patriot Star
31 Family Scholarship Program pursuant to Section 8.3 of S.L. 2021-180, as amended by Section
32 2.8 of S.L. 2022-6, Section 3.6 of S.L. 2022-71, Section 8.22 of S.L. 2023-134, and Section 2.13
33 of S.L. 2024-1, shall instead be used to administer the North Carolina Patriot Star Family
34 Scholarship Program pursuant to Part 9 of Article 23 of Chapter 116 of the General Statutes, as
35 enacted by this section.

36 **SECTION 8A.9.(c)** Section 8.3 of S.L. 2021-180, as amended by Section 2.8(a) of
37 S.L. 2022-6, Section 3.6 of S.L. 2022-71, Section 8.22 of S.L. 2023-134, and Section 2.13 of
38 S.L. 2024-1, is repealed.

39 **SECTION 8A.9.(d)** This section is effective when it becomes law.

40
41 **NURSING FELLOWS PILOT PROGRAM AT WINSTON-SALEM STATE**
42 **UNIVERSITY**

43 **SECTION 8A.10.(a)** Definitions. – The following definitions apply in this section:

44 (1) Academic term. – A semester or summer session.

45 (2) Authority. – The State Education Assistance Authority.

46 (3) Dean. – The Dean of the School of Health Sciences at WSSU.

47 (4) Eligible nurse. – A nurse who meets all of the following criteria:

48 a. Enrolled at WSSU beginning in the 2026-2027 or 2027-2028
49 academic year.

50 b. Received a forgivable loan under the Program.

- 1 c. Graduated within 10 years from at least one of the following at WSSU,
 2 excluding any authorized deferment for extenuating circumstances:
 3 1. A Bachelor of Science in Nursing program.
 4 2. A Master of Science in Nursing Education program.
 5 d. Is licensed as a registered nurse in this State.
 6 (5) Forgivable loan. – A forgivable loan made under the Program.
 7 (6) Program. – The Nursing Fellows Pilot Program.
 8 (7) Qualifying nurse. – An eligible nurse who meets all of the following criteria:
 9 a. Holds a Bachelor of Science degree in Nursing from WSSU.
 10 b. Is employed as a nurse in this State.
 11 (8) Qualifying nurse instructor. – An eligible nurse who meets all of the following
 12 criteria:
 13 a. Holds a Bachelor of Science degree in Nursing from WSSU and a
 14 Master of Science degree in Nursing Education from WSSU.
 15 b. Is employed as an instructor in a qualifying nursing program.
 16 (9) Qualifying nursing program. – A nursing program at one of the following that
 17 prepares students to earn a degree in nursing and become a licensed practical
 18 nurse as defined in Article 9A of Chapter 90 of the General Statutes:
 19 a. A community college.
 20 b. A university or private postsecondary institution.
 21 (10) Trust Fund. – The Nursing Fellows Program Trust Fund.
 22 (11) University or private postsecondary institution. – Either of the following:
 23 a. A postsecondary constituent institution of The University of North
 24 Carolina as defined in G.S. 116-2(4).
 25 b. An eligible private postsecondary educational institution as defined in
 26 G.S. 116-280(3).
 27 (12) WSSU. – Winston-Salem State University.

28 **SECTION 8A.10.(b)** Program. – There is established the Nursing Fellows Pilot
 29 Program. The purpose of the Program is to recruit, prepare, and support eligible nursing students
 30 enrolling at WSSU beginning in the 2026-2027 and 2027-2028 academic years for preparation
 31 as highly effective nurses and instructors in qualifying nursing programs. The Program shall be
 32 used to provide forgivable loans to nursing students who are (i) enrolled in degree programs at
 33 WSSU to receive a Bachelor of Science in Nursing or a Master of Science in Nursing Education
 34 and (ii) interested in preparing to become nurses in the State or instructors in qualifying nursing
 35 programs.

36 **SECTION 8A.10.(c)** Program Administration; Dean. – The Authority shall
 37 administer the Program in cooperation with the Dean. The Dean shall determine forgivable loan
 38 recipient selection criteria and selection procedures and shall select the recipients to receive
 39 forgivable loans under the Program in accordance with the requirements of this section. The Dean
 40 shall appoint any needed staff of the Program and shall be responsible for recruitment and
 41 coordination of the Program, including proactive, aggressive, and strategic recruitment of
 42 potential recipients. Recruitment activities shall include (i) targeting regions of the State with the
 43 greatest need for nurses and nursing instructors in qualifying nursing programs, (ii) actively
 44 engaging with registered nurses, business leaders, experts in human resources, elected officials,
 45 and other community leaders throughout the State, and (iii) attracting candidates to the Program.
 46 WSSU shall provide office space and clerical support staff, as necessary, to the Dean for the
 47 Program.

48 **SECTION 8A.10.(d)** Trust Fund. – There is established the Nursing Fellows
 49 Program Trust Fund to be administered by the Authority, in conjunction with the Dean. All funds
 50 (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program
 51 purposes, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds

1 shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance
2 to qualified students to fill needed positions for nurses in the State and instructors in qualifying
3 nursing programs through completion of a Bachelor of Science degree in Nursing or both a
4 Bachelor of Science degree in Nursing and a Master of Science degree in Nursing Education.

5 **SECTION 8A.10.(e)** Uses of Monies in the Trust Fund. – The monies in the Trust
6 Fund may be used only for forgivable loans granted under the Program, administrative costs
7 associated with the Program, including recruitment and recovery of funds advanced under the
8 Program, mentoring and coaching support to forgivable loan recipients, and extracurricular
9 enhancement activities of the Program in accordance with the following:

- 10 (1) The Authority shall transfer six percent (6%) of the available funds from the
11 Trust Fund to WSSU at the beginning of each fiscal year for the following
12 purposes:
 - 13 a. The Program's administrative costs.
 - 14 b. Extracurricular enhancement activities of the Program.
 - 15 c. Mentoring and coaching support to forgivable loan recipients.
- 16 (2) The Authority may use up to four percent (4%) of the funds appropriated to
17 the Trust Fund each fiscal year for administrative costs associated with the
18 Program.

19 **SECTION 8A.10.(f)** Student Selection Criteria for Forgivable Loans. – The Dean,
20 in consultation with the Associate Dean of Nursing at WSSU, shall adopt stringent standards for
21 awarding forgivable loans based on multiple measures to ensure that only the strongest applicants
22 receive them, including the following:

- 23 (1) Grade point averages.
- 24 (2) Performance on relevant assessments.
- 25 (3) Experience, accomplishments, and other criteria demonstrating qualities
26 positively correlated with highly effective nurses and instructors in qualifying
27 nursing programs, including excellent verbal and communication skills.
- 28 (4) Demonstrated commitment to serve in North Carolina.

29 **SECTION 8A.10.(g)** Awards of Forgivable Loans. – The Program shall provide
30 forgivable loans to selected students who are initially enrolled in a Bachelor of Science in
31 Nursing degree program at WSSU. Loan payments shall be provided each year for completion
32 of the Bachelor of Science in Nursing program and, if a loan recipient seeks to become a
33 qualifying nurse instructor, for a Master of Science in Nursing Education program. The student
34 shall be eligible to receive loan payments for the Master of Science in Nursing Education
35 program as long as the student enrolls within two years of graduation from the Bachelor of
36 Science in Nursing program. Forgivable loans may be used for tuition, fees, the cost of books,
37 and expenses related to completing a Bachelor of Science degree in Nursing and a Master of
38 Science degree in Nursing Education. Forgivable loans shall be awarded per academic term in
39 amounts of up to five thousand dollars (\$5,000) per semester or two thousand five hundred dollars
40 (\$2,500) per summer session, as follows:

- 41 (1) For students pursuing careers as qualifying nurses, for up to five semesters.
- 42 (2) For persons pursuing careers as qualifying nurse instructors, for up to nine
43 semesters.

44 **SECTION 8A.10.(h)** Administration of Forgivable Loan Awards. – Upon the
45 naming of recipients of the forgivable loans by the Dean, the Dean shall transfer to the Authority
46 its decisions. The Authority, in coordination with the Dean, shall perform all of the administrative
47 functions necessary to implement this section, which functions shall include rulemaking,
48 disseminating information, acting as a liaison with participating institutions of higher education,
49 implementing forgivable loan agreements, loan monitoring, loan canceling through service and
50 collection, determining the acceptability of service repayment agreements, enforcing the

1 agreements, and all other functions necessary for the execution, payment, and enforcement of
2 promissory notes required under this section.

3 **SECTION 8A.10.(i)** Annual Report. – The Dean, in coordination with the Authority,
4 shall report no later than January 1, 2027, and annually thereafter while forgivable loans are being
5 serviced under the Program, to the Joint Legislative Education Oversight Committee regarding
6 the following:

- 7 (1) Forgivable loans awarded from the Trust Fund, including the following:
 - 8 a. Demographic information regarding recipients.
 - 9 b. Number of recipients by institution of higher education.
- 10 (2) Placement and repayment rates, including the following:
 - 11 a. Number of graduates who have been employed as qualifying nurses in
12 the State and qualifying nurse instructors in qualifying nursing
13 programs within two years of graduation.
 - 14 b. Number of graduates who have elected to do loan repayment and their
15 years of service, if any, prior to beginning loan repayment.
 - 16 c. Graduation rates of associate degree students taught by instructors in
17 qualifying nursing programs who are recipients of loans under the
18 Program.
- 19 (3) Mentoring and coaching support, including the number of forgivable loan
20 recipients who received mentoring and coaching support.
- 21 (4) Selected nurse employer outcomes by degree program, including the
22 following:
 - 23 a. Turnover rate for forgivable loan graduates, including the turnover rate
24 for graduates who also received mentoring and coaching support.
 - 25 b. Fulfillment rate of forgivable loan graduates.

26 **SECTION 8A.10.(j)** Terms of Forgivable Loans. – All forgivable loans shall be
27 evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten
28 percent (10%) per year as set by the Authority and beginning on the first day of September after
29 completion of the applicable degree program or 90 days after graduation, whichever is later. If a
30 forgivable loan is terminated, the note shall be made payable to the Authority 90 days after
31 termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's
32 withdrawal from the Program or by the recipient's failure to meet the standards set by the Dean.

33 **SECTION 8A.10.(k)** Forgiveness. – For every year a qualifying nurse remains a
34 qualifying nurse or a qualifying nurse instructor remains a qualifying nurse instructor, the
35 Authority shall forgive one-third of the total loan amount received over the course of enrollment
36 in the applicable degree program and any interest accrued on that amount. The Authority shall
37 also forgive the loan if it finds that it is impossible for the recipient to work for up to three years,
38 within 10 years after completion of the Bachelor of Science in Nursing degree program for
39 persons pursuing forgiveness as qualifying nurses or of the Master of Science in Nursing
40 Education degree program for persons pursuing forgiveness as qualifying nurse instructors,
41 because of the death or permanent disability of the recipient. If the recipient repays the forgivable
42 loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the
43 latest applicable degree program supported by the forgivable loan. If the recipient completes the
44 applicable degree program, payment of principal and interest shall begin no later than the first
45 day of September after the completion of the program. Should a recipient present extenuating
46 circumstances, the Authority may extend the period to repay the loan in cash to no more than a
47 total of 12 years.

48 **SECTION 8A.10.(l)** Notwithstanding G.S. 116-209.45(h), beginning in the
49 2026-2027 fiscal year, to the extent funds remain available in the Forgivable Education Loans
50 for Service Fund at the end of each fiscal year, the Authority may use those funds to administer
51 the Nursing Fellows Pilot Program in accordance with this section.

1 for the school leader preparation programs, the Commission shall transfer the names of all
 2 program participants to the Authority. The Authority shall perform all of the administrative
 3 functions necessary to implement the forgivable scholarship loans to the school leader
 4 preparation program participants, which functions shall include rule making, disseminating
 5 information, acting as a liaison with participating eligible entities, implementing forgivable loan
 6 agreements in the form of promissory notes, monitoring loan repayment through service and
 7 cash, and performing all other functions necessary for the execution, payment, and enforcement
 8 of promissory notes required under this Article.

9 ...
 10 **"§ 116-74.45. Grant applications; priority.**

11 (a) Application Requirements. – Subject to the availability of funds for this purpose, the
 12 Commission shall issue a request for proposal with guidelines and criteria for applying for a
 13 ~~grant.~~ grants to provide forgivable scholarship loans and develop innovative ways of training
 14 principals. An eligible entity that seeks a grant shall submit to the Commission an application at
 15 such time, in such manner, and accompanied by such information as the Commission may
 16 require. Eligible entities may create partnerships to develop and establish school leader
 17 preparation programs and apply jointly to be a grant recipient. An applicant shall include at least
 18 the following information in its application for consideration by the Commission:

19 ...
 20 **"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants;
 21 reporting requirements.**

22 (a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the
 23 Commission shall notify the Authority of its selection of the recipients of grants for each fiscal
 24 year. The Commission shall select up to eight grant recipients to ~~be operating~~ operate a school
 25 leader preparation program with grant funds for forgivable scholarship loans in any fiscal
 26 year-year and up to two recipients for a grant of up to two hundred fifty thousand dollars
 27 (\$250,000) per recipient per fiscal year to develop innovative ways of training principals.

28 (b) Use of ~~Funds.~~ Grant Funds for Forgivable Scholarship Loans. – Each eligible entity
 29 that receives grant funds for forgivable scholarship loans shall use those funds to carry out the
 30 following:

31 ...
 32 (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority
 33 of its decisions on the duration and renewal of grants to eligible entities made in accordance with
 34 the following:

- 35 (1) The duration of grants for forgivable scholarship loans shall be as follows:
 36 a. Grants shall be no more than six years and no fewer than two years in
 37 duration, unless the Commission finds early termination of a grant is
 38 necessary due to noncompliance with grant terms.
 39 b. The Commission may renew a grant based on compliance with the
 40 grant terms and performance, including allowing the grantee to scale
 41 up or replicate the successful program as provided in subdivision (3)
 42 of this subsection.

43 (1a) The duration of grants for training development shall be for one year. The
 44 Commission may renew a grant for training development, in its discretion, on
 45 an annual basis.

- 46 ...
 47 (3) In evaluating performance for purposes of grant renewal and making its
 48 renewal decisions to provide to the ~~Authority,~~ Authority pursuant to
 49 subdivision (1) of this subsection, the Commission shall consider at least the
 50 following:

51 ...

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to enable the collection, analysis, and evaluation of at least the following ~~relevant data, data related to grants for forgivable scholarship loans,~~ within necessary privacy constraints:

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers who are placed as school leaders within three years in high-need schools in the State.
- (4) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (5) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

...."

SECTION 8A.12.(b) G.S. 116-74.41B reads as rewritten:

"§ 116-74.41B. The North Carolina Principal Fellows Trust Fund.

...

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including the award of grants pursuant to G.S. 116-74.44, administrative costs, and costs associated with Program operations in accordance with this Article. The Authority may use up to two percent (2%) of the funds appropriated for the Program or one hundred sixty thousand dollars (\$160,000) from the Trust Fund, whichever is greater, each fiscal year for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- (1) The salary and benefits of the director and staff of the Program.
- (2) The expenses of the Commission to administer the Program.
- (3) Program monitoring and evaluation.
- (4) Extracurricular enhancement activities for the Program.
- (5) Repealed by Session Laws 2019-60, s. 1(y), effective July 1, 2021.
- (6) Programming on research-based school leadership practices to be shared with eligible entities in order to improve principal preparation throughout the State.

(c) Remaining Funds. – If at the end of each fiscal year there are funds remaining in the Trust Fund that are not obligated or otherwise encumbered for another purpose, upon the request of the Commission, the Authority shall allocate the funds to the Commission for any of the purposes identified in subdivisions (3) through (6) of subsection (b) of this section."

REQUIRE NONPUBLIC SCHOOLS RECEIVING OPPORTUNITY SCHOLARSHIP FUNDS TO RETAIN CERTAIN TESTING RECORDS AND VERIFY COMPLIANCE

SECTION 8A.13.(a) G.S. 115C-562.5 reads as rewritten:

1 "§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving
2 scholarship grants.

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

- 5 ...
- 6 (4) Administer, at least once in each school year, tests as provided in this
7 subdivision. Test performance data shall be submitted to the Authority by July
8 15 of each year. Test performance data reported to the Authority under this
9 subdivision is not a public record under Chapter 132 of the General Statutes.
10 Tests shall be administered to all eligible students enrolled in grades three and
11 higher whose tuition and fees are paid in whole or in part with a scholarship
12 grant as follows:
- 13 a. The nationally standardized test designated by the Authority in grades
14 three and eight.
 - 15 b. The ACT in grade 11.
 - 16 c. A nationally standardized test or other nationally standardized
17 equivalent measurement selected by the chief administrative officer of
18 the nonpublic school in all other grades four and higher. For grades
19 four through seven, the nationally standardized test or other equivalent
20 measurement selected must measure achievement in the areas of
21 English grammar, reading, spelling, and mathematics. For grades nine,
22 10, and 12, the nationally standardized test or other equivalent
23 measurement selected must measure either (i) achievement in the areas
24 of English grammar, reading, spelling, and mathematics or (ii)
25 competencies in the verbal and quantitative areas.

26 ...

27 (b1) A nonpublic school that accepts eligible students receiving scholarship grants shall
28 annually certify compliance with subdivision (4) of subsection (a) of this section and shall retain
29 records of the test administration for a period of four years. Each year the Authority shall select
30 at least four percent (4%) of nonpublic schools to verify testing administration in accordance
31 with subdivision (4) of subsection (a) of this section.

32"

33 **SECTION 8A.13.(b)** This section applies beginning with the 2025-2026 school year.

34
35 **REDUCE TOTAL INDIVIDUAL CARRYFORWARD FOR PERSONAL EDUCATION**
36 **STUDENT ACCOUNTS**

37 **SECTION 8A.14.(a)** G.S. 115C-592(b1) reads as rewritten:

38 "(b1) Scholarship Awards for Students with Certain Disabilities. – A student who has one
39 or more of the following disabilities listed as a primary or secondary disability on the student's
40 eligibility determination form submitted as required by subsection (e) of this section at the time
41 of application for scholarship funds may be awarded scholarship funds for each school year in
42 an amount of up to (i) seventeen thousand dollars (\$17,000) for an eligible student or (ii) eight
43 thousand five hundred dollars (\$8,500) for an eligible part-time student:

- 44 (1) Autism.
- 45 (2) Hearing impairment.
- 46 (3) Moderate or severe intellectual disability.
- 47 (4) Orthopedic impairment.
- 48 (5) Visual impairment.

49 For eligible students who qualify for scholarship funds under this subsection, no more than
50 four thousand five hundred dollars (\$4,500) of funds remaining in an electronic account at the
51 end of a school year shall be carried forward until expended for each school year upon renewal

1 of the account under subsection (b2) of this section. In no event shall the total amount of funds
2 carried forward for an eligible student in a personal education student account exceed ~~thirty~~
3 ~~thousand dollars (\$30,000)~~ fifteen thousand dollars (\$15,000). Any funds remaining in the
4 electronic account if an agreement is not renewed under G.S. 115C-595 shall be returned to the
5 Authority."

6 **SECTION 8A.14.(b)** This section becomes effective June 30, 2028.
7

8 **PART IX. HEALTH AND HUMAN SERVICES**

9 **PART IX-A. AGING**

10 **STRENGTHEN LONG-TERM CARE OMBUDSMAN PROGRAM**

11 **SECTION 9A.1.** Of the funds appropriated in this act to the Department of Health
12 and Human Services, Division of Aging, the sum of three hundred eighty thousand dollars
13 (\$380,000) in recurring funds for each year of the 2025-2027 fiscal biennium shall be used to
14 fund four full-time regional ombudsman positions to move North Carolina toward national
15 standards for long-term care ombudsman programs. These four positions shall be dedicated to
16 the Regional Ombudsman Programs within the Area Agencies on Aging most in need of
17 additional ombudsman support, as determined by the Office of the State Long-Term Care
18 Ombudsman.
19

20 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

21 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

22 **SECTION 9B.1.** The Department of Health and Human Services shall submit to the
23 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
24 Division all reports received under 9 NCAC 03M .0205 from non-State entities, as defined in
25 G.S. 143C-1-1, that are recipients of nonrecurring funds allocated in this Part as a directed grant
26 according to the following schedule:
27

- 28 (1) By November 1, 2026, all reports on the use of directed grant funds received
29 under this Part for the 2025-2026 fiscal year.
- 30 (2) By November 1, 2027, all reports on the use of directed grant funds received
31 under this Part for the 2026-2027 fiscal year.
32

33 **COMMUNITY HEALTH GRANT PROGRAM**

34 **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and
35 Human Services, Division of Central Management, Office of Rural Health, for each year of the
36 2025-2027 fiscal biennium for the Community Health Grant Program shall be used to continue
37 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.
38 2017-57.
39

40 **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about
41 awarding grants under this Program, but no single grant award shall exceed one hundred fifty
42 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health
43 shall consider the availability of other funds for the applicant; the incidence of poverty in the area
44 served by the applicant or the number of indigent clients served by the applicant; the availability
45 of, or arrangements for, after-hours care; and collaboration between the applicant and a
46 community hospital or other safety net organizations.
47

48 **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the
49 following:
50

- 51 (1) Enhance or increase compensation or other benefits of personnel,
administrators, directors, consultants, or any other persons receiving funds for

1 program administration; provided, however, funds may be used to hire or
 2 retain health care providers. The use of grant funds for this purpose does not
 3 obligate the Department of Health and Human Services to continue to fund
 4 compensation beyond the grant period.

5 (2) Supplant existing funds, including federal funds traditionally received by
 6 federally qualified community health centers. However, grant funds may be
 7 used to supplement existing programs that serve the purposes described in
 8 subsection (a) of this section.

9 (3) Finance or satisfy any existing debt.

10 **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand
 11 dollars (\$200,000) of these recurring funds for each year of the 2025-2027 fiscal biennium for
 12 administrative purposes.

13 **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall
 14 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
 15 community health grants that includes at least all of the following information:

- 16 (1) The identity and a brief description of each grantee and each program or
 17 service offered by the grantee.
- 18 (2) The amount of funding awarded to each grantee.
- 19 (3) The number of individuals served by each grantee and, for the individuals
 20 served, the types of services provided to each.
- 21 (4) Any other information requested by the Office of Rural Health as necessary
 22 for evaluating the success of the Community Health Grant Program.

23
 24 **CLARIFICATION RELATED TO EXPANSION OF THE NC LOAN REPAYMENT**
 25 **PROGRAM**

26 **SECTION 9B.4.** Section 9B.4(b)(1) of S.L. 2023-134 reads as rewritten:

- 27 "(1) For eligible providers with educational loan debt, the total amount of loan
 28 repayment incentives awarded shall not exceed the ~~maximum amounts~~
 29 ~~otherwise allowed under the current NC LRP.~~ following amounts:
- 30 a. For the primary care physicians initiative, the total amount of loan
 31 repayment incentives awarded to each eligible primary care physician
 32 shall not exceed the maximum amount otherwise allowed under the
 33 current NC LRP.
 - 34 b. For the behavioral health providers initiative, the total amount of loan
 35 repayment incentives awarded to each eligible provider shall not
 36 exceed fifty thousand dollars (\$50,000).
 - 37 c. For the nurse initiative, the total amount of loan repayment incentives
 38 awarded to each eligible provider shall not exceed fifty thousand
 39 dollars (\$50,000)."

40
 41 **MANAGEMENT FLEXIBILITY FOR THE DEPARTMENT OF HEALTH AND**
 42 **HUMAN SERVICES TO EXPEND CERTAIN ARPA TEMPORARY SAVINGS**
 43 **FUND APPROPRIATIONS FOR PURPOSES RELATED TO CHILD AND FAMILY**
 44 **WELL-BEING**

45 **SECTION 9B.5.** The Department of Health and Human Services (DHHS) may
 46 allocate any unexpended funds remaining from the appropriations described in Section 9B.9(a)
 47 of S.L. 2023-134 to the Division of Child Welfare and Family Well-Being; the Division of
 48 Mental Health, Developmental Disabilities, and Substance Use Services; and the Division of
 49 Social Services in the amounts and for the programs and initiatives the DHHS deems necessary,
 50 as long as the programs and initiatives are consistent with the purposes described in subdivisions
 51 (a)(1) and (a)(2) of Section 9B.9 of S.L. 2023-134.

1
2 **MANAGEMENT FLEXIBILITY REGARDING MANDATORY VACANT POSITION**
3 **ELIMINATIONS**

4 **SECTION 9B.6.** The Department of Health and Human Services (Department) shall
5 achieve net General Fund savings in the amount of at least ten million dollars (\$10,000,000) in
6 recurring funds for each year of the 2025-2027 fiscal biennium through the elimination of vacant
7 positions. To achieve the savings required by this section, the Department may eliminate any
8 vacant position that is not under the jurisdiction of the following divisions:

- 9 (1) The Division of Aging.
10 (2) The Division of Public Health.
11 (3) The Division of State-Operated Health Care Facilities.
12

13 **ADMINISTRATIVE REORGANIZATION OF THE FUNCTIONS, POWERS, DUTIES,**
14 **AND PERSONNEL OF THE OFFICE OF HEALTH EQUITY**

15 **SECTION 9B.7.(a)** All statutory authority, functions, powers, and duties, including
16 rulemaking, budgeting, purchasing, records, personnel, personnel positions, salaries, property,
17 and unexpended balances of appropriations, allocations, reserves, support costs, and other funds
18 allocated to the Department of Health and Human Services, Division of Central Management and
19 Support, Office of Health Equity (Office of Health Equity), for the elimination of health
20 disparities, the improvement of health access issues, and the performance of any other functions,
21 powers, and duties under the jurisdiction of the Office of Health Equity prior to July 1, 2025, are
22 transferred to, vested in, and consolidated within the Department of Health and Human Services,
23 Division of Public Health (Division of Public Health).

24 **SECTION 9B.7.(b)** All equipment, supplies, or other properties rented or controlled
25 by the Office of Health Equity prior to July 1, 2025, shall be administered by the Division of
26 Public Health.

27 **SECTION 9B.7.(c)** In accordance with Article III, Section 5(10) of the North
28 Carolina Constitution, which authorizes the General Assembly to "prescribe the functions,
29 powers, and duties of the administrative departments and agencies of the State" and to "alter them
30 from time to time," the Governor and the Department of Health and Human Services shall refrain
31 from creating a separate division, office, or section within the Department to perform any of the
32 functions, powers, or duties under the jurisdiction of the Office of Health Equity prior to July 1,
33 2025.

34 **SECTION 9B.7.(d)** G.S. 143B-138.1(c)(6) is repealed.
35

36 **EXPANSION OF LAPSED SALARY REPORT PROVIDED BY DHHS TO THE JOINT**
37 **LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN**
38 **SERVICES**

39 **SECTION 9B.8.** G.S. 120-208.4(b) reads as rewritten:

40 "(b) Beginning no later than November 1, 2012, and annually thereafter, the Department
41 of Health and Human Services shall submit a report to the Joint Legislative Oversight Committee
42 on Health and Human Services and the Fiscal Research Division on the use of lapsed salary funds
43 by each Division within the Department. For each Division, the report shall include the following
44 information about the preceding State fiscal year:

- 45 (1) The total amount of lapsed salary funds.
46 (2) The number of full-time equivalent positions comprising the lapsed salary
47 funds.
48 (3) The Fund Code for each full-time equivalent position included in the number
49 reported pursuant to subdivision (2) of this section.
50 (4) The purposes for which the Department expended lapsed salary funds.

1 (5) The amount of any lapsed salary funds expended by the Department, broken
2 down by the original source of funds. For the purpose of this subdivision, "the
3 original source of funds" means (i) the General Fund, (ii) federal funds, or (iii)
4 other departmental receipts as defined in G.S. 143C-1-1, excluding federal
5 funds."
6

7 **PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]**
8

9 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**
10

11 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED**
12 **FACILITIES**

13 **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,
14 Division of Child Development and Early Education, shall continue implementing the
15 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4
16 years of age on or before August 31 of the program year. In determining eligibility, the Division
17 shall establish income eligibility requirements for the program not to exceed seventy-five percent
18 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have
19 family incomes in excess of seventy-five percent (75%) of median income if those children have
20 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the
21 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the
22 United States, including the North Carolina National Guard, State military forces, or a reserve
23 component of the Armed Forces who was ordered to active duty by the proper authority within
24 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the
25 Armed Forces of the United States, including the North Carolina National Guard, State military
26 forces, or a reserve component of the Armed Forces who was injured or killed while serving on
27 active duty. Eligibility determinations for NC Pre-K participants may continue through local
28 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

29 Other than developmental disabilities or other chronic health issues, the Division shall
30 not consider the health of a child as a factor in determining eligibility for participation in the NC
31 Pre-K program.

32 **SECTION 9D.1.(a1)** Staff-To-Child Ratio and Class Size. – The classroom shall not
33 exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children,
34 with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or
35 less shall have at least one teacher. The Child Care Commission shall adopt any rules and the
36 Division of Child Development and Early Education shall revise any rules or policies necessary
37 to implement the provisions of this subsection.

38 **SECTION 9D.1.(b)** Multiyear Contracts. – The Division of Child Development and
39 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed
40 private child care centers providing NC Pre-K classrooms.

41 **SECTION 9D.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private
42 child care facilities and public schools operating NC Pre-K classrooms shall meet the building
43 standards for preschool students as provided in G.S. 115C-521.1.

44 **SECTION 9D.1.(d)** Programmatic Standards. – Except as provided in subsection (c)
45 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies
46 prescribed by the Division of Child Development and Early Education regarding programmatic
47 standards and classroom requirements.

48 **SECTION 9D.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use
49 the standard decision-making process developed by the Division of Child Development and Early
50 Education in awarding NC Pre-K classroom slots and student selection.

1 **SECTION 9D.1.(f)** Reporting. – The Division of Child Development and Early
 2 Education shall submit an annual report no later than March 15 of each year to the Joint
 3 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and
 4 Management, and the Fiscal Research Division. The report shall include the following:

- 5 (1) The number of children participating in the NC Pre-K program by county.
- 6 (2) The number of children participating in the NC Pre-K program who have
 7 never been served in other early education programs such as child care, public
 8 or private preschool, Head Start, Early Head Start, or early intervention
 9 programs.
- 10 (3) The expected NC Pre-K expenditures for the programs and the source of the
 11 local contributions.
- 12 (4) The results of an annual evaluation of the NC Pre-K program.

13 **SECTION 9D.1.(g)** Audits. – The administration of the NC Pre-K program by local
 14 partnerships shall be subject to the financial and compliance audits authorized under
 15 G.S. 143B-168.14(b).

16
 17 **NC PRE-K/REPORT ON REALLOCATION OF UNUSED SLOTS**

18 **SECTION 9D.2.** The Department of Health and Human Services, Division of Child
 19 Development and Early Education (Division), shall submit a report to the Joint Legislative
 20 Oversight Committee on Health and Human Services and the Fiscal Research Division by March
 21 1, 2026, on how unused slots are reallocated in the NC Prekindergarten (NC Pre-K) program.
 22 The report shall include, at a minimum, the following:

- 23 (1) A description of the number of unused slots following the 2022-2023 program
 24 year.
- 25 (2) Options for changes to the administration of the program that would allow
 26 unused slots to be used by counties that have waiting lists of eligible children
 27 and sufficient providers to use those slots that program year.
- 28 (3) Any other information the Division deems relevant to the issue of chronically
 29 unused NC Pre-K slots.

30
 31 **CHILD CARE SUBSIDY RATES**

32 **SECTION 9D.3.(a)** The maximum gross annual income for initial eligibility,
 33 adjusted annually, for subsidized child care services shall be determined based on a percentage
 34 of the federal poverty level as follows:

35 AGE	INCOME PERCENTAGE LEVEL
36 0 – 5	200%
37 6 – 12	133%

38 The eligibility for any child with special needs, including a child who is 13 years of
 39 age or older, shall be two hundred percent (200%) of the federal poverty level.

40 **SECTION 9D.3.(b)** The fees for families who are required to share in the cost of
 41 care are established based on ten percent (10%) of gross family income. Effective August 1,
 42 2026, the fees for families who are required to share in the cost of care are established based on
 43 seven percent (7%) of gross family income. When care is received at the blended rate, the
 44 copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for
 45 part-time care shall be seventy-five percent (75%) of the full-time copayment.

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

- 48 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
 49 and licensed child care centers and homes that meet the minimum licensing
 50 standards that are participating in the subsidized child care program shall be

1 paid the one-star county market rate or the rate they charge privately paying
2 parents unless prohibited by subsection (f) of this section.

3 (2) Licensed child care centers and homes with two or more stars shall receive the
4 market rate for that rated license level for that age group unless prohibited by
5 subsection (g) of this section.

6 (3) No payments shall be made for transportation services charged by child care
7 facilities.

8 (4) Payments for subsidized child care services for postsecondary education shall
9 be limited to a maximum of 20 months of enrollment. This shall not be
10 determined before a family's annual recertification period.

11 (5) The Department of Health and Human Services shall implement necessary
12 rule changes to restructure services, including, but not limited to, targeting
13 benefits to employment.

14 **SECTION 9D.3.(d)** Provisions of payment rates for child care providers in counties
15 that do not have at least 50 children in each age group for center-based and home-based care are
16 as follows:

17 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
18 be set at the statewide or regional market rate for licensed child care centers
19 and homes.

20 (2) If it can be demonstrated that the application of the statewide or regional
21 market rate to a county with fewer than 50 children in each age group is lower
22 than the county market rate and would inhibit the ability of the county to
23 purchase child care for low-income children, then the county market rate may
24 be applied.

25 **SECTION 9D.3.(e)** A market rate shall be calculated for child care centers and
26 homes at each rated license level for each county and for each age group or age category of
27 enrollees and shall be representative of fees charged to parents for each age group of enrollees
28 within the county. The Division of Child Development and Early Education shall also calculate
29 a statewide rate and regional market rate for each rated license level for each age category.

30 **SECTION 9D.3.(f)** The Division of Child Development and Early Education shall
31 continue implementing policies that improve the quality of child care for subsidized children,
32 including a policy in which child care subsidies are paid, to the extent possible, for child care in
33 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
34 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate
35 number of four- and five-star-rated facilities, the Division shall continue a transition period that
36 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
37 star ratings. The Division may allow exemptions in counties where there is an inadequate number
38 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

39 **SECTION 9D.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
40 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
41 that provides for the purchase of care in child care facilities for minor children of needy families.
42 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
43 be used to select facilities to participate. In addition, child care facilities shall be required to meet
44 any additional applicable requirements of federal law or regulations. Child care arrangements
45 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
46 meet the requirements established by other State law and by the Social Services Commission.

47 County departments of social services or other local contracting agencies shall not
48 use a provider's failure to comply with requirements in addition to those specified in this
49 subsection as a condition for reducing the provider's subsidized child care rate.

50 **SECTION 9D.3.(h)** Payment for subsidized child care services provided with
51 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations

1 and policies issued by the Division of Child Development and Early Education for the subsidized
2 child care program.

3 **SECTION 9D.3.(i)** Noncitizen families who reside in this State legally shall be
4 eligible for child care subsidies if all other conditions of eligibility are met. Noncitizen families
5 who reside in this State illegally shall be eligible for child care subsidies only if all other
6 conditions of eligibility are met and the child for whom child care subsidy is sought is a citizen
7 of the United States.

8 **SECTION 9D.3.(j)** The Department of Health and Human Services, Division of
9 Child Development and Early Education, shall require all county departments of social services
10 to include on any forms used to determine eligibility for child care subsidy whether the family
11 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

12 **SECTION 9D.3.(k)** Department of Defense-certified child care facilities licensed
13 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
14 provides for the purchase of care in child care facilities for minor children in needy families,
15 provided that funds allocated from the State-subsidized child care program to Department of
16 Defense-certified child care facilities shall supplement and not supplant funds allocated in
17 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
18 Department of Defense-certified child care facilities and who are eligible to receive subsidized
19 child care shall be as set forth in this section.

20 **CHILD CARE ALLOCATION FORMULA**

21 **SECTION 9D.4.(a)** The Department of Health and Human Services, Division of
22 Child Development and Early Education (Division), shall allocate child care subsidy voucher
23 funds to pay the costs of necessary child care for minor children of needy families. The
24 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
25 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
26 allocation. The Department of Health and Human Services shall use the following method when
27 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
28 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:
29

- 30 (1) Funds shall be allocated to a county based upon the projected cost of serving
31 children under age 11 in families with all parents working who earn less than
32 the applicable federal poverty level percentage set forth in Section 9D.3(a) of
33 this act.
- 34 (2) The Division may withhold up to two percent (2%) of available funds from
35 the allocation formula for (i) preventing termination of services throughout
36 the fiscal year and (ii) repayment of any federal funds identified by counties
37 as overpayments, including overpayments due to fraud. The Division shall
38 allocate to counties any funds withheld before the end of the fiscal year when
39 the Division determines the funds are not needed for the purposes described
40 in this subdivision. The Division shall submit a report to the Joint Legislative
41 Oversight Committee on Health and Human Services and the Fiscal Research
42 Division, which report shall include each of the following:
- 43 a. The amount of funds used for preventing termination of services and
44 the repayment of any federal funds.
 - 45 b. The date the remaining funds were distributed to counties.
 - 46 c. As a result of funds withheld under this subdivision and after funds
47 have been distributed, any counties that did not receive at least the
48 amount the counties received the previous year and the amount by
49 which funds were decreased.

1 The Division shall submit a report in each year of the 2025-2027 fiscal
2 biennium 30 days after the funds withheld pursuant to this subdivision are
3 distributed but no later than April 1 of each respective year.

- 4 (3) The Division shall set aside four percent (4%) of child care subsidy allocations
5 for vulnerable populations, which include a child identified as having special
6 needs and a child whose application for assistance indicates that the child and
7 the child's family is experiencing homelessness or is in a temporary living
8 situation. A child identified by this subdivision shall be given priority for
9 receiving services until such time as set-aside allocations for vulnerable
10 populations are exhausted.

11 **SECTION 9D.4.(b)** The Division may reallocate unused child care subsidy voucher
12 funds in order to meet the child care needs of low-income families. Any reallocation of funds
13 shall be based upon the expenditures of all child care subsidy voucher funding, including North
14 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
15 levels within the funds allocated to the counties. A county with a spending coefficient over one
16 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
17 before receiving any reallocated funds.

18 **SECTION 9D.4.(c)** When implementing the formula under subsection (a) of this
19 section, the Division shall include the market rate increase in the formula process rather than
20 calculate the increases outside of the formula process. Additionally, the Department shall do the
21 following:

- 22 (1) Deem a county's initial allocation as the county's expenditure in the previous
23 fiscal year or a prorated share of the county's previous fiscal year expenditures
24 if sufficient funds are not available.
25 (2) Effective immediately following the next new decennial census data release,
26 implement (i) one-third of the change in a county's allocation in the year
27 following the data release, (ii) an additional one-third of the change in a
28 county's allocation beginning two years after the initial change under this
29 subdivision, and (iii) the final one-third change in a county's allocation
30 beginning the following two years thereafter.

31 SMART START INITIATIVES

32 **SECTION 9D.5.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
33 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s,
34 mission of improving child care quality in North Carolina for children from birth to 5 years of
35 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child
36 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated
37 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State
38 funding for local partnerships shall also be used for evidence-based or evidence-informed
39 programs for children from birth to 5 years of age that do the following:

- 40 (1) Increase children's literacy.
41 (2) Increase the parents' ability to raise healthy, successful children.
42 (3) Improve children's health.
43 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

44 **SECTION 9D.5.(b)** Administration. – Administrative costs shall be equivalent to,
45 on an average statewide basis for all local partnerships, not more than ten percent (10%) of the
46 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
47 costs shall include costs associated with partnership oversight, business and financial
48 management, general accounting, human resources, budgeting, purchasing, contracting, and
49 information systems management. The North Carolina Partnership for Children, Inc., shall
50 continue using a single statewide contract management system that incorporates features of the
51

1 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
2 partnerships are required to participate in the contract management system and, directed by the
3 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
4 other local partnerships to increase efficiency and effectiveness.

5 **SECTION 9D.5.(c) Salaries.** – The salary schedule developed and implemented by
6 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
7 that may be used for the salary of the Executive Director of the North Carolina Partnership for
8 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
9 Children, Inc., shall base the schedule on the following criteria:

- 10 (1) The population of the area serviced by a local partnership.
- 11 (2) The amount of State funds administered.
- 12 (3) The amount of total funds administered.
- 13 (4) The professional experience of the individual to be compensated.
- 14 (5) Any other relevant factors pertaining to salary, as determined by the North
15 Carolina Partnership for Children, Inc.

16 The salary schedule shall be used only to determine the maximum amount of State
17 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
18 a local partnership from using non-State funds to supplement an individual's salary in excess of
19 the amount set by the salary schedule established under this subsection.

20 **SECTION 9D.5.(d) Match Requirements.** – The North Carolina Partnership for
21 Children, Inc., and all local partnerships shall, in the aggregate, be required to apply the match
22 percentages specified in this section to the total amount budgeted for the program in each fiscal
23 year of the 2025-2027 biennium. Of the funds that the North Carolina Partnership for Children,
24 Inc., and the local partnerships are required to match, contributions of cash shall be equal to at
25 least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six
26 percent (6%) for a total match requirement of nineteen percent (19%) for each year of the
27 2025-2027 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward
28 any amount in excess of the required match for a fiscal year in order to meet the match
29 requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall
30 be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind
31 contribution for the purpose of the match requirement of this subsection. Volunteer services that
32 qualify as professional services shall be valued at the fair market value of those services. All
33 other volunteer service hours shall be valued at the statewide average wage rate as calculated
34 from data compiled by the Division of Employment Security of the Department of Commerce in
35 the Employment and Wages in North Carolina Annual Report for the most recent period for
36 which data are available. Expenses, including both those paid by cash and in-kind contributions,
37 incurred by other participating non-State entities contracting with the North Carolina Partnership
38 for Children, Inc., or the local partnerships also may be considered resources available to meet
39 the required private match. In order to qualify to meet the required private match, the expenses
40 shall:

- 41 (1) Be verifiable from the contractor's records.
- 42 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
43 generally accepted accounting principles for nonprofit organizations.
- 44 (3) Not include expenses funded by State funds.
- 45 (4) Be supplemental to and not supplant preexisting resources for related program
46 activities.
- 47 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
48 be necessary and reasonable for the proper and efficient accomplishment of
49 the Program's objectives.
- 50 (6) Be otherwise allowable under federal or State law.

1 (7) Be required and described in the contractual agreements approved by the
2 North Carolina Partnership for Children, Inc., or the local partnership.

3 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
4 partnership by the contractor in the same manner as reimbursable expenses.

5 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
6 2025-2027 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
7 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
8 responsible for compiling information on the private cash and in-kind contributions into a report,
9 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
10 verification by the Department of Revenue. The North Carolina Partnership for Children, Inc.,
11 shall provide a copy of the annual report to the Department of Health and Human Services,
12 Division of Child Development and Early Education. The same match requirements shall apply
13 to any expansion funds appropriated by the General Assembly.

14 **SECTION 9D.5.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,
15 and all local partnerships shall use competitive bidding practices in contracting for goods and
16 services on contract amounts as follows:

17 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
18 by a written policy as developed by the Board of Directors of the North
19 Carolina Partnership for Children, Inc.

20 (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen
21 thousand dollars (\$15,000), three written quotes.

22 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty
23 thousand dollars (\$40,000), a request for proposal process.

24 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
25 proposal process and advertising in a major newspaper.

26 **SECTION 9D.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,
27 shall not reduce the allocation for counties with less than 35,000 in population below the
28 2012-2013 funding level.

29 **SECTION 9D.5.(g)** Performance-Based Evaluation. – The Department of Health
30 and Human Services shall continue to implement the performance-based evaluation system.

31 **SECTION 9D.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)
32 of this section, the Department of Health and Human Services and the North Carolina Partnership
33 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
34 Development Initiatives for the 2025-2027 fiscal biennium shall be administered and distributed
35 in the following manner:

36 (1) Capital expenditures are prohibited for the 2025-2027 fiscal biennium. For the
37 purposes of this section, "capital expenditures" means expenditures for capital
38 improvements as defined in G.S. 143C-1-1(d)(5).

39 (2) Expenditures of State funds for advertising and promotional activities are
40 prohibited for the 2025-2027 fiscal biennium.

41 For the 2025-2027 fiscal biennium, local partnerships shall not spend any State funds
42 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
43 any private funds the local partnerships receive on those activities.

44 **SECTION 9D.5.(i)** Notwithstanding subsection (h) of this section, the North
45 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
46 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall
47 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
48 for fundraising. The report shall include the following:

49 (1) The amount of funds expended on fundraising.

50 (2) Any return on fundraising investments.

51 (3) Any other information deemed relevant.

1
2 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION**
3 **LIBRARY**

4 **SECTION 9D.6.(a)** A portion of the funds allocated in this act to the North Carolina
5 Partnership for Children, Inc., from the Department of Health and Human Services, shall
6 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy
7 program that mails age-appropriate books on a monthly basis to children registered for the
8 program.

9 **SECTION 9D.6.(b)** The North Carolina Partnership for Children, Inc., may use up
10 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
11 of the funds for program evaluation. Funds allocated under this section shall not be subject to
12 administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be
13 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
14 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
15 Section 9D.5(d) of this act.

16 **SECTION 9D.6.(c)** The North Carolina Partnership for Children, Inc., shall submit
17 a report based on its evaluation of the program pursuant to subsection (b) of this section by
18 December 1 of each even-numbered year to the Joint Legislative Oversight Committee on Health
19 and Human Services and the Fiscal Research Division. The report shall include, at a minimum,
20 each of the following:

- 21 (1) How the program impacts a child's reading skills and literacy development.
 - 22 (2) The program's overall success regarding participation rates, book distribution,
23 and community involvement.
 - 24 (3) An analysis of the program's long-term sustainability, including any
25 recommendations for program improvement.
- 26

27 **INCREASE CHILD CARE SUBSIDY REIMBURSEMENT RATES**

28 **SECTION 9D.7.** Beginning October 1, 2025, the Department of Health and Human
29 Services, Division of Child Development and Early Education, shall increase the child care
30 subsidy market rates to the seventy-fifth percentile as recommended by the 2023 Child Care
31 Market Rate Study for children in three-, four-, and five-star-rated child care centers and homes.
32

33 **EXEMPT CERTAIN DEPARTMENT OF DEFENSE FAMILY CHILD CARE HOMES**
34 **FROM CHILD CARE LICENSURE**

35 **SECTION 9D.8.** Article 7 of Chapter 110 of the General Statutes is amended by
36 adding a new section to read:

37 **"§ 110-106.3. Exemption for certain Department of Defense family child care homes from**
38 **child care licensure requirements.**

39 (a) The provisions of this Article shall not apply to a family child care home operating in
40 this State and located outside of the boundaries of a military installation if the family child care
41 home has a certificate issued by the United States Department of Defense (DOD) or the United
42 States Coast Guard to provide child care and has completed background screening by the DOD
43 pursuant to 34 U.S.C. § 20351 and 32 C.F.R. Part 86 and received a favorable suitability and
44 fitness determination. This exemption applies to DOD family child care home operators
45 providing child care exclusively to children eligible for care under the DOD Instruction 6060.02.

46 (b) A family child care home seeking to operate pursuant to this section shall register
47 with the Department. The individual at each military installation who provides oversight of
48 family child care homes shall be responsible for registering the family child care home operating
49 under this section with the Department. The Department shall establish and maintain a registry
50 in accordance with this section and the registry shall be used for the following limited purposes:

- 1 (1) Ensuring the DOD family child care home is fully compliant with all DOD
2 requirements to operate the family child care home.
- 3 (2) Certifying that the following State safety provisions are met for the dwelling
4 unit in which the DOD family child care home is located:
- 5 a. Rooms and areas within a family child care home where occupants
6 receive care are located on the same level of exit discharge.
- 7 b. Rooms and areas within a family child care home where occupants
8 receive care are located on the same level with, and within a maximum
9 of 40 feet travel distance to, at least one 2A:10B:C fire extinguisher.
- 10 c. The family child care home has and maintains a Fire Safety,
11 Evacuation, and Lockdown Plan compliant with Section 404 of the
12 North Carolina Fire Code.
- 13 d. The family child care home has carbon monoxide alarm and detection
14 systems compliant with Section R315 of the North Carolina
15 Residential Code.
- 16 e. The family child care home has smoke alarms compliant with Section
17 51 R314 of the North Carolina Residential Code.
- 18 (3) Receiving confirmation from the person operating the DOD family child care
19 home that the family child care home is within the same dwelling unit
20 occupied by the operator.
- 21 (4) Confirming inquiries regarding a DOD family child care home are directed to
22 the appropriate regulatory authority having oversight of family child care
23 homes for the respective military installation.
- 24 (c) The regulatory authority having oversight of family child care homes for the
25 respective military installation shall provide the Department with any updates to the registry on
26 a quarterly basis. The regulatory authority having oversight of family child care homes for the
27 respective military installation shall immediately notify the Department when the DOD adds or
28 removes a family child care home operating under this section from the registry or closes a family
29 child care home for cause.
- 30 (d) A DOD family child care home that meets the requirements of this section shall be
31 exempt from all other requirements of this Article and shall not be subject to licensure."

CHILD CARE REGULATORY REFORMS

34 **SECTION 9D.9.(a)** The General Assembly recognizes the need to balance
35 maintaining critical health, safety, and welfare standards for child care, as well as a
36 well-established rating system used for informational purposes, with the need to move toward
37 maximizing State funds for child care and increasing the supply of child care from State-funded
38 sources. The General Assembly further recognizes the importance of weighing the need to
39 decrease the cost of child care through deregulatory actions and at the same time maintain child
40 care subsidy reimbursement rates. The purpose of this provision, in part, is to encourage the
41 business community to partner with the State in achieving this goal.

42 **SECTION 9D.9.(b)** To that end, by May 1, 2026, the Department of Health and
43 Human Services, Division of Child Development and Early Education (Division), shall develop
44 a proposed plan to separate the quality rating improvement system (QRIS) from the requirements
45 and payments for participation in the State-subsidized child care program using the market rate
46 study required by subsection (c) of this section and make recommendations on implementation
47 of the plan while meeting the federal Child Care and Development Fund requirements. The
48 Division shall submit the proposed plan to the chairs of the House and Senate Appropriations
49 Committees, the chairs of the House and Senate Appropriations Committees on Health and
50 Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and
51 the Fiscal Research Division by May 1, 2026. The current plan will stay in full force and effect

1 until such time as the General Assembly first approves and adopts the proposed plan and any
2 amendments to that plan and then the federal government approves the proposed plan and any
3 amendments.

4 **SECTION 9D.9.(c)** The Division shall complete a new market rate study by May 1,
5 2026. This market rate study shall be made available to the public by May 1, 2026. The Division
6 shall ensure that the market rate study includes potential rates that are not segmented by
7 star-rating and new market rates for the QRIS system. The Division shall not implement new
8 reimbursement rates unless approved by the federal Administration of Children and Families and
9 authorized to do so by the General Assembly.

10 **SECTION 9D.9.(d)** Nothing in subsections (a) through (c) of this section shall be
11 construed as impacting the star-rating requirements for the NC Prekindergarten (NC Pre-K)
12 program.

13 **SECTION 9D.9.(e)** G.S. 110-86(5a) reads as rewritten:

14 "(5a) Lead teacher. – An individual who is responsible for planning and
15 implementing the daily program of activities for ~~a group~~ no more than two
16 groups of children in a child care facility."

17 **SECTION 9D.9.(f)** G.S. 110-91 reads as rewritten:

18 **"§ 110-91. Mandatory standards for a license.**

19 All child care facilities shall comply with all State laws and federal laws and local ordinances
20 that pertain to child health, safety, and welfare. Except as otherwise provided in this Article, the
21 standards in this section shall be complied with by all child care facilities. ~~However, none~~
22 Notwithstanding any provision of law or rule to the contrary, any building and grounds which
23 are currently approved for school occupancy and which house a public or private elementary or
24 middle school shall be deemed to have met the space and equipment, sanitation, fire, and building
25 code requirements for a licensed child care facility when the building and grounds are serving
26 the same, or a subset of the same, school-age children in an out-of-school child care program.
27 None of the standards in this section apply to the school-age children of the operator of a child
28 care facility but do apply to the preschool-age children of the operator. Children 13 years of age
29 or older may receive child care on a voluntary basis provided all applicable required standards
30 are met. The standards in this section, along with any other applicable State laws and federal laws
31 or local ordinances, shall be the required standards for the issuance of a license by the Secretary
32 under the policies and procedures of the Commission except that the Commission may, in its
33 discretion, adopt less stringent standards for the licensing of facilities which provide care on a
34 temporary, part-time, drop-in, seasonal, after-school or other than a full-time basis.

35 ...

36 (6) Space and Equipment Requirements. – There shall be no less than 25 square
37 feet of indoor space for each child for which a child care center is licensed,
38 exclusive of closets, passageways, kitchens, and bathrooms, and this floor
39 space shall provide during rest periods 200 cubic feet of airspace per child for
40 which the center is licensed. There shall be adequate outdoor play area for
41 each child under rules adopted by the Commission which shall be related to
42 the size of center and the availability and location of outside land area. In no
43 event shall the minimum required exceed 75 square feet per child. The outdoor
44 area shall be protected to assure the safety of the children receiving child care
45 by an adequate fence or other protection. A center operated in a public school
46 shall be deemed to have adequate fencing protection. A center operating
47 exclusively during the evening and early morning hours, between 6:00 P.M.
48 and 6:00 A.M., need not meet the outdoor play area requirements mandated
49 by this subdivision.

50 Each child care facility shall provide indoor area equipment and
51 furnishings that are child size, sturdy, safe, and in good repair. Each child care

1 facility that provides outdoor area equipment and furnishings shall provide
 2 outdoor area equipment and furnishings that are child size, sturdy, free of
 3 hazards that pose a threat of serious injury to children while engaged in normal
 4 play activities, and in good repair. The Commission shall adopt standards to
 5 establish minimum requirements for equipment appropriate for the size of
 6 child care facility. Space shall be available for proper storage of beds, cribs,
 7 mats, cots, sleeping garments, and linens as well as designated space for each
 8 child's personal belongings.

9 The Division of Child Development of the Department of Health and
 10 Human Services shall establish and implement a policy that defines any
 11 building which is currently approved for school occupancy and which houses
 12 a public or private elementary or middle school to include the playgrounds
 13 and athletic fields as part of the school building when that building is used to
 14 serve school-age children in ~~after school~~ out-of-school child care programs.
 15 ~~Playgrounds and athletic fields referenced in this section that do not meet~~
 16 ~~licensure standards promulgated by the North Carolina Child Care~~
 17 ~~Commission shall be noted on the program's licensure and rating information.~~

18"

19 **SECTION 9D.9.(g)** The Child Care Commission shall adopt or amend any rules to
 20 ensure uniformity and consistency in application of the exemptions for school-age children in
 21 out-of-school child care programs as provided in subsections (e) and (f) of this section.

22 **SECTION 9D.9.(h)** G.S. 110-91(7)a. reads as rewritten:

23 "a. The Commission shall adopt rules for child care centers regarding
 24 staff-child ratios, group sizes and multi-age groupings other than for
 25 infants and toddlers, provided that these rules shall be no less stringent
 26 than those currently required for staff-child ratios as enacted in Section
 27 156(e) of Chapter 757 of the 1985 Session Laws. Each lead teacher
 28 shall support no more than two groups.

29 1. Except as otherwise provided in this subdivision, the
 30 staff-child ratios and group sizes for infants and toddlers in
 31 child care centers shall be no more than as follows:

<u>Age</u>	<u>Ratio Staff/Children</u>	<u>Group Size</u>
0 to 12 months	1/5	10 <u>15</u>
12 to 24 months	1/6	12 <u>18</u>
2 to 3 years	1/10	20.

36 No child care center shall care for more than 25 children in one
 37 group. Child care centers providing care for 26 or more
 38 children shall provide for two or more groups according to the
 39 ages of children and shall provide separate supervisory
 40 personnel and separate identifiable space for each group.

41 1a. If a child care center is operating under voluntary enhanced
 42 requirements, the maximum group size for toddlers aged 2 to
 43 3 years may be increased from 18 to 20 children when the child
 44 care center maintains a 1/9 staff-child ratio.

45 1b. If a child care center is operating under the highest voluntary
 46 enhanced requirements, the child care center may use the
 47 following maximum group sizes for infants and toddlers when
 48 the child care center maintains staff-child ratios as provided
 49 herein:

<u>Age</u>	<u>Ratio Staff/Children</u>	<u>Group Size</u>
0 to 12 months	<u>1/4</u>	<u>12</u>

1	<u>12 to 24 months</u>	<u>1/5</u>	<u>15</u>
2	<u>2 to 3 years</u>	<u>1/8</u>	<u>20.</u>
3"		

SECTION 9D.9.(i) G.S. 110-91(8) reads as rewritten:

"(8) Qualifications for Staff. – Qualifications for child care staff are as follows:

- 6 a. All child care center administrators shall be at least 21 years of age.
 7 All child care center administrators shall have the North Carolina
 8 Early Childhood Administration Credential or its equivalent as
 9 determined by the Department. All child care administrators
 10 performing administrative duties as of the date this act becomes law
 11 and child care administrators who assume administrative duties at any
 12 time after this act becomes law and until September 1, 1998, shall
 13 obtain the required credential by September 1, 2000. Child care
 14 administrators who assume administrative duties after September 1,
 15 1998, shall begin working toward the completion of the North Carolina
 16 Early Childhood Administration Credential or its equivalent within six
 17 months after assuming administrative duties and shall complete the
 18 credential or its equivalent within two years after beginning work to
 19 complete the credential. Each child care center shall be under the
 20 direction or supervision of a person meeting these requirements. All
 21 staff counted toward meeting the required staff-child ratio shall be at
 22 least 16 years of age, provided that persons younger than 18 years of
 23 age work under the direct supervision of a credentialed staff person
 24 who is at least 21 years of age.
- 25 b. All lead teachers in a child care center shall have at least a North
 26 Carolina Early Childhood Credential or its equivalent as determined
 27 by the Department. Lead teachers shall either (i) be enrolled in the
 28 North Carolina Early Childhood Credential coursework or its
 29 equivalent as determined by the Department within six months after
 30 becoming employed as a lead teacher or within six months after this
 31 act becomes law, whichever is later, and shall complete the credential
 32 or its equivalent within 18 months after ~~enrollment~~ enrollment or (ii)
 33 have a minimum of five years of documented experience teaching in a
 34 licensed child care facility in this State which shall be deemed
 35 equivalent to the North Carolina Early Childhood Credential.
- 36 c. Only administrators and lead teachers in licensed child care centers are
 37 required to have a North Carolina Early Childhood Credential or its
 38 equivalent as determined by the Department. All other staff shall meet
 39 the standards established by the Commission for their positions that do
 40 not include a North Carolina Early Childhood Credential or its
 41 equivalent as determined by the Department.
- 42 d. For child care centers licensed to care for 200 or more children, the
 43 Department, in collaboration with the North Carolina Institute for
 44 Early Childhood Professional Development, shall establish categories
 45 to recognize the levels of education achieved by child care center
 46 administrators and teachers who perform administrative functions.
 47 The Department shall use these categories to establish appropriate
 48 staffing based on the size of the center and the individual staff
 49 responsibilities.
- 50 e. Effective January 1, 1998, an operator of a licensed family child care
 51 home shall be at least 21 years old and have a high school diploma or

1 its equivalent. Operators of a family child care home licensed prior to
2 January 1, 1998, shall be at least 18 years of age and literate. Literate
3 is defined as understanding licensing requirements and having the
4 ability to communicate with the family and relevant emergency
5 personnel. Any operator of a licensed family child care home shall be
6 the person on-site providing child care.

7 f. The Commission shall adopt standards to establish appropriate
8 qualifications for all staff in child care centers. These standards shall
9 reflect training, experience, education and credentialing and shall be
10 appropriate for the size center and the level of individual staff
11 responsibilities. It is the intent of this provision to guarantee that all
12 children in child care are cared for by qualified people. Pursuant to
13 G.S. 110-106, no requirements may interfere with the teachings or
14 doctrine of any established religious organization. The staff
15 qualification requirements of this subdivision do not apply to
16 religious-sponsored child care facilities pursuant to G.S. 110-106."

17 **SECTION 9D.9.(j)** Caregivers for children aged 0 to 24 months shall meet the
18 Federal Child Care and Development Block Grant health and safety standards as well as the
19 provisions contained in the following North Carolina Child Care Commission rules:

- 20 (1) 10A NCAC 09 .0511 – "Daily Routines for Children Under Two Years of
21 Age."
22 (2) 10A NCAC 09 .1801 – "Supervision in Child Care Centers."
23 (3) 10A NCAC 09 .1802 – "Staff/Child Interactions."

24 For the care of children aged 0-24 months, child care center operators shall have the
25 option to either employ a lead teacher or a caregiver meeting the standards set forth in this
26 subsection.

27 **SECTION 9D.9.(k)** Section 8 of S.L. 2024-34 is amended by adding a new
28 subsection to read:

29 "**SECTION 8.(a1)** In modifying the quality rating improvement system (QRIS), the Division
30 of Child Development and Early Education shall ensure a North Carolina Early Childhood
31 Credential based on five years of work experience in a licensed child care facility in this State is
32 treated as equivalent to when that credential is earned through other pathways for purposes of
33 awarding a star-rating."

34 **SECTION 9D.9.(l)** The Weikart Youth Program Quality Assessment ("Weikart
35 Program") shall be added as an assessment tool for evaluating out-of-school child care programs
36 and awarding of a star-rating. The Department of Health and Human Services, Division of Child
37 Development and Early Education, shall complete the necessary crosswalk evaluation of the
38 Weikart Program and have it available for applicants to use not later than one year after the date
39 this section becomes law.

40 **SECTION 9D.9.(m)** Notwithstanding any other provision of law, rule, or regulation,
41 the Department of Health and Human Services, Division of Child Development and Early
42 Education (Division), shall, for courses offered by a community college in the North Carolina
43 Community Colleges System (NCCCS), assign credit for continuing education courses on the
44 same basis as curriculum courses designated by NCCCS as equivalent to the continuing
45 education courses for the purpose of providing any credential offered by the Division.

46 **SECTION 9D.9.(n)** The Division of Child Development and Early Education shall:

- 47 (1) Not later than December 1, 2025, and in consultation with the North Carolina
48 Community Colleges System, create a North Carolina School
49 Age/Out-of-School Care Credential that aligns with a new curriculum course
50 and continuing education course entitled "Introduction to School Age Care
51 and Education."

- 1 (2) Award the North Carolina Early Childhood Administration Credential or the
2 North Carolina Family Child Care Credential to individuals who have
3 successfully completed continuing education courses that are equivalent to
4 child care curriculum courses, as determined by the Community Colleges
5 System. The Community Colleges System shall ensure that the continuing
6 education courses are comparable to the corresponding curriculum courses in
7 course descriptions, competencies, and hour requirements and shall state the
8 credential that is to be awarded for each continuing education course.

9 **SECTION 9D.9.(o)** The Commissioner of the Department of Insurance shall
10 establish a workgroup to examine the potential for developing group liability insurance plan
11 opportunities for all child care providers. The workgroup shall consist of representatives from all
12 of the following:

- 13 (1) The Department of Insurance.
14 (2) The insurance industry.
15 (3) The child care industry, including foster family homes and out-of-school
16 providers.
17 (4) The Department of Health and Human Services, Division of Child
18 Development and Early Education.
19 (5) The American Tort Reform Association.

20 The workgroup shall develop findings and recommendations related to at least the
21 following:

- 22 (1) Potential methods for creating group liability insurance plan opportunities for
23 all child care providers.
24 (2) Reforms that could reduce group liability insurance plan premiums.
25 (3) Tort reforms that could reduce the liability damages of child care providers.

26 By January 1, 2026, the Department of Insurance shall report the findings and
27 recommendations of the workgroup to the Joint Legislative Oversight Committee on Health and
28 Human Services, the Joint Legislative Oversight Committee on General Government, and the
29 Fiscal Research Division.

30 **SECTION 9D.9.(p)** The Child Care Commission shall adopt or amend any rules to
31 ensure uniformity and consistency in application of the provisions of this section.

32 **SECTION 9D.9.(q)** This section is effective when it becomes law.
33

34 **FUNDS TO EXPAND MENTAL AND BEHAVIORAL HEALTH SERVICES FOR** 35 **CHILDREN, FAMILIES, AND STAFF IN CHILD CARE SETTINGS**

36 **SECTION 9D.10.(a)** Of the funds appropriated in this act to the Department of
37 Health and Human Services, Division of Child Development and Early Education, the sum of
38 seven million five hundred thousand dollars (\$7,500,000) in nonrecurring funds for the
39 2025-2026 fiscal year shall be allocated to the North Carolina Partnership for Children, Inc.
40 (NCPC), to expand mental and behavioral health services for children, families, and staff in child
41 care facility settings and out-of-school programs. The NCPC shall spend the funds provided in
42 this section in the following budget codes: PSC 5415 Health Care Access and Support, PSC 5505
43 Parent Education, PSC 3125 Quality Child Care, and PSC 5509 Parents as Teachers. The NCPC
44 shall distribute these funds to local partnerships, as determined by the NCPC. These funds shall
45 supplement and not supplant existing Smart Start partnership behavioral health spending. Funds
46 provided in this subsection shall not revert at the end of the 2025-2026 fiscal year but shall remain
47 available for costs associated with mental and behavioral health initiatives described in this
48 subsection until expended.

49 **SECTION 9D.10.(b)** The NCPC shall submit a progress report on the mental and
50 behavioral health initiatives described in subsection (a) of this section to the Joint Legislative
51 Oversight Committee on Health and Human Services, the Secretary of the Department of Health

1 and Human Services, and the Fiscal Research Division by March 15, 2026, and a final report by
2 November 15, 2027. The progress report and final report shall include all of the following:

- 3 (1) The name of each local partnership that received funds.
- 4 (2) The number of children served by each local partnership.
- 5 (3) The types of mental and behavioral health services provided by each local
6 partnership.
- 7 (4) Recommendations for continuing and/or expanding mental and behavioral
8 health initiatives for children, families, and staff in child care facility settings.

9 **SECTION 9D.10.(c)** Additional funds allocated in this section to the NCPC from
10 the Division of Child Development and Early Education for the 2025-2026 fiscal year are not
11 subject to the administrative cost requirements under Section 9D.5(b) of S.L. 2023-134, child
12 care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion
13 requirements under G.S. 143B-168.15(g), or match requirements under Section 9D.5(d) of S.L.
14 2023-134.

15 **SECTION 9D.10.(d)** G.S. 143B-168.15(h) reads as rewritten:

16 "(h) The North Carolina Partnership for Children, Inc., Special Fund is hereby established
17 as an interest-bearing, nonreverting special fund in the Department of Health and Human
18 Services. Funds appropriated from the General Fund to the Department for Smart Start and the
19 North Carolina Partnership for Children, Inc. (NCPC), shall be deposited in the Fund and shall
20 be used by the NCPC and local partnerships exclusively for the purposes authorized in this
21 section, unless otherwise expressly provided by law. State funds allocated to local partnerships
22 that are unexpended at the end of a fiscal year shall not revert but shall remain available to the
23 North Carolina Partnership for Children, Inc., to reallocate to local partnerships. Notwithstanding
24 G.S. 147-86.11 or any other provision of law to the contrary, the NCPC shall be allowed to hold
25 cash in excess of incurred expenditures at the end of each fiscal year up to five million dollars
26 (\$5,000,000). Not later than August 1 of each year, the NCPC shall provide to the Department of
27 Health and Human Services, Division of Child Development and Early Education, a financial
28 status report for the preceding fiscal year that includes all actual expenditures and remaining cash
29 on hand."

30 31 **CHILD CARE WORKFORCE PILOT PROGRAM**

32 **SECTION 9D.11.(a)** Of the funds appropriated in this act to the Department of
33 Health and Human Services, Division of Child Development and Early Education, the sum of
34 one million four hundred seventy-six thousand dollars (\$1,476,000) in nonrecurring funds for the
35 2025-2026 fiscal year shall be allocated to the North Carolina Partnership for Children, Inc., to
36 provide the State match for implementing the pilot program described in this section as follows:

- 37 (1) The sum of nine hundred seventy-two thousand dollars (\$972,000) for the
38 2025-2026 fiscal year for the State portion of tuition costs.
- 39 (2) The sum of five hundred four thousand dollars (\$504,000) for the 2025-2026
40 fiscal year for the stipends provided with State funds in accordance with
41 subsection (f) of this section.

42 **SECTION 9D.11.(b)** Funds described in subsection (a) of this section shall be
43 allocated equally among the local partnerships selected to participate in the pilot program. Local
44 partnerships shall provide documentation of a twenty-five percent (25%) local match as a
45 condition of receiving State funds. Any unexpended and unencumbered funds at the end of the
46 fiscal year from the funds provided under this section shall not revert to the General Fund but
47 shall remain available for use in accordance with this section. Funds provided under this section
48 shall not be used for administrative costs.

49 **SECTION 9D.11.(c)** The North Carolina Partnership for Children, Inc., in
50 collaboration with the North Carolina Community Colleges System Office, shall develop and
51 implement a two-year pilot program that expands the child care workforce academies currently

1 operating in Johnston and Wayne Counties. The pilot program shall establish child care
2 workforce academies across the State designed to provide free, comprehensive training and
3 support to individuals, with no experience or education in child care, who are interested in
4 pursuing a career in child care.

5 **SECTION 9D.11.(d)** Local partnerships in the following counties shall participate
6 in the pilot program described under this section: Johnston and Wayne. The North Carolina
7 Partnership for Children, Inc., (NCPC), in collaboration with the Community Colleges System
8 Office, shall select 10 additional local partnerships to participate in the pilot program from the
9 four local partnership regions of the statewide NCPC network, which regions are the West,
10 Mid-West, Mid-East, and East.

11 **SECTION 9D.11.(e)** The Community Colleges System Office and local community
12 colleges shall coordinate to ensure that graduates of the child care workforce academies meet all
13 requirements to be credentialed with the North Carolina Early Childhood Credential as lead
14 teachers in child care in this State.

15 **SECTION 9D.11.(f)** Each child care workforce academy (academy) shall seek to
16 enroll no less than 10 students, with a goal of enrolling 15 students in each course. The academy
17 shall operate up to eight hours per day over a two- to three-week period. A participating
18 community college shall strive to offer an academy up to three times per year, with at least one
19 of the three academies occurring at the end of the traditional public school calendar year to allow
20 participation by interested high school and college students. The academy shall be offered
21 free-of-charge to applicants. Students participating in the academy shall receive the knowledge,
22 skills, and training, including the necessary health screenings, background checks, and
23 fingerprinting, required for employment as a lead teacher in a licensed child care program in this
24 State. Upon successful completion of the academy, each student shall receive a North Carolina
25 Early Childhood Credential that will enable the student to begin teaching in a licensed child care
26 program immediately upon graduation. A local partnership may provide each graduate with a
27 one-time stipend. If a one-time stipend for completing the course is provided, the amount shall
28 be at the discretion of the local partnership but shall not be less than one hundred fifty dollars
29 (\$150.00). Students shall be eligible to receive an additional one-time stipend in the amount of
30 five hundred dollars (\$500.00) in State funds after completing one year of employment as a lead
31 teacher in a licensed child care program in this State.

32 **SECTION 9D.11.(g)** The North Carolina Partnership for Children, Inc., and local
33 partnerships shall (i) collaborate with the community college in the county or counties in which
34 the local partnership is located, as practicable, to implement the child care workforce academy
35 and (ii) ensure information about the child care workforce academy in the respective county is
36 made available to the public.

37 **SECTION 9D.11.(h)** The North Carolina Partnership for Children, Inc., (NCPC), in
38 collaboration with the local partnerships and community colleges participating in the pilot
39 program, shall submit a progress report on the pilot program to the Joint Legislative Oversight
40 Committee on Health and Human Services and the Fiscal Research Division by March 31, 2026,
41 with any concerns or recommendations for program expansion. A final report shall be submitted
42 by December 31, 2026, and shall include, at a minimum, the following:

- 43 (1) The local partnerships and community colleges participating in the pilot
44 program.
- 45 (2) The number of students enrolled in each academy, by county.
- 46 (3) The number of students who successfully completed the academy, by county.
- 47 (4) The number of newly credentialed graduates employed as lead teachers in
48 licensed child care programs, by county.
- 49 (5) The outcomes achieved from the pilot program, including any
50 recommendations for expanding the program statewide.

- 1 (6) The number of new child care slots available as a result of adding the new
2 lead teachers.
3 (7) Total program costs, including any administrative costs borne by the county.
4 (8) The amount of funds needed to expand the program statewide.
5 (9) Recommendations on developing and implementing a similar academy for
6 child care directors.
7

8 **PART IX-E. HEALTH BENEFITS**

9

10 **CONTINUE MEDICAID ANNUAL REPORT**

11 **SECTION 9E.1.** The Department of Health and Human Services, Division of Health
12 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
13 accompanying tables. DHB shall publish the report and tables on its website no later than
14 December 31 following each State fiscal year.
15

16 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

17 **SECTION 9E.2.** The Department of Health and Human Services, Division of Health
18 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
19 services, medical equipment, supplies, and appliances by implementation of volume purchase
20 plans, single source procurement, or other contracting processes in order to improve cost
21 containment.
22

23 **DURATION OF MEDICAID PROGRAM MODIFICATIONS**

24 **SECTION 9E.3.(a)** Except for statutory changes or where otherwise specified, the
25 Department of Health and Human Services shall not be required to maintain, after June 30, 2027,
26 any modifications to the Medicaid program required by this Subpart.

27 **SECTION 9E.3.(b)** Consistent with the duration of Medicaid program modifications
28 established in subsection (a) of this section, the Department of Health and Human Services shall
29 not be required to maintain, after June 30, 2027, any modifications to the Medicaid program
30 required by Section 15 of S.L. 2023-129.
31

32 **ADMINISTRATIVE HEARINGS FUNDING**

33 **SECTION 9E.4.** Of the funds appropriated in this act to the Department of Health
34 and Human Services, Division of Health Benefits, for administrative contracts and interagency
35 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one
36 million dollars (\$1,000,000) for the 2025-2026 fiscal year and the sum of one million dollars
37 (\$1,000,000) for the 2026-2027 fiscal year to the Office of Administrative Hearings (OAH).
38 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant
39 and recipient appeals and to contract for other services necessary to conduct the appeals process.
40 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services
41 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals
42 process. Upon receipt of invoices from OAH for covered services rendered in accordance with
43 the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.
44

45 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

46 **SECTION 9E.5.(a)** The Department of Health and Human Services, Division of
47 Health Benefits (DHB), receivables reserved at the end of the 2025-2026 and 2026-2027 fiscal
48 years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The
49 treatment under this section of any revenue derived from federal programs shall be in accordance
50 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

SECTION 9E.5.(b) For the 2025-2026 fiscal year, the Department of Health and Human Services shall deposit from its revenue one hundred seven million seven hundred thousand dollars (\$107,700,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2026-2027 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred nine million dollars (\$109,000,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

- (1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:
 - a. For the 2025-2026 fiscal year, the amount of thirty-one million three hundred sixty-five thousand three hundred five dollars (\$31,365,305).
 - b. For the 2026-2027 fiscal year, the amount of thirty-one million three hundred sixty-five thousand three hundred five dollars (\$31,365,305).
- (2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from DHB for uncompensated care.

LME/MCO INTERGOVERNMENTAL TRANSFERS

SECTION 9E.6.(a) The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2025-2026 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2026-2027 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	2025-2026	2026-2027
Alliance Behavioral Healthcare	\$4,508,857	\$4,508,857
Partners Health Management	\$3,544,348	\$3,544,348
Trillium Health Resources	\$6,448,693	\$6,448,693
Vaya Health	\$3,526,319	\$3,526,319

SECTION 9E.6.(b) In the event that a county disengages from an LME/MCO and realigns with another LME/MCO during the 2025-2027 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

CHILDREN AND FAMILIES SPECIALTY PLAN

SECTION 9E.7.(a) Section 9E.22(a) of S.L. 2023-134 reads as rewritten:

"SECTION 9E.22.(a) The Department of Health and Human Services (DHHS) shall issue an initial request for proposals (RFP) to procure a single statewide children and families (CAF) specialty plan contract with services to begin to individuals described in G.S. 108D-40(a)(14) no later than December 1, ~~2024.~~2025. The RFP shall be subject to the requirements in G.S. 108D-62, as enacted by subsection (k) of this section. DHHS shall define the services

1 available under the CAF specialty plan and the Medicaid beneficiaries who are eligible to enroll
2 in the CAF specialty plan, except as otherwise specified in this act or in law. For the purposes of
3 this section, the CAF specialty plan shall be as defined under G.S. 108D-1, as amended by
4 subsection (c) of this section."

5 **SECTION 9E.7.(b)** G.S. 108D-40(a)(14) reads as rewritten:

6 "(14) Until the CAF specialty plan becomes operational, recipients who are (i)
7 children enrolled in foster care in this State, (ii) receiving adoption assistance,
8 or (iii) former foster care youth ~~until they reach the age of 26. who are eligible~~
9 for Medicaid under G.S. 108A-54.3A(a)(8). When the CAF specialty plan
10 becomes operational, recipients described in this subdivision will be enrolled
11 in accordance with G.S. 108D-62."

12 **SECTION 9E.7.(c)** This section is effective when it becomes law.
13

14 **MEDICAID WORK REQUIREMENTS**

15 **SECTION 9E.8.(a)** Section 2.4 of S.L. 2023-7 reads as rewritten:

16 "**SECTION 2.4.** If there is any indication that work requirements as a condition of
17 participation in the Medicaid program may be authorized by the Centers for Medicare and
18 Medicaid Services (CMS), then the Department of Health and Human Services, Division of
19 Health Benefits (DHB), shall enter into negotiations with CMS to develop a plan for those work
20 requirements and to obtain approval of that plan. Within 30 days of entering into negotiations
21 with CMS pursuant to this section, DHB shall notify, in writing, the Joint Legislative Oversight
22 Committee on Medicaid (JLOC) and the Fiscal Research Division (FRD) of these negotiations.
23 Within 30 days of approval by CMS of a plan for work requirements as a condition of
24 participation in the Medicaid program, DHB shall submit a report to JLOC and FRD containing
25 the full details of the approved work requirements, including the approved date of
26 implementation of the requirements and any funding necessary to implement or maintain the
27 requirements. Notwithstanding any provision of G.S. 108A-54.3A to the contrary, the
28 Department of Health and Human Services shall implement any work requirements as a condition
29 of participation in the Medicaid program approved by the Centers for Medicare and Medicaid
30 Services in accordance with this section."

31 **SECTION 9E.8.(b)** This section is effective when it becomes law.
32

33 **TEMPORARILY EXTEND OPTION TO DECREASE MEDICAID ENROLLMENT** 34 **BURDEN ON COUNTY DEPARTMENTS OF SOCIAL SERVICES**

35 **SECTION 9E.9.(a)** Section 1.8(a) of S.L. 2023-7, as amended by Section 9(a) of
36 S.L. 2024-34, reads as rewritten:

37 "**SECTION 1.8.(a)** Notwithstanding G.S. 108A-54(d) and in accordance with
38 G.S. 143B-24(b), the Department of Health and Human Services (DHHS) is authorized, on a
39 temporary basis to conclude by June 30, ~~2025, 2028,~~ to utilize the federally facilitated
40 marketplace (Marketplace), also known as the federal health benefit exchange, to make Medicaid
41 eligibility determinations. In accordance with ~~G.S. 108A-54(b),~~ G.S. 108A-54(f), these
42 eligibility determinations shall be in compliance with all eligibility categories, resource limits,
43 and income thresholds set by the General Assembly."

44 **SECTION 9E.9.(b)** This section is effective when it becomes law.
45

46 **STUDY TO CENTRALIZE MEDICAID ELIGIBILITY DETERMINATIONS**

47 **SECTION 9E.9A.(a)** The Department of Health and Human Services (DHHS) shall
48 examine the short- and long-term opportunities to improve the efficiency, accuracy, and
49 cost-effectiveness of Medicaid eligibility determinations and enrollment processes and work with
50 stakeholders, including county departments of social services and other partners involved in
51 eligibility and enrollment operations, to provide a report to the Joint Legislative Oversight

1 Committee on Medicaid and the Fiscal Research Division by April 1, 2026. The report required
2 by this section shall include, at a minimum, the following information:

- 3 (1) An overview of the State's current Medicaid eligibility determination and
4 enrollment structure, including a review of DHHS's current administrative and
5 operational practices, compliance reports submitted to the Centers for
6 Medicare and Medicaid Services (CMS), relevant audit findings, and other
7 oversight materials.
- 8 (2) An assessment of how Medicaid applications and renewals are processed.
- 9 (3) An analysis of workforce capacity and performance.
- 10 (4) Identification of best practices, including research on how other states have
11 improved their Medicaid eligibility determination systems.
- 12 (5) An outline of known risks.
- 13 (6) Any recommendations for improvement, including a phased implementation
14 time line, estimated costs, any necessary procurements, and considerations of
15 the State's current and projected budget constraints.

16 **SECTION 9E.9A.(b)** This section is effective when it becomes law.
17

18 **EXTEND PHARMACY REIMBURSEMENT RATES IN MEDICAID MANAGED CARE**

19 **SECTION 9E.10.** Section 9D.19A of S.L. 2021-180, as amended by Section 9D.8
20 of S.L. 2022-74, reads as rewritten:

21 "**SECTION 9D.19A.(a)** Notwithstanding G.S. 108D-65(6)b., for the prepaid health plan
22 capitated contracts required under Article 4 of Chapter 108D of the General Statutes, the
23 reimbursement for the ingredient cost for covered outpatient drugs and the professional drug
24 dispensing fee shall be set at one hundred percent (100%) of the Medicaid pharmacy
25 fee-for-service reimbursement methodologies in Attachment 4.19-B of section 12 of the
26 Medicaid State Plan under Title XIX of the Social Security Act Medicaid Assistance Program,
27 as filed with, and approved by, the Centers for Medicare and Medicaid Services. The National
28 Average Drug Acquisition Cost (NADAC), when applicable and as allowed under the Medicaid
29 State Plan, plus a professional dispensing fee based on the cost of the dispensing study conducted
30 on behalf of the North Carolina Department of Health and Human Services, Division of Health
31 Benefits, will serve as the primary method utilized for reimbursement for retail community
32 pharmacy claims not dispensed utilizing covered outpatient drugs acquired through the 340B
33 drug discount program established under 42 U.S.C. § 256b. All claims utilizing drugs acquired
34 through the 340B drug discount program shall be reimbursed in accordance with the
35 CMS-approved Medicaid State Plan.

36 "**SECTION 9D.19A.(b)** This section is effective when it becomes law and expires June 30,
37 ~~2026-2031.~~"
38

39 **MODIFY HOSPITAL HEALTH ADVANCEMENT ASSESSMENTS TO REMOVE** 40 **GROSS PREMIUMS TAX OFFSET COMPONENT**

41 **SECTION 9E.11.(a)** G.S. 108A-147.12 is repealed.

42 **SECTION 9E.11.(b)** G.S. 108A-147.11 reads as rewritten:

43 "**§ 108A-147.11. Health advancement reconciliation adjustment component.**

44 (a) The health advancement reconciliation adjustment component is a positive or
45 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two
46 quarters prior to the current quarter minus the sum of the following specified amounts:

- 47 (1) The presumptive service cost component calculated under G.S. 108A-147.5
48 for the quarter that is two quarters prior to the current quarter.
- 49 (2) ~~The positive or negative gross premiums tax offset amount calculated under~~
50 ~~G.S. 108A-147.12(b).~~

(3) The HASP health advancement component calculated under G.S. 108A-147.6 for the quarter that is two quarters prior to the current quarter.

...."

SECTION 9E.11.(c) G.S. 143C-9-10 reads as rewritten:

"§ 143C-9-10. Health Advancement Receipts Special Fund.

...

(b) Source of Funds. – Each State fiscal quarter, the Department of Health and Human Services shall deposit in the Health Advancement Receipts Special Fund an amount of funds equal to the total nonfederal receipts for health advancement calculated under G.S. 108A-147.3(b) for that ~~quarter, quarter~~ minus the State retention component under G.S. 108A-147.8 for that ~~quarter, and plus the positive or negative gross premiums tax offset amount~~ calculated under ~~G.S. 108A-147.12(b)~~ for that quarter.

...."

SECTION 9E.11.(d) Section 1.6(d) of S.L. 2023-7 expires on June 30, 2025.

SECTION 9E.11.(e) Subsections (a) through (c) of this section are effective on the first day of the next assessment quarter after this act becomes law, and subsections (a) and (b) of this section apply to assessments imposed on or after that date. The remainder of this section is effective when it becomes law.

CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE MONTHS POSTPARTUM

SECTION 9E.12.(a) Section 9D.13(c) of S.L. 2021-180 is repealed.

SECTION 9E.12.(b) G.S. 108A-146.5 reads as rewritten:

"§ 108A-146.5. Aggregate modernized assessment collection amount.

(a) The aggregate modernized assessment collection amount is an amount of money that is calculated by subtracting the modernized intergovernmental transfer adjustment component under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of this section and then adding the positive or negative amount of the modernized IGT actual receipts adjustment component under G.S. 108A-146.14.

(b) The total modernized nonfederal receipts is the sum of all of the following:

- (1) One-fourth of the State's annual Medicaid payment.
- (2) The managed care component under G.S. 108A-146.7.
- (3) The fee-for-service component under G.S. 108A-146.9.
- (3a) The modernized HASP component under G.S. 108A-146.10.
- (4) The GME component under G.S. 108A-146.11.
- (5) Beginning April 1, 2022, ~~and ending March 31, 2027,~~ the postpartum coverage component under G.S. 108A-146.12.
- (6) Beginning April 1, 2024, the home and community-based services component under G.S. 108A-146.12A."

SECTION 9E.12.(c) This section is effective when it becomes law.

ENSURE MEDICAID RECEIPTS FOR NC HEALTH WORKS IMPLEMENTATION COSTS

SECTION 9E.13.(a) For purposes of calculating the public hospital health advancement assessments and the private hospital health advancement assessments under Part 3 of Article 7B of Chapter 108A of the General Statutes, for the assessment quarter in which this subsection becomes effective, any reference to "total nonfederal receipts for health advancement" in that Part shall be to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-147.3(b). The amount of the total nonfederal receipts for health advancement shall be calculated by adding all of the following:

- (1) The presumptive service cost component calculated under G.S. 108A-147.5.

- 1 (2) The HASP health advancement component calculated under
- 2 G.S. 108A-147.6.
- 3 (3) The administration component calculated under G.S. 108A-147.7.
- 4 (4) The State retention component under G.S. 108A-147.9.
- 5 (5) The positive or negative health advancement reconciliation adjustment
- 6 component calculated under G.S. 108A-147.11(a).
- 7 (6) Twelve million eight hundred thousand dollars (\$12,800,000).

8 **SECTION 9E.13.(b)** Notwithstanding the limitation on the use of funds under
9 G.S. 108A-147.13(a), DHHS may use twelve million eight hundred thousand dollars
10 (\$12,800,000) of the receipts collected under Part 3 of Article 7B of Chapter 108A of the General
11 Statutes during the 2026-2027 fiscal year for the Medicaid program.

12 **SECTION 9E.13.(c)** No later than September 1, 2025, DHHS shall submit to the
13 Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division a report
14 that details the amount of funds that DHHS provided to each county department of social services
15 from funding sources other than the proceeds of the health advancement assessments during the
16 2023-2024 fiscal year and the 2024-2025 fiscal year for the implementation of NC Health Works
17 under Section 1.1 of S.L. 2023-7 and the date that those amounts were provided to each county
18 department of social services.

19 **SECTION 9E.13.(d)** Subsections (a) and (b) of this section are effective on July 1,
20 2026.

21 **ENSURE CERTAIN MEDICAID RECEIPTS**

22 **SECTION 9E.14.(a)** For purposes of calculating the public hospital modernized
23 assessments and the private hospital modernized assessments under Part 2 of Article 7B of
24 Chapter 108A of the General Statutes, for the assessment quarter in which this subsection
25 becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be
26 to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b).
27 The amount of the total modernized nonfederal receipts shall be calculated by adding all of the
28 following:

- 29 (1) One-fourth of the State's annual Medicaid payment as defined in
- 30 G.S. 108A-145.3.
- 31 (2) The managed care component under G.S. 108A-146.7.
- 32 (3) The fee-for-service component under G.S. 108A-146.9.
- 33 (4) The modernized HASP component under G.S. 108A-146.10.
- 34 (5) The GME component under G.S. 108A-146.11.
- 35 (6) The postpartum coverage component under G.S. 108A-146.12.
- 36 (7) The home and community-based services component under
- 37 G.S. 108A-146.12A.
- 38 (8) Ten million seven hundred fifty thousand dollars (\$10,750,000).

39 **SECTION 9E.14.(b)** Notwithstanding the limitation on the use of funds under
40 G.S. 108A-146.15, the Department of Health and Human Services may use up to ten million
41 seven hundred fifty thousand dollars (\$10,750,000) of the receipts collected under Part 2 of
42 Article 7B of Chapter 108A of the General Statutes during the 2026-2027 fiscal year for the
43 Medicaid program.

44 **SECTION 9E.14.(c)** Subsections (a) and (b) of this section are effective on July 1,
45 2026.

46 **MEDICAID HASP REIMBURSEMENT FOR PSYCHIATRIC HOSPITALS**

47 **SECTION 9E.16.(a)** G.S. 108A-148.1(a) reads as rewritten:

48 "(a) The healthcare access and stabilization program is a directed payment program that
49 provides acute care hospitals with increased reimbursements funded through hospital
50
51

1 assessments in accordance with this section. Upon the approval of CMS, the healthcare access
2 and stabilization program directed payment program shall additionally provide qualifying
3 freestanding psychiatric hospitals with increased reimbursements funded through hospital
4 assessments. A qualifying freestanding psychiatric hospital is a freestanding psychiatric hospital
5 as defined in G.S. 108A-145.3 that is Medicare-certified and submits Hospital Cost Report
6 Information System cost report data to CMS."

7 **SECTION 9E.16.(b)** The Department of Health and Human Services shall submit a
8 42 C.F.R. § 438.6(c) preprint requesting approval to include freestanding psychiatric hospitals in
9 the healthcare access and stabilization program (HASP) authorized under G.S. 108A-148.1, as
10 amended by subsection (a) of this section.

11 **SECTION 9E.16.(c)** G.S. 108A-145.3 reads as rewritten:

12 **"§ 108A-145.3. Definitions.**

13 The following definitions apply in this Article:

14 ...

15 (6c) Freestanding psychiatric hospital. – A hospital facility that is (i) licensed
16 under Article 2 of Chapter 122C of the General Statutes, (ii) primarily engaged
17 in providing to inpatients, by or under the supervision of a physician,
18 psychiatric services for the diagnosis and treatment of individuals with mental
19 illnesses, and (iii) not State-owned and State-operated.

20 (6d) HASP directed payments. – Payments made by the Department to prepaid
21 health plans to be used for (i) increased reimbursements to hospitals under the
22 HASP program and (ii) the costs to prepaid health plans from the gross
23 premiums tax under G.S. 105-228.5 and the insurance regulatory charge under
24 G.S. 58-6-25 associated with those hospital reimbursements.

25 ~~(6d)~~(6e) Healthcare access and stabilization program (HASP). – The directed
26 payment program providing increased reimbursements to acute care hospitals
27 and freestanding psychiatric hospitals as approved by CMS and authorized by
28 G.S. 108A-148.1.

29"

30 **SECTION 9E.16.(d)** G.S. 108A-146.1 reads as rewritten:

31 **"§ 108A-146.1. Public hospital modernized assessment.**

32 (a) The public hospital modernized assessment imposed under this Part shall apply to all
33 public acute care hospitals.

34 (b) The public hospital modernized assessment shall be assessed as a percentage of each
35 public acute care hospital's hospital costs. The assessment percentage shall be calculated
36 quarterly by the Department of Health and Human Services in accordance with this Part. The
37 percentage for each quarter shall equal the aggregate acute care hospital modernized assessment
38 collection amount under G.S. 108A-146.5 multiplied by the public hospital historical assessment
39 share and divided by the total hospital costs for all public acute care hospitals holding a license
40 on the first day of the assessment quarter."

41 **SECTION 9E.16.(e)** G.S. 108A-146.3 reads as rewritten:

42 **"§ 108A-146.3. Private hospital modernized assessment.**

43 (a) The private hospital modernized assessment imposed under this Part shall apply to all
44 private acute care hospitals.

45 (b) The private hospital modernized assessment shall be assessed as a percentage of each
46 private acute care hospital's hospital costs. The assessment percentage shall be calculated
47 quarterly by the Department of Health and Human Services in accordance with this Part. The
48 percentage for each quarter shall equal the aggregate acute care hospital modernized assessment
49 collection amount under G.S. 108A-146.5 multiplied by the private hospital historical assessment
50 share and divided by the total hospital costs for all private acute care hospitals holding a license
51 on the first day of the assessment quarter."

1 **SECTION 9E.16.(f)** Part 2 of Article 7B of Chapter 108A of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 108A-146.4. Freestanding psychiatric hospital modernized assessment.**

4 (a) The freestanding psychiatric hospital modernized assessment imposed under this Part
5 shall apply to all freestanding psychiatric hospitals.

6 (b) The freestanding psychiatric hospital modernized assessment shall be assessed as a
7 percentage of each freestanding psychiatric hospital's hospital costs. The assessment percentage
8 shall be calculated quarterly by the Department of Health and Human Services in accordance
9 with this Part. The percentage for each quarter shall equal the modernized freestanding
10 psychiatric hospital HASP component under G.S. 108A-146.10A divided by the total hospital
11 costs for all freestanding psychiatric hospitals holding a license on the first day of the assessment
12 quarter."

13 **SECTION 9E.16.(g)** G.S. 108A-146.5 reads as rewritten:

14 **"§ 108A-146.5. Aggregate acute care hospital modernized assessment collection amount.**

15 (a) The aggregate modernized assessment collection amount is an amount of money that
16 is calculated by subtracting the modernized intergovernmental transfer adjustment component
17 under G.S. 108A-146.13 from the total modernized nonfederal receipts under subsection (b) of
18 this section and then adding the positive or negative amount of the modernized IGT actual
19 receipts adjustment component under G.S. 108A-146.14.

20 (b) The total modernized nonfederal receipts is the sum of all of the following:

21 (1) One-fourth of the State's annual Medicaid payment.

22 (2) The managed care component under G.S. 108A-146.7.

23 (3) The fee-for-service component under G.S. 108A-146.9.

24 (3a) The modernized acute care hospital HASP component under
25 G.S. 108A-146.10.

26 (3b) The modernized freestanding psychiatric hospital HASP component under
27 G.S. 108A-146.10A.

28 (4) The GME component under G.S. 108A-146.11.

29 (5) Beginning April 1, 2022, and ending March 31, 2027, the postpartum
30 coverage component under G.S. 108A-146.12.

31 (6) Beginning April 1, 2024, the home and community-based services component
32 under G.S. 108A-146.12A.

33 (c) The aggregate acute care hospital modernized assessment collection amount is an
34 amount of money equal to the aggregate modernized assessment collection amount under
35 subsection (a) of this section minus the modernized freestanding psychiatric hospital HASP
36 component under G.S. 108A-146.10A."

37 **SECTION 9E.16.(h)** G.S. 108A-146.10 reads as rewritten:

38 **"§ 108A-146.10. Modernized acute care hospital HASP component.**

39 The modernized acute care hospital HASP component is an amount of money that is
40 calculated each quarter by multiplying the aggregate amount of HASP directed payments due to
41 PHPs in the current quarter for hospital-reimbursements to acute care hospitals that are not
42 attributable to newly eligible individuals by the nonfederal share for not newly eligible
43 individuals."

44 **SECTION 9E.16.(i)** Part 2 of Article 7B of Chapter 108A of the General Statutes is
45 amended by adding a new section to read:

46 **"§ 108A-146.10A. Modernized freestanding psychiatric hospital HASP component.**

47 The modernized freestanding psychiatric hospital HASP component is an amount of money
48 that is calculated each quarter by multiplying the aggregate amount of HASP directed payments
49 due to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals that
50 are not attributable to newly eligible individuals by the nonfederal share for not newly eligible
51 individuals."

1 **SECTION 9E.16.(j)** G.S. 108A-146.13 reads as rewritten:
2 "**§ 108A-146.13. Modernized presumptive IGT adjustment component.**

3 ...
4 (c) The modernized presumptive IGT adjustment component is an amount of money
5 equal to the sum of all of the following subcomponents:

- 6 (1) The public hospital IGT subcomponent is the total of the following amounts:
7 a. Sixteen and forty-three hundredths percent (16.43%) of the amount of
8 money that is equal to the total modernized nonfederal receipts under
9 G.S. 108A-146.5(b) for the current quarter minus the modernized
10 acute care hospital HASP component under G.S. 108A-146.10 for the
11 current quarter and minus the modernized freestanding psychiatric
12 hospital HASP component under G.S. 108A-146.10A for the current
13 quarter.
14 b. Sixty percent (60%) of the nonfederal share for not newly eligible
15 individuals of the aggregate amount of HASP directed payments due
16 to PHPs in the current quarter for reimbursements to public acute care
17 hospitals and that are not attributable to newly eligible individuals.
- 18 (2) The UNC Health Care System IGT subcomponent is the total of the following
19 amounts:
20 a. Four and sixty-two hundredths percent (4.62%) of the ~~difference of~~
21 amount of money that is equal to the total modernized nonfederal
22 receipts under G.S. 108A-146.5(b) for the current quarter minus the
23 modernized acute care hospital HASP component under
24 G.S. 108A-146.10 for the current quarter and minus the modernized
25 freestanding psychiatric hospital HASP component under
26 G.S. 108A-146.10A for the current quarter.
27 b. The nonfederal share for not newly eligible individuals of the
28 aggregate amount of HASP directed payments due to PHPs in the
29 current quarter for reimbursements to UNC Health Care System
30 hospitals that are not attributable to newly eligible individuals.
- 31 (3) The East Carolina University IGT subcomponent is the total of the following
32 amounts:
33 a. One and four hundredths percent (1.04%) of the ~~difference of amount~~
34 of money that is equal to the total modernized nonfederal receipts
35 under G.S. 108A-146.5(b) for the current quarter minus the
36 modernized acute care hospital HASP component under
37 G.S. 108A-146.10 for the current quarter and minus the modernized
38 freestanding psychiatric hospital HASP component under
39 G.S. 108A-146.10A for the current quarter.
40 b. The nonfederal share for not newly eligible individuals of the
41 aggregate amount of HASP directed payments due to PHPs in the
42 current quarter for reimbursements to the primary affiliated teaching
43 hospital for the East Carolina University Brody School of Medicine
44 that are not attributable to newly eligible individuals."

45 **SECTION 9E.16.(k)** G.S. 108A-147.1 reads as rewritten:
46 "**§ 108A-147.1. Public hospital health advancement assessment.**

47 (a) The public hospital health advancement assessment imposed under this Part shall
48 apply to all public acute care hospitals.

49 (b) The public hospital health advancement assessment shall be assessed as a percentage
50 of each public acute care hospital's hospital costs. The assessment percentage shall be calculated
51 quarterly by the Department in accordance with this Part. The percentage for each quarter shall

1 equal the aggregate acute care hospital health advancement assessment collection amount
2 calculated under G.S. 108A-147.3 multiplied by the public hospital historical assessment share
3 and divided by the total hospital costs for all public acute care hospitals holding a license on the
4 first day of the assessment quarter."

5 **SECTION 9E.16.(J)** G.S. 108A-147.2 reads as rewritten:

6 "**§ 108A-147.2. Private hospital health advancement assessment.**

7 (a) The private hospital health advancement assessment imposed under this Part shall
8 apply to all private acute care hospitals.

9 (b) The private hospital health advancement assessment shall be assessed as a percentage
10 of each private acute care hospital's hospital costs. The assessment percentage shall be calculated
11 quarterly by the Department in accordance with this Part. The percentage for each quarter shall
12 equal the aggregate acute care hospital health advancement assessment collection amount
13 calculated under G.S. 108A-147.3 multiplied by the private hospital historical assessment share
14 and divided by the total hospital costs for all private acute care hospitals holding a license on the
15 first day of the assessment quarter."

16 **SECTION 9E.16.(m)** Part 3 of Article 7B of Chapter 108A of the General Statutes
17 is amended by adding a new section to read:

18 "**§ 108A-147.2A. Freestanding psychiatric hospital health advancement assessment.**

19 (a) The freestanding psychiatric hospital health advancement assessment imposed under
20 this Part shall apply to all freestanding psychiatric hospitals.

21 (b) The freestanding psychiatric hospital health advancement assessment shall be
22 assessed as a percentage of each freestanding psychiatric hospital's hospital costs. The assessment
23 percentage shall be calculated quarterly by the Department in accordance with this Part. The
24 percentage for each quarter shall equal the health advancement freestanding psychiatric hospital
25 HASP component calculated under G.S. 108A-147.6A divided by the total hospital costs for all
26 freestanding psychiatric hospitals holding a license on the first day of the assessment quarter."

27 **SECTION 9E.16.(n)** G.S. 108A-147.3 reads as rewritten:

28 "**§ 108A-147.3. Aggregate acute care hospital health advancement assessment collection**
29 **amount.**

30 (a) The aggregate health advancement assessment collection amount is an amount of
31 money that is calculated quarterly by adjusting the total nonfederal receipts for health
32 advancement calculated under subsection (b) of this section by (i) subtracting the health
33 advancement presumptive IGT adjustment component calculated under G.S. 108A-147.9, (ii)
34 adding the positive or negative health advancement IGT actual receipts adjustment component
35 calculated under G.S. 108A-147.10, and (iii) subtracting the positive or negative IGT share of
36 the reconciliation adjustment component calculated under G.S. 108A-147.11(b).

37 (b) The total nonfederal receipts for health advancement is an amount of money that is
38 calculated quarterly by adding all of the following:

39 (1) The presumptive service cost component calculated under G.S. 108A-147.5.

40 (2) The ~~HASP~~ health advancement acute care hospital HASP component
41 calculated under G.S. 108A-147.6.

42 (2a) The health advancement freestanding psychiatric hospital HASP component
43 calculated under G.S. 108A-147.6A.

44 (3) The administration component calculated under G.S. 108A-147.7.

45 (4) The State retention component under G.S. 108A-147.9.

46 (5) The positive or negative health advancement reconciliation adjustment
47 component calculated under G.S. 108A-147.11(a).

48 (c) The aggregate acute care hospital health advancement assessment collection amount
49 is an amount of money equal to the aggregate health advancement assessment collection amount
50 under subsection (a) of this section minus the health advancement freestanding psychiatric
51 hospital HASP component under G.S. 108A-147.6A."

1 **SECTION 9E.16.(o)** G.S. 108A-147.5 reads as rewritten:

2 "**§ 108A-147.5. Presumptive service cost component.**

3 (a) For every State fiscal quarter prior to the fiscal quarter in which G.S. 108A-54.3A(24)
4 becomes effective, the presumptive service cost component is zero.

5 (b) For the State fiscal quarter in which G.S. 108A-54.3A(24) becomes effective, the
6 presumptive service cost component is the product of forty-eight million seven hundred fifty
7 thousand dollars (\$48,750,000) multiplied by the number of months in that State fiscal quarter in
8 which G.S. 108A-54.3A(24) is effective during any part of the month.

9 (c) For the first State fiscal quarter after the State fiscal quarter in which
10 G.S. 108A-54.3A(24) becomes effective, the presumptive service cost component is one hundred
11 forty-six million two hundred fifty thousand dollars (\$146,250,000).

12 (d) For the second State fiscal quarter after the State fiscal quarter in which
13 G.S. 108A-54.3A(24) becomes effective, and for each State fiscal quarter thereafter, the
14 presumptive service cost component is an amount of money that is the greatest of the following:

15 (1) The prior quarter's presumptive service cost component amount.

16 (2) The prior quarter's presumptive service cost component amount increased by
17 a percentage that is the sum of each monthly percentage change in the
18 Consumer Price Index: Medical Care for the most recent three months
19 available on the first day of the current quarter.

20 (3) The prior quarter's presumptive service cost component amount increased by
21 the percentage change in the weighted average of the base capitation rates for
22 standard benefit plans for all rating groups associated with newly eligible
23 individuals compared to the prior quarter. The weight for each rating group
24 shall be calculated using member months documented in the Medicaid
25 managed care capitation rate certification for standard benefit plans.

26 (4) The prior quarter's presumptive service cost component amount increased by
27 the percentage change in the weighted average of the base capitation rates for
28 BH IDD tailored plans for all rating groups associated with newly eligible
29 individuals compared to the prior quarter. The weight for each rating group
30 shall be calculated using member months documented in the Medicaid
31 managed care capitation rate certification for BH IDD tailored plans.

32 (5) The amount produced from multiplying 1.15 by the highest amount produced
33 when calculating, for each quarter that is at least two and not more than five
34 quarters prior to the current quarter, the actual nonfederal expenditures for the
35 applicable quarter minus the ~~HASP~~health advancement acute care hospital HASP
36 HASP component calculated under G.S. 108A-147.6 for the applicable
37 quarter and minus the health advancement freestanding psychiatric hospital
38 HASP component calculated under G.S. 108A-147.6A for the applicable
39 quarter."

40 **SECTION 9E.16.(p)** G.S. 108A-147.6 reads as rewritten:

41 "**§ 108A-147.6. ~~HASP~~health-Health advancement acute care hospital HASP component.**

42 The ~~HASP~~health advancement acute care hospital HASP component is an amount of money
43 that is calculated by multiplying the aggregate amount of HASP directed payments due to PHPs
44 in the current quarter for ~~hospital~~reimbursements to acute care hospitals attributable to newly
45 eligible individuals by the nonfederal share for newly eligible individuals."

46 **SECTION 9E.16.(q)** Part 3 of Article 7B of Chapter 108A of the General Statutes
47 is amended by adding a new section to read:

48 "**§ 108A-147.6A. Health advancement freestanding psychiatric hospital HASP component.**

49 The health advancement freestanding psychiatric hospital HASP component is an amount of
50 money that is calculated by multiplying the aggregate amount of HASP directed payments due

1 to PHPs in the current quarter for reimbursements to freestanding psychiatric hospitals
2 attributable to newly eligible individuals by the nonfederal share for newly eligible individuals."

3 **SECTION 9E.16.(r)** G.S. 108A-147.11 reads as rewritten:

4 "**§ 108A-147.11. Health advancement reconciliation adjustment component.**

5 (a) The health advancement reconciliation adjustment component is a positive or
6 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two
7 quarters prior to the current quarter minus the sum of the following specified amounts:

8 (1) The presumptive service cost component calculated under G.S. 108A-147.5
9 for the quarter that is two quarters prior to the current quarter.

10 (2) The positive or negative gross premiums tax offset amount calculated under
11 G.S. 108A-147.12(b).

12 (3) The ~~HASP~~—health advancement acute care hospital HASP component
13 calculated under G.S. 108A-147.6 for the quarter that is two quarters prior to
14 the current quarter.

15 (4) The health advancement freestanding psychiatric hospital HASP component
16 calculated under G.S. 108A-147.6A for the quarter that is two quarters prior
17 to the current quarter.

18 (b) The IGT share of the reconciliation adjustment component is a positive or negative
19 dollar amount that is calculated by multiplying the health advancement reconciliation adjustment
20 component calculated under subsection (a) of this section by the share of public hospital costs
21 calculated under subsection (c) of this section.

22 (c) The share of public hospital costs is calculated by adding total hospital costs for the
23 UNC Health Care System, total hospital costs for the primary affiliated teaching hospital for the
24 East Carolina University Brody School of Medicine, and sixty percent (60%) of the total hospital
25 costs for all public acute care hospitals and dividing that sum by the total hospital costs for all
26 acute care hospitals except for critical access hospitals."

27 **SECTION 9E.16.(s)** Subsections (c) through (r) of this section are effective on the
28 first day of the third assessment quarter after the date this act becomes law and apply to
29 assessments imposed on or after that date. The remainder of this section is effective when it
30 becomes law.

31 32 **EXTEND PRIMARY CARE TASK FORCE**

33 **SECTION 9E.17.(a)** Section 9E.28 of S.L. 2023-134 reads as rewritten:

34 "**SECTION 9E.28.(a)** There is established the North Carolina Primary Care Payment
35 Reform Task Force (Task Force) within the Department of Health and Human Services, Division
36 of Health Benefits, for budgetary purposes only.

37 ...

38 "**SECTION 9E.28.(b)** The Task Force established under subsection (a) of this section shall
39 have the following duties:

40 (1) Establish a definition of primary care to be utilized by the Task Force. This
41 term should be applicable to services and care provided under the NC
42 Medicaid program, the State Health Plan, and commercial insurance.

43 (2) Conduct an actuarial evaluation of the current healthcare spend on primary
44 care services, both as it relates to the NC Medicaid program and the
45 commercial market, including Medicare Advantage plans.

46 (3) Determine the adequacy of the primary care delivery system in North
47 Carolina, including the impact this system has on the supply of the primary
48 care providers in this State.

49 (4) Study the primary care payment landscape in other states, specifically
50 considering states that have implemented a minimum primary care spend.

1 (5) Identify data collection and measurement systems to inform creation of a
2 primary care investment target for the NC Medicaid program, the State Health
3 Plan, and commercial insurance. This includes a method by which to measure
4 improvements made toward that target.

5 (5a) Collect and compile data and other information related to healthcare spend on
6 primary care services in a manner that is compliant with the Health Insurance
7 Portability and Accountability Act of 1996 (HIPAA). Within 45 days of a
8 request for data or information from the Task Force, all entities shall comply
9 with the Task Force's request.

10 (6) Evaluate the need for a permanent Primary Care Payment Reform Task Force,
11 or other similar entity, including which State agency or body is best suited to
12 oversee the work of that group.

13 (7) Perform any other studies, evaluations, or determinations the Task Force
14 considers necessary.

15 "SECTION 9E.28.(b1) The Department of Health and Human Services shall develop, and
16 the Task Force and the Department of Health and Human Services shall implement, a detailed
17 data security and safeguarding plan for the data requested pursuant to subsection (b) of this
18 section that includes all of the following:

19 (1) Guidelines for authorizing access to the data, including guidelines for
20 authentication of authorized access.

21 (2) Privacy compliance standards.

22 (3) Privacy and security audits.

23 (4) Breach planning, notification, and procedures.

24 (5) Data retention and disposition policies.

25 (6) Data security policies, including electronic, physical, and administrative
26 safeguards such as data encryption and training of employees.

27 "SECTION 9E.28.(b2) The data collected by the Task Force under subsection (b) of this
28 section, regardless of where it is housed, shall be used only for the purposes of this task force
29 and shall not be considered a public record within the meaning of Chapter 132 of the General
30 Statutes.

31 "SECTION 9E.28.(c) No later than April 1, 2024, and April 1, 2026, the Task Force shall
32 submit a report with its findings and recommendations to the Joint Legislative Oversight
33 Committee on Health and Human Services and the Joint Legislative Oversight Committee on
34 Medicaid. These findings and recommendations shall include specific, concrete, and actionable
35 steps to be undertaken by the State and upon which the General Assembly could act.

36 "SECTION 9E.28.(d) This section shall expire on ~~May 1, 2024~~ December 31, 2026."

37 SECTION 9E.17.(b) This section is effective retroactively to July 1, 2023.

39 **MEDICAID STANDARD PLAN CONTRACTS AND PREPAID HEALTH PLAN** 40 **REQUIREMENTS**

41 SECTION 9E.18.(a) G.S. 108D-1 reads as rewritten:

42 **"§ 108D-1. Definitions.**

43 The following definitions apply in this Chapter:

44 ...

45 (31e) Provider-led entity or PLE. – As defined in G.S. 58-93-5.

46"

47 SECTION 9E.18.(b) G.S. 108D-45 reads as rewritten:

48 **"§ 108D-45. Number and nature of contracts for standard benefit plans.**

49 (a) ~~The~~ For the initial standard benefit plan contracts required under G.S. 108D-65(6),
50 the number and nature of the contracts for standard benefit plans required under G.S. 108D-65(6)
51 those contracts shall be as follows:

- 1 (1) Four contracts between the Division of Health Benefits and PHPs to provide
- 2 coverage to Medicaid recipients statewide.
- 3 (2) Up to 12 contracts between the Division of Health Benefits and PLEs for
- 4 coverage of regions specified by the Division of Health Benefits pursuant to
- 5 G.S. 108D-65(2). Regional contracts shall be in addition to the four statewide
- 6 contracts required under subdivision (1) of this section. Each regional contract
- 7 shall provide coverage throughout the entire region for the Medicaid services
- 8 required by G.S. 108D-35. A PLE may bid for more than one regional
- 9 contract, provided that the regions are contiguous.
- 10 (3) Repealed by Session Laws 2023-134, s. 9E.22(i), effective October 3, 2023.
- 11 (4) Initial capitated PHP contracts may be awarded on staggered terms of three to
- 12 five years in duration to ensure against gaps in coverage that may result from
- 13 termination of a contract by the PHP or the State.

14 (b) For any standard benefit plan contracts required under G.S. 108D-65(6) that are

15 awarded subsequent to the initial standard benefit plan contracts, the number and nature of those

16 contracts shall be as follows:

- 17 (1) Up to four contracts between the Division of Health Benefits and PHPs to
- 18 provide coverage to Medicaid recipients statewide.
- 19 (2) At least one of the standard benefit plan contracts awarded under this
- 20 subsection shall be awarded to a PLE if one or more PLEs submits a timely
- 21 response meeting the requirements, as determined by the Division of Health
- 22 Benefits, of the RFP to procure a standard benefit plan contract under this
- 23 subsection.
- 24 (3) The criteria the Division of Health Benefits uses to evaluate the responses to
- 25 the RFPs to procure contracts under this subsection shall include, at a
- 26 minimum, all of the following measures:
 - 27 a. Measures of patient satisfaction, including ease of customer service,
 - 28 timeliness of responses to member complaints, and wait times for
 - 29 appointments.
 - 30 b. Measures of provider satisfaction, including overall satisfaction,
 - 31 timeliness of prior authorization responses, and ease of contracting."

32 **SECTION 9E.18.(c)** G.S. 108D-65 reads as rewritten:

33 **"§ 108D-65. Role of the Department.**

34 The role and responsibility of the Department during Medicaid transformation shall include

35 the following activities and functions:

- 36 ...
- 37 (6) Enter into capitated PHP contracts for the delivery of the Medicaid services
- 38 described in G.S. 108D-35. All contracts shall be the result of requests for
- 39 proposals (RFPs) issued by the Department and the submission of competitive
- 40 bids by PHPs. The Department shall develop standardized contract terms, to
- 41 include at a minimum, the following:
- 42 ...
- 43 h. Requirements applicable to any prior authorization review
- 44 requirements used by the PHP, including all of the following:
 - 45 1. The time line for a PHP's completion of a review of a prior
 - 46 authorization request shall be as follows:
 - 47 I. For urgent prior authorization requests, the prior
 - 48 authorization request must be either approved or denied
 - 49 and notice given to the beneficiary and beneficiary's
 - 50 health care provider within 24 hours after the PHP
 - 51 receives all information needed to complete a review of

the request for prior authorization. For purposes of this sub-subdivision, the term "urgent prior authorization request" is defined as a request for which a time line for decision longer than 72 hours could seriously jeopardize the beneficiary's life, health, or ability to attain, maintain, or regain maximum function, in the opinion of the beneficiary's health care provider.

II. For non-urgent prior authorization requests, the prior authorization request must be either approved or denied and notice given to the beneficiary and beneficiary's health care provider within 72 hours after the PHP receives all information needed to complete a review of the request for prior authorization.

2. A PHP shall make its prior authorization requirements and performance metrics readily accessible on its website and shall ensure this information on its website is updated at least annually.

3. A PHP shall ensure that all denials of prior authorization requests are made by a medical doctor possessing a current and valid license to practice medicine in this State who (i) is of the same or similar specialty as the health care provider who typically manages the medical condition or disease or provides the health care service involved in the request and (ii) has experience treating patients with the condition or disease for which the health care service is being requested.

4. A PHP may not revoke, limit, condition, or restrict a prior authorization determination if care that has been previously authorized by the PHP is provided within 45 business days from the date the provider received the prior authorization determination. A PHP is required to pay a provider at the contracted payment rate for a health care service provided by the provider per the prior authorization determination unless any of the following apply:

I. The provider knowingly and materially misrepresented the health care service in the prior authorization request with the specific intent to deceive and obtain an unlawful payment from the PHP.

II. The health care service was no longer a covered benefit on the day it was provided.

III. The provider was no longer contracted with the PHP on the date the care was provided.

IV. The provider failed to meet the PHP's timely filing requirements.

V. The PHP does not have liability for the claim.

VI. The enrollee was no longer eligible for health care coverage on the day the care was provided.

VII. Any other reason as necessary to comply with federal law and regulations.

...."

SECTION 9E.18.(d) G.S. 108D-22 reads as rewritten:

"§ 108D-22. PHP provider networks.

(a) Except as provided in G.S. 108D-23 and G.S. 108D-24, each PHP shall develop and maintain a provider network that meets access to care requirements for its enrollees. A PHP may not exclude providers from their networks except for failure to meet objective quality standards, as described in subsection (c) of this section, or refusal to accept network rates. Notwithstanding the previous sentence, a PHP must include all providers in its geographical coverage area that are designated essential providers by the Department in accordance with subdivision (b) of this section, unless the Department approves an alternative arrangement for securing the types of services offered by the essential providers.

...
 (c) The Department shall establish uniform provider credentialing criteria, including selecting objective quality standards, and shall require each PHP to comply with the criteria."

SECTION 9E.18.(e) This section is effective when it becomes law. Subsection (d) of this section applies to contracts entered into on or after the date this section becomes law.

MEDICAID MANAGED CARE COST CONTAINMENT

SECTION 9E.18A.(a) G.S. 108D-65 reads as rewritten:

"§ 108D-65. Role of the Department.

The role and responsibility of the Department during Medicaid transformation shall include the following activities and functions:

- ...
 (6) Enter into capitated PHP contracts for the delivery of the Medicaid services described in G.S. 108D-35. All contracts shall be the result of requests for proposals (RFPs) issued by the Department and the submission of competitive bids by PHPs. The Department shall develop standardized contract terms, to include at a minimum, the following:
- a. ~~Risk-adjusted cost growth for its enrollees must be at least two percentage (2%) points below national Medicaid spending growth as documented and projected in the annual report prepared for CMS by the Office of the Actuary.~~ Risk-adjusted cost growth limits that demonstrate savings relative to national health care spending trends, with appropriate benchmarks for measuring progress.
 - b. A requirement that PHP spending for prescribed drugs, net of rebates, ensures the State realizes a net savings for the spending on prescription drugs. All PHPs shall be required to use the same drug formulary, which shall be established by the Department.
 - b1. Any innovative cost reduction strategies, including those used in other states, identified by the Department.
 - b2. A requirement that PHPs report to the Department at least annually on the PHP's cost containment efforts and the outcomes of those efforts.
 - b3. Specific actions that the Department is authorized to take if a PHP fails to meet cost containment goals defined in the contract.

...."

SECTION 9E.18A.(b) This section is effective when it becomes law and applies to contracts entered into on or after that date.

ACCREDITATION FOR MEDICAID MANAGED CARE ENTITIES

SECTION 9E.19.(a) G.S. 108D-65(6) reads as rewritten:

"§ 108D-65. Role of the Department.

The role and responsibility of the Department during Medicaid transformation shall include the following activities and functions:

...

(6) Enter into capitated PHP contracts for the delivery of the Medicaid services described in G.S. 108D-35. All contracts shall be the result of requests for proposals (RFPs) issued by the Department and the submission of competitive bids by PHPs. The Department shall develop standardized contract terms, to include at a minimum, the following:

...

h. A requirement that managed care entities attain and maintain accreditation from a nationally recognized managed care accrediting organization, including the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Healthcare Organizations, URAC, or another organization approved by the Division, chosen by the managed care entity."

SECTION 9E.19.(b) This section is effective when it becomes law and applies to contracts entered into on or after that date.

REDUCING USE OF INAPPROPRIATE SETTINGS FOR DELIVERY OF BEHAVIORAL HEALTH SERVICES

SECTION 9E.20.(a) Section 9D.22 of S.L. 2021-180, as amended by Section 9D.9 of S.L. 2022-74 and Section 9E.19 of S.L. 2023-134, expires July 1, 2025.

SECTION 9E.20.(b) No later than October 1, 2025, the Department of Health and Human Services (DHHS) shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid on DHHS's recent efforts to address the issue of the inappropriate use of acute care hospital settings for the delivery of behavioral health services. The report shall include all of the following:

- (1) Actions DHHS has taken since July 1, 2023, and plans to take through June 30, 2027, to address this issue.
- (2) An analysis of any gaps that will remain once current plans are implemented, as well as any additional authority, resources, and funding needed to address those gaps.
- (3) Any impact, or anticipated impact, from the implementation of behavioral health and intellectual/developmental disabilities tailored plans on this issue.
- (4) The metrics DHHS uses and will use to measure the effectiveness of actions taken to address this issue.
- (5) Any measurable progress toward addressing this issue.

DEFINE SEPSIS/NORTH CAROLINA MEDICAID PROGRAM

SECTION 9E.21.(a) Except as provided in subsection (b) of this section, the Department of Health and Human Services, Division of Health Benefits (DHB), shall ensure that the Medicaid program (i) complies with the most recently published American College of Chest Physicians/Society of Critical Care Medicine (ACCP/SCCM) sepsis guidelines, primarily known as the Surviving Sepsis Campaign guidelines, and (ii) does not utilize any clinical criteria beyond that described in the ACCP/SCCM sepsis guidelines when making any medical necessity or utilization review determinations related to diagnosis, treatment, and management of sepsis. DHB shall amend all relevant clinical coverage policies and rules, or adopt rules, policies, or guidelines, necessary to implement this section.

SECTION 9E.21.(b) The Department of Health and Human Services, Division of Health Benefits, shall not make any changes to the Medicaid program described in this section if those changes exceed the authority of the Division of Health Benefits under G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated to exceed a future authorized budget for the Medicaid program.

SECTION 9E.21.(c) This section is effective when it becomes law.

1
2 **DISCONTINUE MEDICAID COVERAGE OF OBESITY MANAGEMENT**
3 **MEDICATIONS**

4 **SECTION 9E.22.** Effective October 1, 2025, the Department of Health and Human
5 Services, Division of Health Benefits, shall discontinue the Medicaid coverage of obesity
6 management medications that became effective August 1, 2024. Consistent with the policy in
7 effect prior to August 1, 2024, this section shall have no effect on the coverage of GLP-1
8 medications for beneficiaries managing diabetes.

9
10 **INCREASE VARIOUS MEDICAID RATES**

11 **SECTION 9E.23.** The Department of Health and Human Services, Division of
12 Health Benefits, shall increase by three percent (3%) the Medicaid rates paid for all of the
13 following:

- 14 (1) Durable medical equipment, orthotics, and prosthetics.
- 15 (2) Speech-language therapy services.
- 16 (3) Optical and optometry services.
- 17 (4) Podiatry services.
- 18 (5) Portable X-ray services.
- 19 (6) Clinical pharmacist practitioners services.
- 20 (7) Nurse midwife services.
- 21 (8) Chiropractic services.
- 22 (9) HIV case management services.
- 23 (10) Independent Diagnostic Testing Facilities services.

24
25 **EXTEND DURABLE MEDICAL EQUIPMENT RATES IN MEDICAID MANAGED**
26 **CARE**

27 **SECTION 9E.24.** Section 11 of S.L. 2020-88, as amended by Section 3.6 of S.L.
28 2021-62, reads as rewritten:

29 "**SECTION 11.** For the first ~~five years~~ 10 years, ending June 30, 2031, of the ~~initial~~-standard
30 benefit plan prepaid health plan capitated contracts required under Article 4 of Chapter 108D of
31 the General Statutes, the reimbursement for durable medical equipment and supplies, orthotics,
32 and prosthetics under managed care shall be set at one hundred percent (100%) of the lesser of
33 the supplier's usual and customary rate or the maximum allowable Medicaid fee-for-service rates
34 for durable medical equipment and supplies, orthotics, and prosthetics."

35
36 **ADULT CARE HOME MEDICAID PERSONAL CARE SERVICES COVERAGE**

37 **SECTION 9E.25.(a)** In conjunction with the requirements of Section 9E.26 of S.L.
38 2023-134 for the Department of Health and Human Services, Division of Health Benefits (DHB),
39 to explore options available to increase access to Medicaid services for dual eligibles that provide
40 alternatives to nursing home placements, DHB shall consult with stakeholders and shall submit
41 to the Centers for Medicare and Medicaid Services (CMS) a request that meets all of the
42 following goals:

- 43 (1) Provides Medicaid coverage of personal care services to individuals who
44 reside in licensed adult care homes and special care units and whose income
45 exceeds the limit for participation in the State-County Special Assistance
46 Program authorized under G.S. 108A-40, but does not exceed either (i) one
47 hundred eighty percent (180%) of the federal poverty level, for individuals
48 who, but for their income, would qualify for State-County Special Assistance
49 at the basic rate under G.S. 108A-42.1 or (ii) two hundred percent (200%) of
50 the federal poverty level, for individuals who, but for their income, would

1 qualify for State-County Special Assistance at the enhanced rate under
 2 G.S. 108A-42.1.

3 (2) Ensures that the cost of any new Medicaid coverage being requested is fully
 4 offset by savings or cost avoidance.

5 (3) Ensures compliance with applicable legal requirements.

6 **SECTION 9E.25.(b)** DHB shall take any actions necessary to implement this section
 7 and shall submit the appropriate request to CMS within 90 days after this section becomes law.
 8 DHB shall only implement the Medicaid coverage described in the request if (i) the request is
 9 approved by CMS and (ii) the request meets all of the goals in subsection (a) of this section.

10 **SECTION 9E.25.(c)** This section is effective when it becomes law.

11
 12 **PART IX-F. HEALTH SERVICE REGULATION**

13
 14 **CHARITY CARE EXEMPTION FOR CERTAIN QUALIFIED URBAN AMBULATORY**
 15 **SURGICAL FACILITIES**

16 **SECTION 9F.1.(a)** G.S. 131E-147.5, as enacted by Section 3.2(c) of S.L. 2023-7,
 17 reads as rewritten:

18 "**§ 131E-147.5. Charity care requirement for qualified urban ambulatory surgical**
 19 **facilities; annual report.**

20 (a) The percentage of each qualified urban ambulatory surgical facility's total earned
 21 revenue that is attributed to self-pay and Medicaid revenue shall be equivalent to at least four
 22 percent (4%), calculated as follows: the Medicare allowable amount for self-pay and Medicaid
 23 surgical cases minus all revenue earned from self-pay and Medicaid cases, divided by the total
 24 earned revenues for all surgical cases, divided by the total earned revenues for all surgical cases
 25 performed in the facility for procedures for which there is a Medicare allowable fee.

26 (b) Each qualified urban ambulatory surgical facility shall annually report to the
 27 Department in the manner prescribed by the Department the percentage of the facility's earned
 28 revenue that is attributed to self-pay and Medicaid revenue, as calculated in accordance with
 29 subsection (a) of this section.

30 (c) Qualified ambulatory surgical facilities in counties with a population greater than
 31 125,000 that were licensed prior to November 21, 2025, are exempt from these requirements."

32 **SECTION 9F.1.(b)** This section becomes effective November 1, 2025.

33
 34 **INCREASED BED CAPACITY FOR FACILITIES LICENSED TO PROVIDE A**
 35 **PROGRAM OF OVERNIGHT RESPITE SERVICES**

36 **SECTION 9F.3.(a)** G.S. 131D-6.1 reads as rewritten:

37 "**§ 131D-6.1. Licensure to offer overnight respite; rules; enforcement.**

38 ...

39 (c) The Medical Care Commission shall adopt rules governing the licensure of adult day
 40 care and adult day health facilities providing a program of overnight respite services in
 41 accordance with this section. The Medical Care Commission shall seek input from stakeholders
 42 before proposing rules for adoption as required by this subsection. The rules shall limit the
 43 provision of overnight respite services for each adult to (i) not more than 14 consecutive calendar
 44 days, and not more than 60 total calendar days, during a 365-day period or (ii) the amount of
 45 respite allowed under the North Carolina Innovations waiver or Community Alternatives
 46 Program for Disabled Adults (CAP/DA) waiver, as applicable. The rules shall include minimum
 47 requirements to ensure the health and safety of overnight respite participants. These requirements
 48 shall address all of the following:

49 ...

(8) Bed capacity limitations, which shall not exceed six ~~12~~ beds in each adult day care program facility licensed to provide a program of overnight respite services.

...

(d1) In addition to the requirements of subsections (c) and (d) and of this section and the rules adopted under those subsections, each facility licensed to provide a program of overnight respite services shall adhere to the following minimum staffing requirements:

(1) Each facility shall have staff on duty to meet the needs of each participant.

(2) In addition to the requirement established by subdivision (1) of this subsection, each facility with a census of one to six participants shall have a minimum of one staff present and awake at the facility all times who is qualified to administer medications and is trained to provide personal care and supervision to current participants.

(3) In addition to the requirement established by subdivision (1) of this subsection, each facility with a census of seven to 12 participants shall have a minimum of two staff present and awake at the facility at all times, at least one of whom is qualified to administer medications, and both of whom are trained to provide personal care and supervision to current participants.

(4) Staff required by subdivisions (1) to (3) of this subsection shall not perform housekeeping or food service duties during any shift in which the staff has been assigned the responsibility of providing personal care and supervision to participants. The facility is required to have additional staff available at the facility to provide daily housekeeping and food service duties.

...."

SECTION 9F.3.(b) The Medical Care Commission may adopt emergency and temporary rules as necessary to implement the requirements of G.S. 131D-6, as amended by subsection (a) of this section.

SECTION 9F.3.(c) Subsection (b) of this section is effective when this section becomes law. The remainder of this section becomes effective July 1, 2025.

GENERAL ASSEMBLY APPOINTMENTS AND OTHER CHANGES TO THE STATE HEALTH COORDINATING COUNCIL

SECTION 9F.4.(a) G.S. 131E-176 reads as rewritten:

"§ 131E-176. Definitions.

The following definitions apply in this Article:

...

(17) North Carolina State Health Coordinating Council. – The Council appointed pursuant to G.S. 131E-191 that prepares, with the Department of Health and Human Services, the State Medical Facilities Plan.

...

(25) State Medical Facilities Plan. – The plan prepared by the Department of Health and Human Services and the North Carolina State Health Coordinating Council, and approved by the Governor. ~~In preparing the Plan, the Department and the State Health Coordinating Council shall maintain a mailing list of persons who have requested notice of public hearings regarding the Plan. Not less than 15 days prior to a scheduled public hearing, the Department shall notify persons on its mailing list of the date, time, and location of the hearing. The Department shall hold at least one public hearing prior to the adoption of the proposed Plan and at least six public hearings after the adoption of the proposed Plan by the State Health Coordinating Council. The Council shall accept oral and written comments from the public concerning the Plan.~~

...."

SECTION 9F.4.(b) G.S. 131E-191.1 reads as rewritten:

"§ 131E-191.1. ~~Lobbyists prohibited from serving on the~~ North Carolina State Health Coordinating Council; purpose and duties; composition.

(a) Purpose and Duties. – The North Carolina State Health Coordinating Council shall work with the Department to prepare a State Medical Facilities Plan for approval by the Governor. In preparing the Plan, the Department and the State Health Coordinating Council shall maintain a mailing list of persons who have requested notice of public hearings regarding the Plan. Not less than 15 days prior to a scheduled public hearing, the Department shall notify persons on its mailing list of the date, time, and location of the hearing. The Department shall hold at least one public hearing prior to the adoption of the proposed Plan and at least six public hearings after the adoption of the proposed Plan by the State Health Coordinating Council. The Council shall accept oral and written comments from the public concerning the Plan.

(b) Composition. – The North Carolina State Health Coordinating Council shall consist of the following 15 members:

(1) 13 members appointed by the Governor.

(2) One member of the Senate, appointed by the President Pro Tempore of the Senate, and one member of the House of Representatives, appointed by the Speaker of the House of Representatives, who shall be nonvoting members of the Council.

(c) No person registered as a lobbyist under Chapter 120C of the General Statutes shall be appointed to or serve on the North Carolina State Health Coordinating Council. No person previously registered as a lobbyist under Chapter 120C of the General Statutes shall be appointed to or serve on the North Carolina State Health Coordinating Council within 120 days after the expiration of the lobbyist's registration."

SECTION 9F.4.(c) This section is effective when it becomes law.

ALLOW LIVE-IN DIRECT SUPPORT PROFESSIONALS IN GROUP HOMES

SECTION 9F.5.(a) The Department of Health and Human Services, Division of Health Service Regulation (DHSR), shall adopt rules necessary to allow direct support professionals providing services to a client being served in a facility licensed under 10A NCAC 27G .5601(c)(3) to permanently reside that facility.

SECTION 9F.5.(b) DHSR shall report to the Joint Legislative Oversight Committee on Health and Human Services by September 30, 2025, on its progress toward implementing the changes under this section. This report shall include any requested legislative changes.

SECTION 9F.5.(c) This section is effective when it becomes law.

PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE USE SERVICES

SINGLE-STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES

SECTION 9G.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, DMH/DD/SUS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

1 **SECTION 9G.1.(c)** During each year of the 2025-2027 fiscal biennium, each
2 LME/MCO shall offer at least the same level of service utilization as during the 2024-2025 fiscal
3 year across the LME/MCO's catchment area. This requirement shall not be construed to require
4 LME/MCOs to authorize or maintain the same level of services for any specific individual whose
5 services were paid for with single-stream funding. Further, this requirement shall not be
6 construed to create a private right of action for any person or entity against the State of North
7 Carolina or the Department of Health and Human Services or any of its divisions, agents, or
8 contractors and shall not be used as authority in any contested case brought pursuant to Chapter
9 108C or 108D of the General Statutes.

10 **SECTION 9G.1.(d)** If, on or after June 1, 2025, the Office of State Budget and
11 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code
12 14445 to meet total obligations for the 2024-2025 fiscal year, then DHB shall transfer to
13 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars
14 (\$30,000,000), whichever is less, to be used for single-stream funding.

15 **SECTION 9G.1.(e)** If, on or after June 1, 2026, the Office of State Budget and
16 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code
17 14445 to meet total obligations for the 2025-2026 fiscal year, then DHB shall transfer to
18 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars
19 (\$30,000,000), whichever is less, to be used for single-stream funding.

20 **SECTION 9G.1.(f)** If, on or after June 1, 2027, the Office of State Budget and
21 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code
22 14445 to meet total obligations for the 2026-2027 fiscal year, then DHB shall transfer to
23 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars
24 (\$30,000,000), whichever is less, to be used for single-stream funding.

25 **SECTION 9G.1.(g)** Subsection (d) of this section is effective June 30, 2025. The
26 remainder of this section is effective July 1, 2025.

27 28 **REPEAL THE MENTAL HEALTH AND SUBSTANCE USE TASK FORCE RESERVE** 29 **FUND**

30 **SECTION 9G.2.(a)** Section 12F.3(b) of S.L. 2016-94 is repealed.

31 **SECTION 9G.2.(b)** Of the funds in the Mental Health and Substance Use Task Force
32 Reserve Fund on the date this section becomes effective, the Department of Health and Human
33 Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services,
34 shall transfer the lesser of the sum of forty-one million eight hundred sixteen thousand three
35 hundred fifty-one dollars (\$41,816,351) or the balance of the Mental Health and Substance Use
36 Task Force Reserve Fund to Budget Code 14460 to be used for single-stream funding. Any
37 additional funds remaining in the Mental Health and Substance Use Task Force Reserve Fund
38 shall revert to the General Fund.

39 **SECTION 9G.2.(c)** This section shall be effective July 1, 2025, or the date it
40 becomes law, whichever is later.

41 42 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

43 **SECTION 9G.3.(a)** Use of Funds. – Funds appropriated in this act to the Department
44 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
45 Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric
46 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to
47 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
48 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds
49 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of
50 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall
51 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In

1 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated
2 to LME/MCOs for community-based mental health, developmental disabilities, and substance
3 use disorder services may be used to purchase additional local inpatient psychiatric beds or bed
4 days. DHHS may allocate funding to the LME/MCOs for the purchase of facility-based crisis,
5 nonhospital detoxification services, and peer respite services to support individuals that do not
6 meet the medical necessity for inpatient treatment and can be diverted from an inpatient hospital
7 stay.

8 **SECTION 9G.3.(b)** Distribution and Management of Beds or Bed Days. – DHHS
9 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
10 with this section are utilized solely for individuals who are medically indigent, except that DHHS
11 may use up to forty percent (40%) of the funds appropriated in this act to the Department of
12 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
13 Substance Use Services, for the purchase of local inpatient psychiatric beds or bed days to pay
14 for facility-based crisis services, nonhospital detoxification services, and peer respite services for
15 individuals in need of these services, regardless of whether the individuals are medically indigent.
16 For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i)
17 are financially unable to obtain private insurance coverage, as determined by DHHS, and (ii) are
18 not eligible for government-funded health coverage such as Medicare or Medicaid.

19 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or
20 bed days purchased in accordance with this section are distributed across the State and according
21 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with
22 higher acuity levels are distributed across the State and according to greatest need based on
23 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local
24 hospitals for the purchase and management of the local inpatient psychiatric beds or bed days
25 and allocate up to forty percent (40%) of the total funding to the LME/MCOs for the purpose of
26 facility-based crisis services, nonhospital detoxification services, and peer respite services.
27 DHHS shall work to ensure that these contracts are awarded equitably around all regions of the
28 State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days,
29 including the determination of the specific local hospital or State psychiatric hospital to which
30 an individual should be admitted pursuant to an involuntary commitment order.

31 DHHS shall prioritize use of local inpatient psychiatric beds or bed days funded by
32 the Dorothea Dix Hospital Property Fund established under G.S. 143C-9-2(b1).

33 **SECTION 9G.3.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in
34 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be
35 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
36 Developmental Disabilities, and Substance Use Services to pay for services authorized by the
37 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
38 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital
39 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

40 **SECTION 9G.3.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
41 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for
42 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
43 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the
44 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may
45 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other
46 provision of law to the contrary, may pay the hospital directly.

47 **SECTION 9G.3.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to
48 report to DHHS regarding the utilization of these beds or bed days.

49 **SECTION 9G.3.(f)** Reporting by DHHS. – By no later than December 1, 2025, and
50 by no later than December 1, 2026, DHHS shall report to the Joint Legislative Oversight

1 Committee on Health and Human Services and the Fiscal Research Division on all of the
2 following:

- 3 (1) A uniform system for beds or bed days purchased during the preceding fiscal
4 year from (i) existing State appropriations and (ii) local funds.
- 5 (2) An explanation of the process used by DHHS to ensure that, except as
6 otherwise provided in subsection (a) of this section, local inpatient psychiatric
7 beds or bed days purchased in accordance with this section are utilized solely
8 for individuals who are medically indigent, along with the number of
9 medically indigent individuals served by the purchase of these beds or bed
10 days.
- 11 (3) The amount of funds used to pay for facility-based crisis services, along with
12 the number of individuals who received these services and the outcomes for
13 each individual.
- 14 (4) The amount of funds used to pay for nonhospital detoxification services, along
15 with the number of individuals who received these services and the outcomes
16 for each individual.
- 17 (5) Other DHHS initiatives funded by State appropriations to reduce State
18 psychiatric hospital use.

20 **REPLACEMENT FOR CRITICAL IT SYSTEMS THAT SUPPORT SUBSTANCE USE** 21 **DISORDER PREVENTION AND TREATMENT**

22 **SECTION 9G.5.** The Department of Health and Human Services, Division of
23 Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), shall
24 develop and implement a replacement project for outdated data systems supporting substance use
25 prevention and treatment goals, specifically the Driving While Impaired Services, the Drug
26 Education School, and the Drug Control Unit programs. This replacement project for outdated
27 data systems shall be designed to prevent progression of misuse of substances through education
28 and regulatory supports. The DMH/DD/SUS shall not proceed with this replacement project until
29 the business case has been approved by the Office of State Budget and Management and the State
30 Chief Information Officer in the Enterprise Project Management Office's Touchdown System.
31 Upon approval of the business case, for each year of the 2025-2027 fiscal biennium, the
32 DMH/DD/SUS may budget up to one million two hundred thousand dollars (\$1,200,000) of
33 mixed beverage tax receipts available in Budget Code 14460, Budget Fund 134603 for transfer
34 to Budget Code 24410 to implement the replacement project for outdated data systems developed
35 pursuant to this section. Beginning in the fiscal year following project completion, the
36 DMH/DD/SUS may use up to one million two hundred thousand dollars (\$1,200,000) of mixed
37 beverage tax receipts each fiscal year to cover operations and maintenance costs for the
38 replacement system.

39 **USE OF OPIOID SETTLEMENT FUNDS**

41 **SECTION 9G.6.(a)** Definitions. – The following definitions apply in this section:

- 42 (1) DMH/DD/SUS. – The Department of Health and Human Services, Division
43 of Mental Health, Developmental Disabilities, and Substance Use Services.
- 44 (2) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L.
45 2021-180, as amended by Section 9F.1 of S.L. 2022-74.
- 46 (3) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L.
47 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

48 **SECTION 9G.6.(b)** Repeal of Prescription Digital Therapeutics Pilot Program. –
49 Section 9F.2 of S.L. 2022-74 is repealed.

50 **SECTION 9G.6.(c)** Transfer of Prescription Digital Therapeutics Pilot Program
51 Funds Back to Opioid Abatement Reserve. – The State Controller shall transfer the sum of one

1 million eight hundred fifty thousand dollars (\$1,850,000) in nonrecurring funds for the
2 2025-2026 fiscal year from funds available in the Opioid Abatement Fund (as a result of the
3 repeal of the Prescription Digital Therapeutics Pilot Program authorized by Section 9F.2 of S.L.
4 2022-74) to the Opioid Abatement Reserve.

5 **SECTION 9G.6.(d)** Appropriation of Funds to the DMH/DD/SUS. – The State
6 Controller shall transfer from funds available in the Opioid Abatement Reserve to the Opioid
7 Abatement Fund the sum of thirty-one million three hundred fifty thousand dollars (\$31,350,000)
8 in nonrecurring funds for the 2025-2026 fiscal year and the sum of six million seven hundred
9 fifty thousand dollars (\$6,750,000) in nonrecurring funds for the 2026-2027 fiscal year. The
10 funds transferred are appropriated for the fiscal year in which they are transferred to the
11 DMH/DD/SUS, to be allocated as specified in the Committee Report described in Section 45.2
12 of this act. Of the funds appropriated to the DMH/DD/SUS by this subsection, the sum of five
13 million dollars (\$5,000,000) in nonrecurring funds for the 2025-2026 fiscal year shall be
14 allocated and used as follows:

- 15 (1) The sum of one million dollars (\$1,000,000) in nonrecurring funds shall be
16 used by the DMH/DD/SUS to purchase 8-milligram intranasal opioid
17 antagonist, to reverse the effects of opioid overdose.
- 18 (2) The sum of four million dollars (\$4,000,000) in nonrecurring funds shall be
19 allocated as directed grants to the local management entities/managed care
20 organizations (LME/MCOs). These funds shall be distributed equally among
21 the LME/MCOs for the 2025-2026 fiscal year to be used to support opioid
22 remediation activities in Tier 1 and Tier 2 counties, as defined in
23 G.S. 143B-472.35(a2)(18).

24 **SECTION 9G.6.(e)** Limitation on Use of Directed Grant Funds by Non-State
25 Entities. – Recipients of directed grants allocated by the DMH/DD/SUS pursuant to subsection
26 (c) of this section shall not use these funds for any purpose other than to fund opioid programs,
27 services, and activities within the State of North Carolina to respond to the negative impacts of
28 the opioid epidemic.

29 **SECTION 9G.6.(f)** Reports on the Use of Directed Grant Funds. – By September 1,
30 2027, recipients of directed grants allocated by the DMH/DD/SUS pursuant to subsection (c) of
31 this section for the 2025-2026 fiscal year, and by September 1, 2028, recipients of directed grants
32 allocated by the DMH/DD/SUS pursuant to subsection (c) of this section for the 2026-2027 fiscal
33 year shall report to the DMH/DD/SUS; the Joint Legislative Oversight Committee on Health and
34 Human Services; and the Fiscal Research Division on the use of their directed grant funds. The
35 report shall include at least all of the following for each directed grant recipient:

- 36 (1) An itemized list of expenditures.
- 37 (2) The types of opioid remediation programs, services, and activities funded,
38 broken down by geographic location and the number of people served at each
39 location.

40 **SECTION 9G.6.(g)** Time Line for Disbursement of Directed Grant Funds. – In the
41 event the DMH/DD/SUS is unable to begin disbursement of all the directed grant funds
42 authorized by subsection (d) of this section for each year of the 2025-2027 fiscal biennium, within
43 the time frame specified in Section 5.2 of this act due to the unavailability of funds in the Opioid
44 Abatement Fund, the DMH/DD/SUS shall, within the availability of funds in the Opioid
45 Abatement Fund, begin disbursement of as many directed grant funds as possible within the time
46 frame specified in Section 5.2 of this act. As additional funds are deposited into the Opioid
47 Abatement Fund, the DMH/DD/SUS shall begin disbursement of as many additional directed
48 grant funds as possible given the availability of funds in the Opioid Abatement Fund no later
49 than 30 days after each additional deposit.

1 **SECTION 9G.6.(h)** Protection of Deemed Status for Directed Grant Recipients that
 2 are Charitable, Nonprofit, Faith-Based, Adult Residential Treatment Facilities. – Effective
 3 retroactively to July 1, 2021, G.S. 122C-22(a) reads as rewritten:

4 "**§ 122C-22. Exclusions from licensure; deemed status.**

5 (a) All of the following are excluded from the provisions of this Article and are not
 6 required to obtain licensure under this Article:

7 ...

8 (11) A charitable, nonprofit, faith-based, adult residential treatment facility that
 9 does not receive any federal or State funding and is a religious organization
 10 exempt from federal income tax under section 501(a) of the Internal Revenue
 11 Code. Funds received by the State (i) as a result of a settlement, as defined in
 12 G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing,
 13 distribution, dispensing, or sale of opioids, or (ii) as a beneficiary of a
 14 confirmation order by a bankruptcy court relating to claims regarding the
 15 manufacturing, marketing, distribution, dispensing, or sale of opioids do not
 16 constitute State funding for the purpose of determining whether a facility is
 17 excluded from licensure under this subdivision.

18 "

19 **PART IX-H. PUBLIC HEALTH**

20 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO** 21 **IMPROVE MATERNAL AND CHILD HEALTH**

22 **SECTION 9H.1.(a)** Funds appropriated in this act to the Department of Health and
 23 Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium to
 24 award competitive grants to local health departments for the improvement of maternal and child
 25 health shall be used to continue administering a competitive grant process for local health
 26 departments based on maternal and infant health indicators and the county's detailed proposal to
 27 invest in evidence-based programs to achieve the following goals:

- 28 (1) Improve North Carolina's birth outcomes.
- 29 (2) Improve the overall health status of children in this State from birth to age 5.
- 30 (3) Lower the State's infant mortality rate.

31 **SECTION 9H.1.(b)** The plan for administering the competitive grant process shall
 32 include at least all of the following components:

- 33 (1) A request for application (RFA) process to allow local health departments to
 34 apply for and receive State funds on a competitive basis. The Department shall
 35 require local health departments to include in the application a plan to evaluate
 36 the effectiveness, including measurable impact or outcomes, of the activities,
 37 services, and programs for which the funds are being requested.
- 38 (2) A requirement that the Secretary prioritize grant awards to those local health
 39 departments that are able to leverage non-State funds in addition to the grant
 40 award.
- 41 (3) Ensures that funds received by the Department to implement the plan
 42 supplement and do not supplant existing funds for maternal and child health
 43 initiatives.
- 44 (4) Allows grants to be awarded to local health departments for up to three years.

45 **SECTION 9H.1.(c)** No later than July 1 of each year, as applicable, the Secretary
 46 shall announce the recipients of the competitive grant awards and allocate funds to the grant
 47 recipients for the respective grant period. After awards have been granted, the Secretary shall
 48 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
 49 the grant awards that includes at least all of the following:
 50
 51

- 1 (1) The identity and a brief description of each grantee and each program or
2 initiative offered by the grantee.
- 3 (2) The amount of funding awarded to each grantee.
- 4 (3) The number of persons served by each grantee, broken down by program or
5 initiative.

6 **SECTION 9H.1.(d)** No later than February 1 of each fiscal year, each local health
7 department receiving funding pursuant to this section in the respective fiscal year shall submit to
8 the Division of Public Health a written report of all activities funded by State appropriations. The
9 report shall include the following information about the fiscal year preceding the year in which
10 the report is due:

- 11 (1) A description of the types of programs, services, and activities funded by State
12 appropriations.
- 13 (2) Statistical and demographical information on the number of persons served by
14 these programs, services, and activities, including the counties in which
15 services are provided.
- 16 (3) Outcome measures that demonstrate the impact and effectiveness of the
17 programs, services, and activities based on the evaluation protocols developed
18 by the Division, in collaboration with the University of North Carolina
19 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
20 2015-241, and reported to the Joint Legislative Oversight Committee on
21 Health and Human Services on April 1, 2016.
- 22 (4) A detailed program budget and list of expenditures, including all positions
23 funded, matching expenditures, and funding sources.

24 25 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG 26 ASSISTANCE PROGRAM**

27 **SECTION 9H.2.** Upon a determination by the Department of Health and Human
28 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
29 operate the health insurance premium assistance program implemented within the North Carolina
30 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
31 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
32 Committee on Health and Human Services notifying the Committee of this determination along
33 with supporting documentation and a proposed course of action with respect to health insurance
34 premium assistance program participants.
35

36 **INCREASE TO MEDICAL EXAMINER FEE**

37 **SECTION 9H.3.** G.S. 130A-387 reads as rewritten:

38 **"§ 130A-387. Fees.**

39 For each investigation and prompt filing of the required report, the medical examiner shall
40 receive a fee paid by the State. However, if the deceased is a resident of the county in which the
41 death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~two~~four hundred
42 dollars (\$200.00)-(\$400.00)."
43

44 **REPORT ON RECOMMENDATIONS FOR A PLAN TO IMPROVE MATERNAL AND 45 INFANT LEVELS OF CARE IN NORTH CAROLINA**

46 **SECTION 9H.4.** By April 1, 2026, the Department of Health and Human Services,
47 Division of Public Health, shall report to the Joint Legislative Oversight Committee on Health
48 and Human Services and the Fiscal Research Division on recommendations for a plan to establish
49 maternal levels of care and to update neonatal levels of care to reduce maternal and infant
50 mortality rates within the State. The plan recommendations shall be consistent with guidelines
51 endorsed by the American College of Obstetricians and Gynecologists, the Society for

1 Maternal-Fetal Medicine, the American Academy of Pediatrics, the United States Centers for
2 Disease Control and Prevention, and the Association of Women's Health, Obstetric and Neonatal
3 Nurses. In developing these plan recommendations, the Department of Health and Human
4 Services, Division of Public Health, shall consult with maternal and infant health stakeholders in
5 North Carolina, including the North Carolina Healthcare Association, the North Carolina
6 Obstetrical and Gynecological Society, the North Carolina Pediatric Society, the North Carolina
7 Academy of Family Physicians, the North Carolina Institute of Medicine, other organizations
8 with expertise in this area, and individuals with lived experience.

10 CAROLINA PREGNANCY CARE FELLOWSHIP

11 SECTION 9H.5.(a) Funds appropriated in this act to the Department of Health and
12 Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium for
13 Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, shall be allocated and used
14 as follows:

- 15 (1) The sum of three million nine hundred fifty thousand dollars (\$3,950,000) in
16 recurring funds for the 2025-2026 fiscal year and the sum of three million nine
17 hundred fifty thousand dollars (\$3,950,000) in recurring funds for the
18 2026-2027 fiscal year shall be used to provide grants for services to pregnancy
19 centers located in this State.
- 20 (2) The sum of one million dollars (\$1,000,000) in recurring funds for the
21 2025-2026 fiscal year and the sum of one million dollars (\$1,000,000) in
22 recurring funds for the 2026-2027 fiscal year shall be used to provide the
23 following grants to pregnancy centers located in this State:
 - 24 a. Grants to purchase durable medical equipment.
 - 25 b. Grants to pay for pregnancy care training and training on the use of
26 durable medical equipment.
- 27 (3) The sum of one million fifty thousand dollars (\$1,050,000) in recurring funds
28 for the 2025-2026 fiscal year and the sum of one million fifty thousand dollars
29 (\$1,050,000) in recurring funds for the 2026-2027 fiscal year shall be
30 allocated to fund operation of the CPCF Circle of Care Program.

31 SECTION 9H.5.(b) The CPCF shall establish an application process for the grants
32 authorized by subdivisions (a)(1) and (a)(2) of this section, and any pregnancy center located in
33 this State that applies for these grant funds through the established application process is eligible
34 to receive these grant funds.

35 SECTION 9H.5.(c) The CPCF shall not use more than ten percent (10%) of the total
36 amount of funds allocated for each year of the 2025-2027 fiscal biennium for administrative
37 purposes.

38 SECTION 9H.5.(d) The CPCF shall use these allocated funds for nonsectarian,
39 nonreligious purposes only.

40 SECTION 9H.5.(e) By July 1, 2027, and July 1 of each odd-numbered year
41 thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and
42 Human Services and the Fiscal Research Division on its use of these allocated funds. The report
43 shall include at least all of the following:

- 44 (1) The identity and a brief description of each grantee and the amount of funding
45 awarded to each grantee.
- 46 (2) The number of persons served by each grantee.
- 47 (3) The number of persons served by the Circle of Care Program.
- 48 (4) The amount of funds used for administrative purposes.

50 STATEWIDE CONTINUUM OF CARE PROGRAM

1 **SECTION 9H.5A.(a)** Of the funds appropriated in this act to the Department of
2 Health and Human Services, Division of Public Health, the sum of five hundred thousand dollars
3 (\$500,000) in nonrecurring funds for the 2025-2026 fiscal year shall be allocated to the Human
4 Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide
5 Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These
6 funds shall be used for nonreligious, nonsectarian purposes only.

7 **SECTION 9H.5A.(b)** The Human Coalition may use up to ten percent (10%) of the
8 funds allocated for the statewide Continuum of Care Program for each year of the 2025-2027
9 fiscal biennium for administrative purposes.

10 **SECTION 9H.5A.(c)** By December 1, 2027, and every six months thereafter through
11 December 1, 2028, the Human Coalition shall report to the Department of Health and Human
12 Services on the status and operation of the statewide Continuum of Care Program authorized by
13 Section 9G.6 of S.L. 2021-180. The report shall include at least all of the following:

14 (1) A detailed breakdown of expenditures for the program.

15 (2) The number of individuals served by the program and, for the individuals
16 served, the types of services provided to each.

17 (3) Any other information requested by the Department of Health and Human
18 Services as necessary for evaluating the success of the program.

19 **SECTION 9H.5A.(d)** By February 1, 2027, and February 1, 2028, the Department
20 of Health and Human Services shall report to the Joint Legislative Oversight Committee on
21 Health and Human Services and the Fiscal Research Division on the status and operation of the
22 statewide Continuum of Care Program. The report shall include at least all of the information
23 specified in subdivisions (c)(1) through (c)(3) of this section.
24

25 **ADDITIONAL FUNDS FOR LOCAL HEALTH DEPARTMENTS**

26 **SECTION 9H.6.** Of the funds appropriated in this act to the Department of Health
27 and Human Services, Division of Public Health, the sum of two million fifty-one thousand five
28 hundred eighty-one dollars (\$2,051,581) in recurring funds for each year of the 2025-2027 fiscal
29 biennium shall be allocated equally among the local health departments. Local health
30 departments shall not use these funds for any purpose other than the activities authorized under
31 the General-Aid-to-Counties Agreement Addendum.
32

33 **TRANSFER AND REORGANIZATION OF RARE DISEASE ADVISORY COUNCIL**

34 **SECTION 9H.7.(a)** Part 6 of Article 1B of Chapter 130A of the General Statutes
35 reads as rewritten:

36 "Part 6. Taylor's Law Establishing the Advisory Council on Rare Diseases.

37 "**§ 130A-33.65. Advisory Council on Rare Diseases; membership; terms; compensation;**
38 **meetings; quorum.**

39 (a) Short Title. – This Part shall be known as Taylor's Law Establishing the Advisory
40 Council on Rare Diseases.

41 (a1) Establishment of Advisory Council. – There is established the Advisory Council on
42 Rare Diseases within the ~~School of Medicine of the University of North Carolina at Chapel Hill~~
43 Department of Health and Human Services to advise the Governor, the Secretary, and the General
44 Assembly on research, diagnosis, treatment, and education relating to rare diseases. ~~This Part~~
45 ~~shall be known as Taylor's Law Establishing the Advisory Council on Rare Diseases.~~ For
46 purposes of this Part, "rare disease" has the same meaning as provided in 21 U.S.C. § 360bb.

47 (b) Advisory Council Membership. – The advisory council shall consist of 19 members
48 to be appointed as follows:

49 (1) ~~Upon the recommendation of the Dean of the School of Medicine of the~~
50 ~~University of North Carolina at Chapel Hill, the~~ The Secretary shall appoint
51 ~~members to the advisory council as follows:~~ the following 15 members:

- 1 a. ~~A physician~~Two physicians licensed and practicing in this State with
 2 experience researching, diagnosing, or treating rare diseases.
- 3 b. ~~A medical researcher with experience conducting research concerning~~
 4 ~~rare diseases.~~
- 5 c. ~~A~~One registered nurse or advanced practice registered nurse licensed
 6 and practicing in the State with experience treating rare diseases.
- 7 d. ~~One rare diseases survivor.~~
- 8 e. ~~One member who represents a rare diseases foundation.~~
- 9 f. ~~One representative~~researcher from each ~~an~~ academic research
 10 institution in this State that receives any grant funding for rare diseases
 11 research.
- 12 g. ~~One parent of a childhood rare disease survivor.~~
- 13 h. One hospital administrator, or the hospital administrator's designee,
 14 representing a hospital in the State that provides care to persons
 15 diagnosed with a rare disease.
- 16 i. Two persons age 18 or older who have been diagnosed with a rare
 17 disease.
- 18 j. Two persons age 18 or older who are, or were previously, caregivers
 19 to a person diagnosed with a rare disease.
- 20 k. One representative of a rare disease patient organization that operates
 21 in the State.
- 22 l. One pharmacist licensed and practicing in this State with knowledge
 23 and experience regarding drugs used to treat rare diseases.
- 24 m. One representative of the life sciences, biotechnology, or
 25 biopharmaceutical industry that either focuses on research efforts
 26 related to the development of therapeutic products for persons
 27 diagnosed with a rare disease or has demonstratable understanding of
 28 the path to commercialization of such products.
- 29 n. Two representatives of a health benefit plan or health insurer, at least
 30 one of whom is a representative of a North Carolina Medicaid
 31 Managed Care health plan.
- 32 o. One genetic counselor with experience providing services to persons
 33 diagnosed with a rare disease or caregivers of persons diagnosed with
 34 a rare disease.
- 35 (2) ~~The chairs of the Joint Legislative Oversight Committee on Health and Human~~
 36 ~~Services, or the chairs' designees, shall serve on the advisory council. A~~
 37 ~~member of the advisory council who is designated by the chairs of the Joint~~
 38 ~~Legislative Oversight Committee on Health and Human Services may be a~~
 39 ~~member of the General Assembly.~~
- 40 (2a) One member appointed by the President Pro Tempore of the Senate.
- 41 (2b) One member appointed by the Speaker of the House of Representatives.
- 42 (2c) One member appointed by the Governor.
- 43 (3) The Secretary, or the Secretary's designee, shall serve as an ex officio,
 44 nonvoting member of the advisory council.
- 45 (c) ~~Members~~Length of Terms. – All initial members appointed pursuant to subsection
 46 ~~(b) of this section~~to the advisory council shall serve for a term of three years, and no member
 47 initial member, except for the initial physician members and the initial member representing a
 48 rare disease patient organization, shall serve more than three consecutive terms. The initial
 49 physician members and the initial member representing a rare disease patient organization may
 50 serve for up to four consecutive terms. Thereafter, members appointed by the President Pro
 51 Tempore of the Senate, the Speaker of the House of Representatives, and the Governor shall

1 serve for a term of two years; and members appointed by the Secretary shall serve for a term of
 2 two, three, or four years, as determined by the chair of the advisory council.

3 (c1) Vacancies and Removals. – Any appointment to fill a vacancy on the advisory council
 4 created by the resignation, dismissal, death, or disability of a member shall be filled by the
 5 appointing authority for the balance of the unexpired term. Each appointing authority may
 6 remove any member appointed by that appointing authority for misfeasance, malfeasance, or
 7 nonfeasance.

8 (d) Per Diem and Expenses. – Members of the advisory council shall receive per diem
 9 and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5
 10 or G.S. 138-6 or travel and subsistence expenses in accordance with the provisions of
 11 G.S. 120-3.1, as applicable.

12 (e) Administrative Support. – All administrative support and other services required by
 13 the advisory council shall be provided by the School of Medicine of the University of North
 14 Carolina at Chapel Hill Department.

15 (f) Upon the recommendation of the Dean of the School of Medicine of the University
 16 of North Carolina at Chapel Hill, Selection of Chair. – The Secretary shall select the chair of the
 17 advisory council from among the members of the council. The chair shall serve in this position
 18 until the expiration of his or her term.

19 (g) The chair shall convene the first meeting of the advisory council no later than October
 20 1, 2015. Meetings and Quorum. – A majority of the council members shall constitute a quorum.
 21 A majority vote of a quorum shall be required for any official action of the advisory council.
 22 Following the first meeting, the advisory council shall meet at least quarterly. The advisory
 23 council may meet more frequently upon the call of the chair or upon the request of a majority of
 24 council members.

25 **"§ 130A-33.66. Advisory Council on Rare Diseases; powers and duties; reports.**

26 The advisory council shall have the following powers and duties:

- 27 (1) Advise on ~~coordinating~~ the Governor, the Secretary, and the General
 28 Assembly on all of the following:
- 29 a. Coordination of statewide efforts ~~for the to~~ study of the incidence of
 30 rare diseases within the State and the status of the rare disease
 31 community.
 - 32 b. Coordination of statewide efforts to increase public awareness and
 33 understanding of rare diseases.
 - 34 c. Identification of policy issues related to rare diseases and the
 35 advancement of policy initiatives related to rare diseases at the State
 36 and federal levels.
 - 37 d. The appropriation of State funds to facilitate increased public
 38 awareness of and improved treatment for rare diseases.
- 39 (2) Report to the Secretary, the Governor, ~~and~~ the Joint Legislative Oversight
 40 Committee on Health and Human ~~Services~~ Services, and the Fiscal Research
 41 Division on behalf of the General Assembly not later than January 1, 2016,
 42 and annually thereafter, on the activities of the advisory council and its
 43 findings and recommendations regarding rare disease research and care in
 44 North Carolina, including any recommendations for statutory changes and
 45 amendments to the structure, organization, and powers or duties of the
 46 advisory council.
- 47 (3) In consultation with accredited medical schools, accredited schools of public
 48 health, and hospitals licensed to operate in the State that provide care to
 49 persons diagnosed with a rare disease, develop resources or recommendations
 50 regarding quality of and access to treatment and services available within the
 51 State for persons diagnosed with a rare disease.

(4) Advise and consult with the Department, the North Carolina Drug Utilization Review Board, and the Medicaid Preferred Drug List Review Panel in developing recommendations, resources, and programs relating to the diagnosis and treatment of rare diseases.

(5) Identify additional relevant areas for the advisory council to study and evaluate."

SECTION 9H.7.(b) This section is effective when it becomes law.

PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]

PART IX-J. SOCIAL SERVICES

TANF BENEFIT IMPLEMENTATION PLAN

SECTION 9J.1.(a) Beginning October 1, 2025, the General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2025-2028," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period of October 1, 2025, through September 30, 2028. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9J.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2025-2028, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9J.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2025 through 2028, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2025. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2028.

SECTION 9J.1.(d) For each year of the 2025-2027 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the 2024-2025 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9J.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2025-2026 fiscal year or the 2026-2027 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE ENHANCEMENTS, AND REPORT

SECTION 9J.2.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not

1 at imminent risk of removal. The IFPS shall be implemented statewide on a regional basis. The
2 IFPS shall ensure the application of standardized assessment criteria for determining imminent
3 risk and clear criteria for determining out-of-home placement.

4 **SECTION 9J.2.(b)** The Department of Health and Human Services shall require that
5 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
6 provide information and data that allows for the following:

- 7 (1) An established follow-up system with a minimum of six months of follow-up
8 services.
- 9 (2) Detailed information on the specific interventions applied, including
10 utilization indicators and performance measurements.
- 11 (3) Cost-benefit data.
- 12 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
13 by tracking families through the intervention process.
- 14 (5) The number of families remaining intact and the associated interventions
15 while in IFPS and 12 months thereafter.
- 16 (6) The number and percentage, by race, of children who received IFPS compared
17 to the ratio of their distribution in the general population involved with Child
18 Protective Services.

19 **SECTION 9J.2.(c)** The Department shall continue implementing a
20 performance-based funding protocol and shall only provide funding to those programs and
21 entities providing the required information specified in subsection (b) of this section. The amount
22 of funding shall be based on the individual performance of each program.

23 **SECTION 9J.2.(d)** The Department shall submit an annual report to the Joint
24 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
25 Division by December 1 of each year that provides the information and data collected pursuant
26 to subsection (b) of this section.

27 **CHILD CARING INSTITUTIONS**

28 **SECTION 9J.3.** Until the Social Services Commission adopts rules setting
29 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
30 maximum reimbursement for child caring institutions shall not exceed the rate established for the
31 specific child caring institution by the Department of Health and Human Services, Office of the
32 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
33 reimbursements.
34
35

36 **USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

37 **SECTION 9J.4.** Of the funds available for the provision of foster care services, the
38 Department of Health and Human Services, Division of Social Services, may continue to provide
39 for the financial support of children who are deemed to be (i) in a permanent family placement
40 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
41 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
42 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include
43 provisions for extending guardianship services for individuals and youth who exited foster care
44 through the Guardianship Assistance Program after 14 years of age or who have attained the age
45 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
46 the individual is (i) completing secondary education or a program leading to an equivalent
47 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
48 participating in a program or activity designed to promote, or remove barriers to, employment,
49 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
50 employment requirements of this section due to a medical condition or disability. The
51 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board

1 and be set at the same rate as the foster care room and board rates in accordance with rates
2 established under G.S. 108A-49.1.

4 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

5 **SECTION 9J.5.(a)** Funds appropriated in this act from the General Fund to the
6 Department of Health and Human Services for the child welfare postsecondary support program
7 shall be used to continue providing assistance with the "cost of attendance" as that term is defined
8 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,
9 youth who exit foster care to a permanent home through the Guardianship Assistance Program
10 (GAP), or special needs children adopted from foster care after age 12. These funds shall be
11 allocated by the State Education Assistance Authority.

12 **SECTION 9J.5.(b)** Of the funds appropriated in this act from the General Fund to
13 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for
14 each year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina State
15 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform
16 administrative functions necessary to manage and distribute scholarship funds under the child
17 welfare postsecondary support program.

18 **SECTION 9J.5.(c)** Of the funds appropriated in this act from the General Fund to
19 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand
20 four hundred ninety-three dollars (\$339,493) for each year of the 2025-2027 fiscal biennium shall
21 be used to contract with an entity to administer the child welfare postsecondary support program
22 described under subsection (a) of this section, which administration shall include the performance
23 of case management services.

24 **SECTION 9J.5.(d)** Funds appropriated in this act to the Department of Health and
25 Human Services for the child welfare postsecondary support program shall be used only for
26 students attending public institutions of higher education in this State.

28 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

29 **SECTION 9J.6.(a)** Centralized Services. – The North Carolina Child Support
30 Services (NCCSS) Section of the Department of Health and Human Services, Division of Social
31 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it
32 receives from the federal government to enhance centralized child support services. To
33 accomplish this requirement, NCCSS shall do the following:

- 34 (1) In consultation with representatives from county child support services
35 programs, identify how federal incentive funding could improve centralized
36 services.
- 37 (2) Use federal incentive funds to improve the effectiveness of the State's
38 centralized child support services by supplementing and not supplanting State
39 expenditures for those services.
- 40 (3) Continue to develop and implement rules that explain the State process for
41 calculating and distributing federal incentive funding to county child support
42 services programs.

43 **SECTION 9J.6.(b)** County Child Support Services Programs. – NCCSS shall
44 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it
45 receives from the federal government to county child support services programs to improve
46 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall
47 do the following:

- 48 (1) In consultation with representatives from county child support services
49 programs, examine the current methodology for distributing federal incentive
50 funding to the county programs and determine whether an alternative formula

1 would be appropriate. NCCSS shall use its current formula for distributing
2 federal incentive funding until an alternative formula is adopted.

- 3 (2) Upon adopting an alternative formula, develop a process to phase in the
4 alternative formula for distributing federal incentive funding over a four-year
5 period.

6 **SECTION 9J.6.(c)** Reporting by County Child Support Services Programs. –
7 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
8 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
9 child support services programs to comply with each of the following:

- 10 (1) Submit an annual plan describing how federal incentive funding would
11 improve program effectiveness and efficiency as a condition of receiving
12 federal incentive funding.
13 (2) Report annually on the following: (i) how federal incentive funding has
14 improved program effectiveness and efficiency and been reinvested into their
15 programs, (ii) documentation that the funds were spent according to their
16 annual plans, and (iii) any deviations from their plans.

17 **SECTION 9J.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
18 child support incentive funding to the Joint Legislative Oversight Committee on Health and
19 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
20 describe how federal incentive funds enhanced centralized child support services to benefit
21 county child support services programs and improved the effectiveness and efficiency of county
22 child support services programs. The report shall further include any changes to the State process
23 that NCCSS used in calculating and distributing federal incentive funding to county child support
24 services programs and any recommendations for further changes.

25 26 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

27 **SECTION 9J.7.** The Foster Care Transitional Living Initiative Fund shall continue
28 to fund and support transitional living services that demonstrate positive outcomes for youth,
29 attract significant private sector funding, and lead to the development of evidence-based
30 programs to serve the at-risk population described in this section. The Fund shall continue to
31 support a demonstration project with services provided by Youth Villages to (i) improve
32 outcomes for youth ages 17-21 years who transition from foster care through implementation of
33 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
34 juvenile and adult correction services associated with the provision of Transitional Living
35 Services to youth aging out of foster care, and (iii) take necessary steps to establish an
36 evidence-based transitional living program available to all youth aging out of foster care. In
37 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall
38 support the following strategies:

- 39 (1) Transitional Living Services, which is an outcome-based program that follows
40 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
41 participants have been tracked since the program's inception. The program has
42 been evaluated through an independent randomized controlled trial. Results
43 indicate that the Youth Villages Transitional Living Model had positive
44 impacts in a variety of areas, including housing stability, earnings, economic
45 hardship, mental health, and intimate partner violence in comparison to the
46 control population.
47 (2) Public-Private Partnership, which is a commitment by private-sector funding
48 partners to match at least twenty-five percent (25%) of the funds appropriated
49 to the Foster Care Transitional Living Initiative Fund for the 2025-2027 fiscal
50 biennium for the purposes of providing Transitional Living Services through

1 the Youth Villages Transitional Living Model to youth aging out of foster
2 care.

3 (3) Impact Measurement and Evaluation, which are services funded through
4 private partners to provide independent measurement and evaluation of the
5 impact the Youth Villages Transitional Living Model has on the youth served,
6 the foster care system, and on other programs and services provided by the
7 State which are utilized by former foster care youth.

8 (4) Advancement of Evidence-Based Process, which is the implementation and
9 ongoing evaluation of the Youth Villages Transitional Living Model for the
10 purposes of establishing the first evidence-based transitional living program
11 in the nation. To establish the evidence-based program, additional randomized
12 controlled trials may be conducted to advance the model.

13 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

14 **SECTION 9J.8.(a)** Funds appropriated in this act to the Department of Health and
15 Human Services, Division of Social Services (Division), for each year of the 2025-2027 fiscal
16 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and
17 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor
18 costs to generate the data regarding expenditures of those programs. The vendor shall generate
19 data to be submitted to the Division that includes, at a minimum, each of the following:

- 20
21 (1) The dollar amount and number of transactions accessed or expended
22 out-of-state, by state, for both SNAP benefits and TANF benefits.
23 (2) The amount of benefits expended out-of-state, by state, from active cases for
24 both SNAP and TANF.
25 (3) The dollar amount and number of transactions of benefits accessed or
26 expended in this State, by types of retailers or institutions, for both SNAP and
27 TANF.

28 **SECTION 9J.8.(b)** Upon receiving the expenditures data for SNAP and TANF from
29 the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the
30 Division shall submit a report on its analysis of the data by June 30 and December 31 of each
31 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
32 Research Division. The Division shall post its report required by this subsection on its website
33 and otherwise make the data available by June 30 and December 31 of each year. In the first
34 report required by this section, the Division shall report how this data is used to investigate fraud
35 and abuse in both SNAP and TANF. The Division shall also report on other types of data and
36 how that data is utilized in the detection of fraud and abuse.

37 **SECTION 9J.8.(c)** The Division shall maintain the confidentiality of information
38 not public under Chapter 132 of the General Statutes. The Division shall properly redact any
39 information subject to reporting under this section to prevent identification of individual
40 recipients of SNAP or TANF benefits.

41 **CHILD ADVOCACY CENTER FUNDS**

42 **SECTION 9J.9.** At least seventy-five percent (75%) of the funds appropriated in
43 this act to the Department of Health and Human Services, Division of Social Services, for
44 Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization, for
45 each year of the 2025-2027 fiscal biennium shall be distributed to child advocacy centers in this
46 State that are in good standing with CACNC in accordance with the requirements of
47 G.S. 108A-77.2.

48 **REQUIRE STATUS REPORT ON FOSTER CARE TRAUMA-INFORMED** 49 **ASSESSMENT**

1 SECTION 9J.10. The Department of Health and Human Services, Division of Social
2 Services, shall provide a report to the Joint Legislative Oversight Committee on Health and
3 Human Services and the Fiscal Research Division on the status of the foster care trauma-informed
4 assessment (assessment) required under Section 9J.12 of S.L. 2023-134, as amended by Section
5 7 of S.L. 2024-34, by September 1, 2025, and every six months thereafter until the assessment is
6 fully implemented statewide.

7
8 **PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH**
9 **DISABILITIES [RESERVED]**

10
11 **PART IX-L. HHS MISCELLANEOUS**

12
13 **MODIFICATION OF CERTIFIED NURSE MIDWIFE REQUIREMENTS**
14 **REGARDING WRITTEN PLANS FOR THE EMERGENT AND NONEMERGENT**
15 **TRANSFER OF PATIENTS PLANNING BIRTHS OUTSIDE OF A HOSPITAL**
16 **SETTING**

17 SECTION 9L.4.(a) G.S. 90-178.4 reads as rewritten:

18 "§ 90-178.4. Administration.

19 ...

20 (a2) Any Certified Nurse Midwife who attends a planned birth outside of a hospital setting
21 shall provide to each patient a detailed, written plan for emergent and nonemergent transfer,
22 which shall include:

- 23 (1) The name of and distance to the nearest health care facility licensed under
24 Chapter 122C or Chapter 131E of the General Statutes that offers labor and
25 delivery services and has at least one operating ~~room~~-room that can be staffed
26 24 hours per day and the names of physicians and practices that cover obstetric
27 services at that health care facility.
- 28 (2) The procedures for transfer, including modes of transportation and methods
29 for notifying the relevant health care facility of impending transfer.
- 30 (3) An affirmation that the relevant physicians, practices, and health care facility
31 ~~has~~-have been notified of the plan for emergent and nonemergent transfer by
32 the Certified Nurse Midwife.

33"

34 SECTION 9L.4.(b) This section becomes effective October 1, 2025.

35
36 **PART IX-M. DHHS BLOCK GRANTS**

37
38 **DHHS BLOCK GRANTS**

39 SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal
40 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according
41 to the following schedule:

43	TEMPORARY ASSISTANCE FOR NEEDY	FY 2025-2026	FY 2026-2027
44	FAMILIES (TANF) FUNDS		

45 **Local Program Expenditures**

46 **Division of Social Services**

49			
50	01. Work First Family Assistance	\$23,259,794	\$23,259,794

1	02. Work First County Block Grants	80,093,566	80,093,566
2			
3	03. Work First Electing Counties	2,378,213	2,378,213
4			
5	04. Adoption Services – Special Children		
6	Adoption Fund	4,001,676	4,001,676
7			
8	05. Child Protective Services – Child Welfare		
9	Workers for Local DSS	11,387,190	11,387,190
10			
11	06. Child Welfare Program Improvement Plan	775,176	775,176
12			
13	07. Child Welfare Collaborative	400,000	400,000
14			
15	08. Child Welfare Initiatives	1,400,000	1,400,000
16			
17	Division of Child Development and Early Education		
18			
19	10. Subsidized Child Care Program	67,913,694	67,913,694
20			
21	11. NC Pre-K Services	68,300,000	68,300,000
22			
23	Division of Public Health		
24			
25	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
26			
27	DHHS Administration		
28			
29	13. Division of Social Services	2,478,284	2,478,284
30			
31	14. Division of Child and Family Well-Being	3,976	3,976
32			
33	15. Office of the Secretary	34,042	34,042
34			
35	16. Eligibility Systems – Operations and		
36	Maintenance	431,733	431,733
37			
38	17. NC FAST Implementation	428,239	428,239
39			
40	18. Division of Social Services – Workforce		
41	Innovation & Opportunity Act (WIOA)	93,216	93,216
42			
43	19. Division of Social Services TANF Modernization	2,000,000	2,000,000
44			
45	Transfers to Other Block Grants		
46			
47	Division of Child Development and Early Education		
48			
49	20. Transfer to the Child Care and		
50	Development Fund	21,773,001	21,773,001
51			

1 **Division of Social Services**

2

3	21. Transfer to Social Services Block		
4	Grant for Child Protective Services –		
5	Training	285,612	285,612

6

7	22. Transfer to Social Services Block		
8	Grant for Child Protective Services	5,040,000	5,040,000

9

10	23. Transfer to Social Services Block		
11	Grant for County Departments of		
12	Social Services for Children's Services	13,166,244	13,166,244

13

14	24. Transfer to Social Services Block		
15	Grant – Foster Care Services	3,422,219	3,422,219

16

17	25. Transfer to Social Services Block	1,582,000	1,582,000
18	Grant – Child Advocacy Centers		

19

20	TOTAL TEMPORARY ASSISTANCE FOR		
21	NEEDY FAMILIES (TANF) FUNDS	\$314,186,416	\$314,186,416

22

23 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)**
 24 **EMERGENCY CONTINGENCY FUNDS**

25

26 **Local Program Expenditures**

27

28 **Division of Child Development and Early Education**

29

30	01. Subsidized Child Care	\$34,337,395	\$34,337,395
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31

32	TOTAL TEMPORARY ASSISTANCE FOR		
33	NEEDY FAMILIES (TANF) EMERGENCY		
34	CONTINGENCY FUNDS	\$34,337,395	\$34,337,395

35

36 **SOCIAL SERVICES BLOCK GRANT**

37

38 **Local Program Expenditures**

39

40 **Divisions of Social Services and Aging**

41

42	01. County Departments of Social Services	\$19,837,388	\$19,837,388
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43

44	02. County Departments of Social Services		
45	(Transfer From TANF)	13,166,244	13,166,244

46

47	03. EBCI Tribal Public Health and Human Services	244,740	244,740
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48

49	04. Child Protective Services		
50	(Transfer From TANF)	5,040,000	5,040,000

51

1	05. State In-Home Services Fund	1,943,950	1,943,950
2			
3	06. Adult Protective Services	3,864,547	2,138,404
4			
5	07. State Adult Day Care Fund	1,994,084	1,994,084
6			
7	08. Child Protective Services/CPS		
8	Investigative Services – Child Medical		
9	Evaluation Program	901,868	901,868
10			
11	09. Special Children Adoption Incentive Fund	462,600	462,600
12			
13	10. Child Protective Services – Child		
14	Welfare Training for Counties		
15	(Transfer From TANF)	285,612	285,612
16			
17	11. Home and Community Care Block		
18	Grant (HCCBG)	2,696,888	2,696,888
19			
20	12. Child Advocacy Centers		
21	(Transfer From TANF)	1,582,000	1,582,000
22			
23	13. Guardianship – Division of Social Services	1,802,671	1,802,671
24			
25	14. Foster Care Services		
26	(Transfer From TANF)	3,422,219	3,422,219
27			
28	14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000
29			
30	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
31			
32	15. Mental Health Services – Adult and		
33	Child/Developmental Disabilities Program/		
34	Substance Use Services – Adult	4,149,595	4,149,595
35			
36	15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
37			
38	15B. The Arc of North Carolina, Inc.	271,074	271,074
39			
40	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
41			
42	DHHS Program Expenditures		
43			
44	Division of Services for the Blind		
45			
46	16. Independent Living Program & Program		
47	Oversight	4,237,849	4,237,849
48			
49	Division of Health Service Regulation		
50			
51	17. Adult Care Licensure Program	891,520	891,520

1			
2	18. Mental Health Licensure and		
3	Certification Program	266,158	266,158
4			
5	Division of Aging		
6			
7	19. Guardianship	3,825,443	3,825,443
8			
9	DHHS Administration		
10			
11	20. Division of Aging	188,787	188,787
12			
13	21. Division of Social Services	1,724,551	1,724,551
14			
15	22. Office of the Secretary/Controller's Office	673,990	673,990
16			
17	23. Legislative Increases/Fringe Benefits	293,655	587,310
18			
19	24. Division of Child Development and		
20	Early Education	13,878	13,878
21			
22	25. Division of Mental Health, Developmental		
23	Disabilities, and Substance Use Services	29,966	29,966
24			
25	26. Division of Health Service Regulation	592,882	592,882
26			
27	TOTAL SOCIAL SERVICES BLOCK GRANT	\$78,907,610	\$77,475,122
28			
29	LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT		
30			
31	Local Program Expenditures		
32			
33	Division of Social Services		
34			
35	01. Low-Income Energy Assistance		
36	Program (LIEAP)	\$56,369,281	\$56,369,281
37			
38	02. Crisis Intervention Program (CIP)	44,804,354	44,804,354
39			
40	Local Administration		
41			
42	Division of Social Services		
43			
44	03. County DSS Administration	8,037,889	8,037,889
45			
46	DHHS Administration		
47			
48	Division of Social Services		
49			
50	04. Administration	10,000	10,000
51			

1	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
2			
3	Division of Central Management and Support		
4			
5	06. Office of the Secretary/Division of Information Resource		
6	Management (DIRM) (Accountable Results for		
7	Community Action (AR4CA) Replacement System)	166,750	166,750
8			
9	07. Office of the Secretary/DIRM	278,954	278,954
10			
11	08. Office of the Secretary/Controller's Office	18,378	18,378
12			
13	09. NC FAST Development	627,869	627,869
14			
15	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
16			
17	Transfers to Other State Agencies		
18			
19	Department of Environmental Quality		
20			
21	11. Weatherization Program	10,356,943	10,356,943
22			
23	12. Heating Air Repair and Replacement		
24	Program (HARRP)	5,898,508	5,898,508
25			
26	13. Local Residential Energy Efficiency Service		
27	Providers – Weatherization	574,945	574,945
28			
29	14. Local Residential Energy Efficiency Service		
30	Providers – HARRP	319,414	319,414
31			
32	15. DEQ – Weatherization Administration	628,180	628,180
33			
34	16. DEQ – HARRP Administration	393,944	393,944
35			
36	Department of Administration		
37			
38	17. N.C. Commission on Indian Affairs	87,736	87,736
39			
40	TOTAL LOW-INCOME HOME ENERGY		
41	ASSISTANCE BLOCK GRANT	\$129,928,468	\$129,928,468
42			
43	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
44			
45	Local Program Expenditures		
46			
47	Division of Child Development and Early Education		
48			
49	01. Child Care Services	\$347,089,929	\$367,089,929
50			
51	02. Smart Start Subsidy	7,392,654	7,392,654

1			
2	03. Transfer from TANF Block Grant		
3	for Child Care Subsidies	21,773,001	21,773,001
4			
5	04. Quality and Availability Initiatives		
6	(TEACH Program \$3,800,000;		
7	Family Child Care Home Direct Support		
8	Pilot Program \$3,500,000)	77,480,526	67,780,527
9			
10	DHHS Administration		
11			
12	Division of Child Development and Early Education		
13			
14	05. DCDEE Administrative Expenses	9,710,886	9,710,886
15			
16	06. Indirect Cost	7,346	7,346
17			
18	Division of Social Services		
19			
20	07. Direct Deposit for Child Care Payments	5,000	5,000
21			
22	08. Local Subsidized Child Care		
23	Services Support	18,780,355	18,780,355
24			
25	Division of Central Management and Support		
26			
27	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
28			
29	10. DHHS Central Administration – DIRM		
30	Technical Services	1,029,762	1,029,762
31			
32	11. DHHS Central Administration	118,000	118,000
33			
34	Division of Child and Family Well-Being		
35			
36	12. Child Care Health Consultation Contracts	62,205	62,205
37			
38	TOTAL CHILD CARE AND DEVELOPMENT		
39	FUND BLOCK GRANT	\$484,899,980	\$495,199,981
40			
41	COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT		
42			
43	Local Program Expenditures		
44			
45	01. Mental Health Services – Child	\$2,477,666	\$2,477,666
46			
47	02. Mental Health Services – Adult/Child	19,443,833	19,443,833
48			
49	03. Mental Health Services – First		
50	Psychotic Symptom Treatment	4,208,378	4,208,378
51			

1	04. Child Behavioral Health (Division of Child		
2	and Family Well-Being)	5,246,350	5,246,350
3			
4	DHHS Administration		
5			
6	Division of Child and Family Well-Being		
7			
8	05. Administration	140,000	140,000
9			
10	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
11			
12	06. Crisis Services	2,377,047	2,377,047
13			
14	07. Administration	332,351	332,351
15			
16	08. Adult/Child Mental Health Services	350,150	350,150
17			
18	Division of Public Health		
19			
20	09. NC Detect – Behavioral Health ER	35,000	35,000
21			
22	TOTAL COMMUNITY MENTAL HEALTH SERVICES		
23	BLOCK GRANT	\$34,610,775	\$34,610,775
24			
25	SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES		
26	BLOCK GRANT		
27			
28	Local Program Expenditures		
29			
30	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
31			
32	01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
33			
34	02. Substance Abuse Prevention	13,351,864	13,351,864
35			
36	03. Substance Use Services – Treatment for		
37	Children/Adults		
38	(Healing Transitions, Inc., \$200,000;		
39	Triangle Residential Options for Substance		
40	Abusers, Inc., (TROSAs) \$3,225,000;		
41	First Step Farm of Western N.C., Inc., \$100,000;		
42	Addiction Recovery Care Association, Inc.,		
43	(ARCA) \$2,000,000)	40,038,949	40,038,949
44			
45	DHHS Program Expenditures		
46			
47	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
48			
49	04. Crisis Solutions Initiatives – Collegiate		
50	Wellness/Addiction Recovery	1,545,205	1,545,205
51			

1	05. Veterans Initiatives	250,000	250,000
2			
3	DHHS Administration		
4			
5	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
6			
7	07. Administration	2,297,852	2,297,852
8			
9	08. Controlled Substance Reporting System	675,000	675,000
10			
11	TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY		
12	SERVICES BLOCK GRANT	\$60,158,870	\$60,158,870
13			
14	MATERNAL AND CHILD HEALTH BLOCK GRANT		
15			
16	Local Program Expenditures		
17			
18	Division of Child and Family Well-Being		
19			
20	01. Children's Health Services		
21	(National Society to Prevent Blindness –		
22	North Carolina Affiliate, Inc., \$575,000)	\$11,646,618	\$11,646,618
23			
24	Division of Public Health		
25			
26	02. Women's and Children's Health Services		
27	(March of Dimes, Inc., \$350,000; Sickie Cell		
28	Centers \$200,000; Teen Pregnancy Prevention		
29	Initiatives \$650,000; Perinatal & Neonatal Outreach		
30	Coordinator Contracts \$440,000; Mountain Area		
31	Pregnancy Services \$50,000)	5,453,930	5,453,930
32			
33	03. Oral Health	58,413	58,413
34			
35	04. Evidence-Based Programs in Counties		
36	With the Highest Infant Mortality Rates	1,727,307	1,727,307
37			
38	DHHS Program Expenditures		
39			
40	05. Children's Health Services	1,287,619	1,287,619
41			
42	06. Women's Health – Maternal Health	489,568	489,568
43			
44	07. Women's and Children's Health – Perinatal		
45	Strategic Plan Support Position	81,112	81,112
46			
47	08. State Center for Health Statistics	158,583	158,583
48			
49	09. Health Promotion – Injury and		
50	Violence Prevention	87,271	87,271
51			

1	DHHS Administration		
2			
3	10. Division of Public Health Administration	340,646	340,646
4			
5	11. Division of Child and Family Well-Being		
6	Administration	211,925	211,925
7			
8	TOTAL MATERNAL AND CHILD		
9	HEALTH BLOCK GRANT	\$21,542,992	\$21,542,992
10			
11	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
12			
13	Local Program Expenditures		
14			
15	01. Physical Activity and Prevention	\$3,081,442	\$3,081,442
16			
17	DHHS Program Expenditures		
18			
19	Division of Public Health		
20			
21	02. HIV/STD Prevention and		
22	Community Planning	135,063	135,063
23			
24	03. Oral Health Preventive Services	150,000	150,000
25			
26	04. Injury and Violence Prevention		
27	(Services to Rape Victims – Set-Aside)	217,935	217,935
28			
29	05. Performance Improvement and		
30	Accountability	1,384,421	1,199,557
31			
32	06. State Center for Health Statistics	48,000	48,000
33			
34	DHHS Administration		
35			
36	Division of Public Health		
37			
38	07. Division of Public Health	65,000	65,000
39			
40	TOTAL PREVENTIVE HEALTH AND HEALTH		
41	SERVICES BLOCK GRANT	\$5,081,861	\$4,896,997
42			
43	COMMUNITY SERVICES BLOCK GRANT		
44			
45	01. Community Action Agencies	\$22,370,334	\$21,483,238
46			
47	02. Limited Purpose Agencies/Discretionary Funding	504,718	504,718
48			
49	03. Office of Economic Opportunity	1,070,001	1,024,351
50			
51	04. Office of the Secretary/DIRM (Accountable Results for		

1	Community Action (AR4CA) Replacement System)	394,964	414,713
2			
3	05. Office of Economic Opportunity – Workforce		
4	Investment Opportunities Act (WIOA)	60,000	60,000
5			
6	TOTAL COMMUNITY SERVICES		
7	BLOCK GRANT	\$24,400,017	\$23,487,020

8
9 **GENERAL PROVISIONS**

10 **SECTION 9M.1.(b)** Information to be Included in Block Grant Plans. – The
11 Department of Health and Human Services shall submit a separate plan for each Block Grant
12 received and administered by the Department, and each plan shall include the following:

- 13 (1) A delineation of the proposed allocations by program or activity, including
14 State and federal match requirements.
- 15 (2) A delineation of the proposed State and local administrative expenditures.
- 16 (3) An identification of all new positions to be established through the Block
17 Grant, including permanent, temporary, and time-limited positions.
- 18 (4) A comparison of the proposed allocations by program or activity with two
19 prior years' program and activity budgets and two prior years' actual program
20 or activity expenditures.
- 21 (5) A projection of current year expenditures by program or activity.
- 22 (6) A projection of federal Block Grant funds available, including unspent federal
23 funds from the current and prior fiscal years.
- 24 (7) The required amount of maintenance of effort and the amount of funds
25 qualifying for maintenance of effort in the previous year delineated by
26 program or activity.

27 **SECTION 9M.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
28 United States increases the federal fund availability for any of the Block Grants or contingency
29 funds and other grants related to existing Block Grants administered by the Department of Health
30 and Human Services from the amounts appropriated in this act, the Department shall allocate the
31 increase proportionally across the program and activity appropriations identified for that Block
32 Grant in this section. In allocating an increase in federal fund availability, the Office of State
33 Budget and Management shall not approve funding for new programs or activities not
34 appropriated in this act.

35 If the Congress of the United States decreases the federal fund availability for any of
36 the Block Grants or contingency funds and other grants related to existing Block Grants
37 administered by the Department of Health and Human Services from the amounts appropriated
38 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced
39 federal funding.

40 Notwithstanding the provisions of this subsection, for fiscal years 2025-2026 and
41 2026-2027, increases in the federal fund availability for the Temporary Assistance to Needy
42 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
43 program to pay for child care and shall not be used to supplant State funds.

44 Prior to allocating the change in federal fund availability, the proposed allocation
45 must be approved by the Office of State Budget and Management. If the Department adjusts the
46 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
47 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
48 Research Division.

49 **SECTION 9M.1.(d)** Except as otherwise provided, appropriations from federal
50 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according

1 to the schedule enacted for State fiscal years 2025-2026 and 2026-2027, or until a new schedule
2 is enacted by the General Assembly.

3 **SECTION 9M.1.(e)** Except as otherwise provided in subsection (e1) of this section,
4 all changes to the budgeted allocations to the Block Grants or contingency funds and other grants
5 related to existing Block Grants administered by the Department of Health and Human Services
6 that are not specifically addressed in this section shall be approved by the Office of State Budget
7 and Management. The Office of State Budget and Management shall not approve funding for
8 new programs or activities not appropriated in this section. Additionally, if budgeted allocations
9 are decreased, the Office of State Budget and Management shall not approve any reduction of
10 funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the
11 Substance Use Prevention, Treatment, and Recovery Services Block Grant or (ii) Item 01 or 02
12 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall
13 consult with the Joint Legislative Oversight Committee on Health and Human Services for
14 review prior to implementing any changes. In consulting, the report shall include an itemized
15 listing of affected programs, including associated changes in budgeted allocations. All changes
16 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint
17 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
18 Division. This subsection does not apply to Block Grant changes caused by legislative salary
19 increases and benefit adjustments.

20 **SECTION 9M.1.(e1)** The Department of Health and Human Services shall have the
21 authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in
22 the Maternal and Child Health Block Grant to maintain federal compliance and programmatic
23 alignment, so long as the realignment does not result in a reduction of funds designated for
24 subrecipients under subsection (a) of this section. The Department of Health and Human Services
25 is authorized to realign appropriated funds between the Maternal and Child Health Block Grant
26 categories as provided in this subsection without prior consultation with the Joint Legislative
27 Oversight Committee on Health and Human Services or without exceeding the total amount
28 appropriated for the items.

29 **SECTION 9M.1.(f)** Except as otherwise provided, the Department of Health and
30 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
31 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
32 so long as the total allocation for the line items within those Block Grants remains the same.
33

34 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

35 **SECTION 9M.1.(g)** The sum of eighty million ninety-three thousand five hundred
36 sixty-six dollars (\$80,093,566) for each year of the 2025-2027 fiscal biennium appropriated in
37 this act in TANF funds to the Department of Health and Human Services, Division of Social
38 Services, shall be used for Work First County Block Grants. The Division shall certify these
39 funds in the appropriate State-level services based on prior year actual expenditures. The Division
40 has the authority to realign the authorized budget for these funds among the State-level services
41 based on current year actual expenditures. The Division shall also have the authority to realign
42 appropriated funds from Work First Family Assistance for electing counties to the Work First
43 County Block Grant for electing counties based on current year expenditures so long as the
44 electing counties meet Maintenance of Effort requirements.

45 **SECTION 9M.1.(h)** The sum of eleven million three hundred eighty-seven thousand
46 one hundred ninety dollars (\$11,387,190) for each year of the 2025-2027 fiscal biennium
47 appropriated in this act to the Department of Health and Human Services, Division of Social
48 Services, in TANF funds for child welfare improvements shall be allocated to the county
49 departments of social services for hiring or contracting staff to investigate and provide services
50 in Child Protective Services cases; to provide foster care and support services; to recruit, train,

1 license, and support prospective foster and adoptive families; and to provide interstate and
2 post-adoption services for eligible families.

3 Counties shall maintain their level of expenditures in local funds for Child Protective
4 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
5 the total expenditures from State and local funds for fiscal years 2025-2026 and 2026-2027 shall
6 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

7 **SECTION 9M.1.(i)** The sum of four million one thousand six hundred seventy-six
8 dollars (\$4,001,676) for each year of the 2025-2027 fiscal biennium appropriated in this act in
9 TANF funds to the Department of Health and Human Services, Special Children Adoption Fund,
10 shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation
11 with the North Carolina Association of County Directors of Social Services and representatives
12 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to
13 licensed public and private adoption agencies upon the adoption of children described in
14 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
15 by participating agencies shall be used exclusively to enhance the adoption services program. No
16 local match shall be required as a condition for receipt of these funds.

17 **SECTION 9M.1.(j)** The sum of one million four hundred thousand dollars
18 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
19 Services, Division of Social Services, for each fiscal year of the 2025-2027 fiscal biennium shall
20 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
21 outcomes for families and children involved in child welfare and (ii) enhance the provision of
22 services to families in their homes in the least restrictive setting.

23 **SECTION 9M.1.(k)** Of the three million five hundred thirty-eight thousand five
24 hundred forty-one dollars (\$3,538,541) allocated in this section in TANF funds to the Department
25 of Health and Human Services, Division of Public Health, for each year of the 2025-2027 fiscal
26 biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars
27 (\$500,000) in each year of the 2025-2027 fiscal biennium shall be used to provide services for
28 youth in foster care or the juvenile justice system.

29 **SOCIAL SERVICES BLOCK GRANT**

30 **SECTION 9M.1.(l)** The sum of nineteen million eight hundred thirty-seven
31 thousand three hundred eighty-eight dollars (\$19,837,388) for each year of the 2025-2027 fiscal
32 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
33 and Human Services, Division of Social Services, and the sum of thirteen million one hundred
34 sixty-six thousand two hundred forty-four dollars (\$13,166,244) for each year of the 2025-2027
35 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be used for
36 county Block Grants. The Division shall certify these funds in the appropriate State-level services
37 based on prior year actual expenditures. The Division has the authority to realign the authorized
38 budget for these funds, as well as State Social Services Block Grant funds, among the State-level
39 services based on current year actual expenditures.

40 **SECTION 9M.1.(m)** The sum of two hundred eighty-five thousand six hundred
41 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the
42 Department of Health and Human Services, Division of Social Services, for each fiscal year of
43 the 2025-2027 fiscal biennium shall be used to support various child welfare training projects as
44 follows:
45

- 46 (1) Provide a regional training center in southeastern North Carolina.
- 47 (2) Provide training for residential child caring facilities.
- 48 (3) Provide for various other child welfare training initiatives.

49 **SECTION 9M.1.(n)** The Department of Health and Human Services is authorized,
50 subject to the approval of the Office of State Budget and Management, to transfer Social Services

1 Block Grant funding allocated for departmental administration between divisions that have
2 received administrative allocations from the Social Services Block Grant.

3 **SECTION 9M.1.(o)** Social Services Block Grant funds appropriated for the Special
4 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

5 **SECTION 9M.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
6 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027
7 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated
8 to the Department of Health and Human Services, Division of Social Services. The Division shall
9 allocate these funds to local departments of social services to replace the loss of Child Protective
10 Services State funds that are currently used by county governments to pay for Child Protective
11 Services staff at the local level. These funds shall be used to maintain the number of Child
12 Protective Services workers throughout the State. These Social Services Block Grant funds shall
13 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R
14 .0201(3) requiring a local match of twenty-five percent (25%).

15 **SECTION 9M.1.(q)** The sum of one million five hundred eighty-two thousand
16 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
17 year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division
18 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds
19 are exempt from the provisions of 10A NCAC 71R .0201(3).

20 **SECTION 9M.1.(r)** The sum of three million eight hundred twenty-five thousand
21 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2025-2027 fiscal
22 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
23 and Human Services, Division of Aging, shall be used for guardianship services pursuant to
24 Chapter 35A of the General Statutes. The Department may expend funds allocated in this section
25 to support existing corporate guardianship contracts during the 2025-2026 and 2026-2027 fiscal
26 years.

27 **SECTION 9M.1.(s)** Of the three million eight hundred sixty-four thousand five
28 hundred forty-seven dollars (\$3,864,547) appropriated in this act in the Social Services Block
29 Grant for the 2025-2026 fiscal year and the two million one hundred thirty-eight thousand four
30 hundred four dollars (\$2,138,404) for the 2026-2027 fiscal year to the Division of Aging for
31 Adult Protective Services, the sum of eight hundred ninety-three thousand forty-one dollars
32 (\$893,041) for each year of the 2025-2027 fiscal biennium shall be used to increase the number
33 of Adult Protective Services workers where these funds can be the most effective. These funds
34 shall be used to pay for salaries and related expenses and shall not be used to supplant any other
35 source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring
36 a local match of twenty-five percent (25%).

37 **SECTION 9M.1.(s1)** The following amounts appropriated in this act in the Social
38 Services Block Grant for each fiscal year of the 2025-2027 fiscal biennium to the Department of
39 Health and Human Services, Division of Social Services or Division of Mental Health,
40 Developmental Disabilities, and Substance Use Services, for the nonprofit organizations
41 described in this subsection shall be exempt from the provisions of 10A NCAC 71R .0201(3):

- 42 (1) The sum of three hundred fifty thousand dollars (\$350,000) for each fiscal
43 year of the 2025-2027 fiscal biennium for Big Brothers Big Sisters of the
44 Triangle, Inc.
- 45 (2) The sum of two million five hundred forty-one thousand three hundred
46 ninety-two dollars (\$2,541,392) for each fiscal year of the 2025-2027 fiscal
47 biennium for Autism Society of North Carolina, Inc.
- 48 (3) The sum of two hundred seventy-one thousand seventy-four dollars
49 (\$271,074) for each fiscal year of the 2025-2027 fiscal biennium for The Arc
50 of North Carolina, Inc.

- 1 (4) The sum of one million six hundred twelve thousand fifty-nine dollars
2 (\$1,612,059) for each fiscal year of the 2025-2027 fiscal biennium for
3 Easterseals UCP of North Carolina & Virginia, Inc.
4

5 **LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT**

6 **SECTION 9M.1.(t)** The Division of Social Services shall have the authority to
7 realign appropriated funds between the State-level services Low-Income Energy Assistance
8 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative
9 Oversight Committee on Health and Human Services to ensure needs are effectively met without
10 exceeding the total amount appropriated for these State-level service items. Additional
11 emergency contingency funds received may be allocated for Energy Assistance Payments or
12 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight
13 Committee on Health and Human Services. Additional funds received shall be reported to the
14 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
15 Division upon notification of the award. The Department of Health and Human Services shall
16 not allocate funds for any activities, including increasing administration, other than assistance
17 payments, without prior consultation with the Joint Legislative Oversight Committee on Health
18 and Human Services.

19 **SECTION 9M.1.(u)** The sum of fifty-six million three hundred sixty-nine thousand
20 two hundred eighty-one dollars (\$56,369,281) for each year of the 2025-2027 fiscal biennium
21 appropriated in this act in the Low-Income Home Energy Assistance Block Grant to the
22 Department of Health and Human Services, Division of Social Services, shall be used for Energy
23 Assistance Payments for the households of (i) elderly persons age 60 and above with income up
24 to one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible
25 for services funded through the Division of Aging.

26 County departments of social services shall submit to the Division of Social Services
27 an outreach plan for targeting households with 60-year-old household members no later than
28 August 1 of each year. The outreach plan shall comply with the following:

- 29 (1) Ensure that eligible households are made aware of the available assistance,
30 with particular attention paid to the elderly population age 60 and above and
31 disabled persons receiving services through the Division of Aging.
32 (2) Include efforts by the county department of social services to contact other
33 State and local governmental entities and community-based organizations to
34 (i) offer the opportunity to provide outreach and (ii) receive applications for
35 energy assistance.
36 (3) Be approved by the local board of social services or human services board
37 prior to submission.
38

39 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

40 **SECTION 9M.1.(v)** Payment for subsidized child care services provided with
41 federal TANF funds shall comply with all regulations and policies issued by the Division of Child
42 Development and Early Education for the subsidized child care program.

43 **SECTION 9M.1.(w)** If funds appropriated through the Child Care and Development
44 Fund Block Grant for any program cannot be obligated or spent in that program within the
45 obligation or liquidation periods allowed by the federal grants, the Department may move funds
46 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
47 to use the federal funds fully.
48

49 **COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

50 **SECTION 9M.1.(x)** The sum of four million two hundred eight thousand three
51 hundred seventy-eight dollars (\$4,208,378) for each year of the 2025-2027 fiscal biennium

1 appropriated in this act in the Community Mental Health Services Block Grant to the Department
2 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
3 Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom
4 Treatment.

6 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

7 **SECTION 9M.1.(y)** If federal funds are received under the Maternal and Child
8 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
9 U.S.C. § 710), for the 2025-2026 fiscal year or the 2026-2027 fiscal year, then those funds shall
10 be transferred to the State Board of Education to be administered by the Department of Public
11 Instruction. The Department of Public Instruction shall use the funds to administer an abstinence
12 until marriage education program consistent with G.S. 115C-81.30. The Department of Public
13 Instruction shall carefully and strictly follow federal guidelines in implementing and
14 administering the abstinence education grant funds.

15 **SECTION 9M.1.(z)** The sum of one million seven hundred twenty-seven thousand
16 three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child
17 Health Block Grant to the Department of Health and Human Services, Division of Public Health,
18 for each year of the 2025-2027 fiscal biennium shall be used for evidence-based programs in
19 counties with the highest infant mortality rates. The Division shall report on (i) the counties
20 selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the
21 number of women served, and (iv) any impact on the counties' infant mortality rate. The Division
22 shall report its findings to the House of Representatives Appropriations Committee on Health
23 and Human Services, the Senate Appropriations Committee on Health and Human Services, and
24 the Fiscal Research Division no later than December 31 of each year.

25 **SECTION 9M.1.(aa)** The sum of eighty-one thousand one hundred twelve dollars
26 (\$81,112) allocated in this section in the Maternal and Child Health Block Grant to the
27 Department of Health and Human Services, Division of Public Health, Women and Children's
28 Health Section, for each fiscal year of the 2025-2027 fiscal biennium shall not be used to supplant
29 existing State or federal funds. This allocation shall be used for a Public Health Program
30 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
31 Plan and provide staff support for the stakeholder work group.

32 **SECTION 9M.1.(bb)** At least ninety percent (90%) of the funds allocated for
33 Mountain Area Pregnancy Services, a nonprofit organization, in the Maternal and Child Health
34 Block Grant for each year of the 2025-2027 fiscal biennium shall be used for direct services.

35 **SECTION 9M.1.(cc)** Notwithstanding any provision of law to the contrary, the
36 Department of Health and Human Services, Division of Public Health, shall have the authority
37 to realign appropriated funds between the Maternal and Child Health Block Grant categories to
38 maintain federal compliance and programmatic alignment without exceeding the total amount
39 appropriated for the Maternal and Child Health Block Grant.

41 **USE OF CHILD CARE AND DEVELOPMENT BLOCK GRANT FUNDS/FAMILY** 42 **CHILD CARE HOME DIRECT SUPPORT PILOT**

43 **SECTION 9M.2.(a)** Of the funds appropriated in this act from the federal Child Care
44 and Development Block Grant under Section 9M.1 of this act to the Department of Health and
45 Human Services, Division of Child Development and Early Education, for quality and
46 availability initiatives, the sum of three million five hundred thousand dollars (\$3,500,000) for
47 each year of the 2025-2027 fiscal biennium shall be allocated in equal amounts to three councils
48 of governments, one of which is in a county from the Coastal Plain Region, one of which is in a
49 county from the Mountain Region, and one of which is in a county from the Piedmont Region,
50 as those regions are defined in G.S. 143B-1373(a). These funds shall be used to establish a
51 two-year pilot program coordinated by those councils of governments to build child care capacity

1 in those counties. Each designated council of governments shall issue a request for application
2 (RFA) for a vendor to contract with the respective council of governments to administer the pilot
3 program, and each vendor selected shall have experience providing support and assistance to
4 early child care providers. To receive funds, the vendor shall partner with the councils of
5 governments in the respective county to (i) increase the supply of child care programs by
6 recruiting and coaching prospective child care providers through the initial business planning and
7 implementation process and (ii) ensure sustainability by executing a two-year mentorship
8 program for the new child care programs created pursuant to this section.

9 **SECTION 9M.2.(b)** The councils of governments participating in the pilot program
10 may use (i) a portion of these funds for additional solutions provided by the vendor within the
11 early childhood education space to meet localized needs and in support of recovery,
12 rehabilitation, and ongoing needs of their member communities and (ii) up to five percent (5%)
13 of the funds allocated to the respective councils of governments under this act for administrative
14 costs.

15 **SECTION 9M.2.(c)** The councils of governments participating in the pilot program
16 shall select a vendor that has all of the following qualifications:

- 17 (1) Experience and active or successful contracts to establish new family child
18 care homes in at least three other states.
- 19 (2) Technology to operate a substitute teacher pool that matches teachers with
20 providers and facilitates payments and quality control, and experience in
21 creating an active substitute teacher pool in one state.
- 22 (3) Experience successfully establishing family child care homes in rural
23 communities and addressing child care access in underserved areas.
- 24 (4) Technology that (i) allows for the recruitment of child care providers via
25 microsites, (ii) allows the onboarding of child care providers via a licensing
26 checklist, (iii) allows coaches to interface with and communicate with child
27 care providers, (iv) supports child care providers with enrollments via a
28 website and enrollment marketplace, (v) supports the recruitment of teachers
29 for the programs, (vi) provides billing for the programs, (vii) provides ongoing
30 business coaching, and (viii) allows all such technology to be connected and
31 communicate seamlessly.
- 32 (5) Demonstrated successful experience establishing new family child care homes
33 at scale on time lines of six months or less.

34 **SECTION 9M.2.(d)** Each vendor selected to participate in the pilot program shall
35 do each of the following:

- 36 (1) Perform a child care needs analysis to determine where child care providers
37 and substitute teachers are needed.
- 38 (2) Recruit new potential child care providers and substitutes and plan, staff, and
39 execute in-person and virtual recruitment events for new child care providers
40 in areas of need.
- 41 (3) Implement technology that meets the requirements of subdivision (c)(4) of
42 this section.
- 43 (4) Implement technology to operate a substitute teacher pool that matches
44 teachers with providers and facilitates payments and quality control.
- 45 (5) Develop informational materials that assist in-home family child care
46 providers with marketing, advertising, and parental outreach.
- 47 (6) Create child care slots and implement a substitute teacher pool available to
48 child care providers in the councils of governments' respective counties.
- 49 (7) Craft an implementation strategy to meet community and workforce needs,
50 including establishing child care for nontraditional hours and days, as needed.

- 1 (8) Provide a dashboard that allows for government leaders to track vendor
- 2 progress and get feedback from child care providers along with real-time
- 3 reporting.
- 4 (9) Provide support and resources and offer in-home family child care providers
- 5 coaching and training that includes in-person group training sessions, on-site
- 6 coaching visits, community forums, and events for a minimum of two years.
- 7 (10) Report all necessary information as required by this section.

8 **SECTION 9M.2.(e)** The councils of governments participating in the pilot program
 9 shall submit an initial progress report by March 1, 2026, and additional progress reports every
 10 six months thereafter for the duration of the pilot program to the Joint Legislative Oversight
 11 Committee on Health and Human Services, the Fiscal Research Division, and the Division of
 12 Child Development and Early Education. The reports shall include, at a minimum, the following:

- 13 (1) The number of child care programs created through the pilot program, by
- 14 county.
- 15 (2) The number of child care programs created that are child care centers and the
- 16 number that are family child care homes.
- 17 (3) The number of new child care slots created by the pilot program.
- 18 (4) The costs associated with creating the child care programs, including any
- 19 administrative costs.

20
 21 **PART X. AGRICULTURE AND CONSUMER SERVICES [RESERVED]**

22
 23 **PART XI. COMMERCE**

24
 25 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

26 **SECTION 11.1.(a)** Allocations. – Of the funds appropriated in this act for federal
 27 block grant funds, the following allocations are made for the fiscal years ending June 30, 2026,
 28 and June 30, 2027, according to the following schedule:

29
 30 **COMMUNITY DEVELOPMENT BLOCK GRANT**

31		
32	1. State Administration	\$1,559,093
33		
34	2. Neighborhood Revitalization	7,516,037
35		
36	3. Economic Development	13,472,376
37		
38	4. Infrastructure	18,980,379
39		
40	5. Rural Community Development	4,745,094
41		

42 **TOTAL COMMUNITY DEVELOPMENT**

43	BLOCK GRANT – 2026 Program Year	\$46,272,979
44	2027 Program Year	\$46,272,979.
45		

46 **SECTION 11.1.(b)** Availability Reduction. – If federal funds are reduced below the
 47 amounts specified in this section after the effective date of this act, then every program in each
 48 of these federal block grants shall be reduced by the same percentage as the reduction in federal
 49 funds.

50 **SECTION 11.1.(c)** Availability Increase. – Any block grant funds appropriated by
 51 the Congress of the United States in addition to the funds specified in this section shall be

1 expended as follows: each program category under the Community Development Block Grant
2 shall be increased by the same percentage as the increase in federal funds.

3 **SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with
4 the Joint Legislative Commission on Governmental Operations prior to reallocating Community
5 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever
6 the Director of the Budget finds either of the following conditions exists:

- 7 (1) If a reallocation is required because of an emergency that poses an imminent
8 threat to public health or public safety, then the Director of the Budget may
9 authorize the reallocation without consulting the Commission. The
10 Department of Commerce shall report to the Commission on the reallocation
11 no later than 30 days after it was authorized and shall identify in the report the
12 emergency, the type of action taken, and how it was related to the emergency.
- 13 (2) If the State will lose federal block grant funds or receive less federal block
14 grant funds in the next fiscal year unless a reallocation is made, then the
15 Department of Commerce shall provide a written report to the Commission
16 on the proposed reallocation and shall identify the reason that failure to take
17 action will result in the loss of federal funds. If the Commission does not hear
18 the issue within 30 days of receipt of the report, the Department may take the
19 action without consulting the Commission.

20 **SECTION 11.1.(e)** Report. – By October 1, 2025, and September 1, 2026, the
21 Department of Commerce shall report to the chairs of the House of Representatives
22 Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of
23 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the
24 chairs of the Joint Legislative Economic Development and Global Engagement Oversight
25 Committee; and the Fiscal Research Division on the use of Community Development Block
26 Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- 27 (1) A discussion of each of the categories of funding, including information on
28 the statewide need in each category.
- 29 (2) Information on the number of applications that were received in each category
30 and the total dollar amount requested in each category.
- 31 (3) A list of grantees, including the grantee's name, county, category under which
32 the grant was funded, the amount awarded, and a narrative description of the
33 project.

34 **SECTION 11.1.(f)** Neighborhood Revitalization. – Funds allocated to the
35 Neighborhood Revitalization Category in subsection (a) of this section shall be made available
36 as grants for eligible activities listed in this subsection. The funds available for grants under this
37 category may be used for all of the following, subject to the national objectives and eligible
38 activities allowed under guidance issued by the United States Department of Housing and Urban
39 Development (HUD):

- 40 (1) Essential repairs to prevent abandonment and deterioration of housing in
41 low- and moderate-income neighborhoods.
- 42 (2) Demolition and rehabilitation of buildings and improvements.
- 43 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
44 lines.

45 **SECTION 11.1.(g)** Economic Development. – Funds allocated to the Economic
46 Development Category in subsection (a) of this section shall be made available as grants for
47 eligible activities listed in this subsection. The funds available for grants under this category may
48 be used for all of the following, subject to the national objectives and eligible activities allowed
49 under guidance issued by HUD:

- 50 (1) Acquisition of real property.
- 51 (2) Demolition and rehabilitation of buildings and improvements.

- (3) Removal of material and architectural barriers.
- (4) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
- (5) Loans and grants to public or private nonprofit entities for construction and rehabilitation activities.
- (6) Assistance to private, for-profit entities for economic development.
- (7) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
- (8) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(h) Infrastructure. – For purposes of this section, eligible activities under the Infrastructure Category in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other category.

SECTION 11.1.(i) Rural Community Development. – Funds allocated for the Rural Community Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. These funds shall provide grants that support community development and comprehensive growth projects to be awarded by the Department of Commerce. The Rural Community Development Category will provide grants to units of local government in development tier one and development tier two areas, as defined in G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other area to support projects that promote broad-based community development activities, increased local investment and economic growth, and stronger and more viable rural neighborhoods. In awarding grants under this section, preference shall be given to projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by HUD:

- (1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.
- (2) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
- (3) Public facilities, including neighborhood and community facilities and facilities for individuals with special needs.
- (4) Public services, including employment, crime prevention, and energy conservation.
- (5) Assistance to private, for-profit entities for economic development.
- (6) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
- (7) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(j) Deobligated Funds. – Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being canceled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified. To allow the Department of Commerce and the Department of Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year, the

1 following shall apply to the use of deobligated CDBG funds and surplus federal administrative
2 funds:

- 3 (1) All surplus federal administrative funds shall be divided proportionally
4 between the Departments of Commerce and Environmental Quality and shall
5 be used as provided in subdivisions (2) and (3) of this subsection.
- 6 (2) All deobligated funds allocated to the Department of Commerce and any
7 surplus federal administrative funds, as provided for in subdivision (1) of this
8 subsection, may be used by the Department for all of the following:
- 9 a. To issue grants in the CDBG Economic Development or
10 Neighborhood Revitalization Program Category.
- 11 b. For providing training and guidance to local governments relative to
12 the CDBG program, its management, and administrative requirements.
- 13 c. For any other purpose consistent with the Department's administration
14 of the CDBG program if an equal amount of State matching funds is
15 available.
- 16 (3) All deobligated funds allocated to the Department of Environmental Quality
17 and any surplus federal administrative funds, as provided for in subdivision
18 (1) of this subsection, may be used by the Department for all of the following:
- 19 a. To issue grants in the CDBG Infrastructure Category.
- 20 b. For any other purpose consistent with the Department's administration
21 of the CDBG program if an equal amount of State matching funds is
22 available.

23 24 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

25 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the
26 following for each year that State funds are expended:

- 27 (1) By September 1 of each year, and more frequently as requested, report to the
28 chairs of the Joint Legislative Oversight Committee on Agriculture and
29 Natural and Economic Resources; the chairs of the House of Representatives
30 Appropriations Committee on Agriculture and Natural and Economic
31 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
32 Natural, and Economic Resources; and the Fiscal Research Division on prior
33 State fiscal year program activities, objectives, and accomplishments and prior
34 State fiscal year itemized expenditures and fund sources. If State funds are
35 used to provide matching funds for competitive grants from the federal
36 government or a nongovernmental entity, the report should include a list and
37 description of the grants that are awarded.
- 38 (2) Provide to the chairs of the Joint Legislative Oversight Committee on
39 Agriculture and Natural and Economic Resources; the chairs of the House of
40 Representatives Appropriations Committee on Agriculture and Natural and
41 Economic Resources; the chairs of the Senate Appropriations Committee on
42 Agriculture, Natural, and Economic Resources; and the Fiscal Research
43 Division a copy of the entity's annual audited financial statement within 30
44 days of issuance of the statement.

45 **SECTION 11.2.(b)** The following entities shall comply with the requirements of
46 subsection (a) of this section:

- 47 (1) North Carolina Biotechnology Center.
48 (2) High Point Market Authority.
49 (3) RTI International.

50 51 **NC BIOTECHNOLOGY CENTER**

1 **SECTION 11.3.(a)** Except for the funds appropriated in subsection (b) of this
2 section, funds appropriated in this act to the Department of Commerce for the North Carolina
3 Biotechnology Center (Center) for each fiscal year in the 2025-2027 biennium shall be allocated
4 for the following purposes in the following proportions:

5 (1) Twenty-one percent (21%) for job creation, including funding for the
6 AgBiotech Initiative, economic and industrial development, and related
7 activities.

8 (2) Sixty-five percent (65%) for science and commercialization, including
9 science and technology development, Centers of Innovation, business and
10 technology development, education and training, and related activities.

11 (3) Fourteen percent (14%) for Center operations, including administration,
12 professional and technical assistance and oversight, corporate
13 communications, human resource management, financial and grant
14 administration, legal, and accounting.

15 **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of
16 Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each
17 fiscal year of the 2025-2027 biennium shall be used to support funding for early-stage loans to
18 North Carolina agricultural technology companies.

19 **SECTION 11.3.(c)** The Center shall not use any of the recurring funds allocated in
20 subsection (b) of this section for administrative costs and shall report on the expenditure of those
21 funds each year pursuant to Section 11.2 of this act.

22 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over
23 funding and distribution of grants.

24 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in
25 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this
26 section if, in the judgment of Center management, the reallocation will advance the mission of
27 the Center.

28 **INCREASE UI MAX BENEFIT**

29 **SECTION 11.6.(a)** To maintain the rule of law with respect to State and federal
30 relations pertaining to employment security laws in North Carolina, any executive order issued
31 by the Governor that purports to expand unemployment insurance benefits, whether those
32 benefits will be paid from federal or State funds, is void ab initio unless the executive order is
33 issued upon authority that is conferred expressly by an act enacted by the General Assembly or
34 granted specifically to the Governor by the Congress of the United States.

35 **SECTION 11.6.(b)** Sections 1, 2, 3, and 4 of Executive Order No. 322, issued by
36 the Governor on October 16, 2024, and concurred to by the Council of State, are ratified and
37 shall terminate on March 1, 2025.

38 **SECTION 11.6.(c)** G.S. 96-14.2(a) reads as rewritten:

39 "(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally
40 unemployed is an amount equal to the wages paid to the individual in the last two completed
41 quarters of the individual's base period divided by 52 and rounded to the next lower whole dollar.
42 If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The
43 weekly benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ four hundred fifty
44 dollars (\$450.00)."

45 **SECTION 11.6.(d)** Subsection (c) of this section becomes effective July 6, 2025,
46 and applies to claims for benefits filed on or after July 6, 2025. The remainder of this section is
47 effective when it becomes law.
48

49 **MOTORSPORTS INDUSTRY STUDY**

1 **SECTION 11.7A.(a)** Of the funds appropriated in this act from the General Fund to
2 the Department of Commerce, the sum of four hundred thousand dollars (\$400,000) in
3 nonrecurring funds for the 2025-2026 fiscal year shall be used for Sanford Holshouser Business
4 Development Group (Group) to update the Group's previous study on the motorsports industry
5 in this State, published in October 2004 entitled "Motorsports – A North Carolina Growth
6 Industry Under Threat." The study shall also address the potential for North Carolina to secure
7 events for all levels of motorsports racing, including professional, sportsman, and club racing,
8 motorsports research and development, motorsports manufacturing, and motorsports testing
9 facilities.

10 **SECTION 11.7A.(b)** By April 15, 2026, the Group, in consultation with the
11 Department, shall submit a report to the chairs of the Joint Legislative Economic Development
12 and Global Engagement Oversight Committee, the Joint Legislative Oversight Committee on
13 Agriculture and Natural and Economic Resources, and the Fiscal Research Division.
14

15 **CDL TRAINING GRANT PROGRAM**

16 **SECTION 11.8.(a)** The Department of Commerce shall establish a grant program to
17 encourage and facilitate residents of this State to obtain commercial drivers licenses (CDLs). The
18 grant program established in this section shall provide funds to a qualifying CDL training
19 provider to cover the cost of CDL training programs and shall provide stipends for temporary
20 accommodations for trainees in the CDL programs receiving funding under this section. A
21 qualifying CDL training provider shall meet the following criteria:

- 22 (1) Must offer a four-week accelerated CDL training program.
- 23 (2) Must be authorized to conduct on-site CDL testing to streamline licensing.
- 24 (3) Must have enrollment and training facilities in this State.

25 **SECTION 11.8.(b)** The Department of Commerce shall provide a qualifying CDL
26 training provider a grant equaling four thousand dollars (\$4,000) per trainee, payable to the
27 qualifying CDL training provider upon successful completion of the program and the receipt of
28 a CDL by the trainee. The Department of Commerce shall also provide a grant equaling one
29 thousand five hundred dollars (\$1,500) for trainees needing accommodations during their
30 participation in the CDL training program, payable directly to participating local hotels or motels
31 proximately located to the CDL training facility, for trainees that demonstrate a financial need and
32 that do not reside in close proximity to the CDL training facility. The Department shall award no
33 more than two hundred seventy-seven thousand five hundred dollars (\$277,500) of funds
34 appropriated in this act for grants for trainee accommodations. A trainee under this section shall
35 be a resident of this State. The Department of Commerce shall establish a streamlined application
36 system, including options for online and in-person applications, to verify residency, assess
37 financial need, and facilitate program enrollment. In addition, the Department of Commerce shall
38 organize partnerships with (i) local hotels and motels for receipt of grants for trainee stipends
39 and (ii) local employers and construction firms to assist graduates of the CDL training program
40 in securing employment.

41 **SECTION 11.8.(c)** For the purposes of this section, the terms "CDL training
42 provider" and "CDL training programs" refer to entry-level driver training, as defined in 49
43 C.F.R. § 380.605.
44

45 **PART XII. ENVIRONMENTAL QUALITY**

46 **DEQ BASE BUDGET CORRECTIONS**

47 **SECTION 12.1.(a)** To ensure the Department of Environmental Quality's budget
48 conforms with Chapter 143C of the General Statutes, the Department and the Office of State
49 Budget and Management, in consultation with the Fiscal Research Division, shall take all of the
50 following actions prior to the certification of the 2025-2027 budget under G.S. 143C-6-1(c):
51

- 1 (1) Remove all negative appropriations from the base budget.
- 2 (2) Remove all negative full-time equivalent positions from the base budget.
- 3 (3) Budget all one-time grants on a nonrecurring basis.
- 4 (4) Remove all intergovernmental transfers from "Other Admin Expenses."
- 5 (5) Budget all intergovernmental transfers as such with the correct amount
- 6 received to the corresponding expenditure.
- 7 (6) Correctly budget the base budget corrections enacted in the "Current
- 8 Operations Appropriations Act of 2023" (S.L. 2023-134).
- 9 (7) Accurately budget all special funds to not budget the expenditure of cash
- 10 balances that do not exist.

11 **SECTION 12.1.(b)** No budgetary action by the Department in accordance with
12 subsection (a) of this section shall increase the Department's net General Fund appropriation.

13 **SECTION 12.1.(c)** The Department shall report to the Fiscal Research Division on
14 all actions taken under this section within 30 days of the effective date of this act. This report
15 may be in the form of a revised "Worksheet I."

16 **WATER AND WASTEWATER FUNDING DIRECTIVES**

17 **2021 AND 2022 WATER AND WASTEWATER PROJECTS FROM STATE FISCAL** 18 **RECOVERY FUNDS PRIORITIZATION**

19 **SECTION 12.2.(a)** Directive. – Recipients of funding from the State Fiscal
20 Recovery Fund for water, wastewater, and stormwater projects under Sections 12.13 and 12.14
21 of S.L. 2021-180, as amended, or Section 12.9 of S.L. 2022-74, as amended, shall prioritize
22 spending those funds prior to spending funds from nonfederal funding sources for water,
23 wastewater, and stormwater projects. The Department of Environmental Quality and the Office
24 of State Budget and Management shall not approve payments from nonfederal sources for water,
25 wastewater, and stormwater construction projects that have not executed construction contracts
26 prior to October 1, 2025, unless the Department or the Office, as applicable, determines that the
27 recipient for funding is meeting all milestones necessary to spend their funding from the State
28 Fiscal Recovery Fund prior to December 31, 2026. This section does not apply to projects (i) for
29 which the Department exercised the funding flexibility provided by Section 10.1 of S.L. 2024-51
30 or (ii) receiving funds under Sections 4C.5, 4C.6, or 4C.7 of S.L. 2024-53, as amended.

31 **2023 WATER AND WASTEWATER GENERAL FUND DEADLINES**

32 **SECTION 12.2.(b)** Deadlines for Project Completions. – Recipients of funding for
33 projects under Section 12.2(e) of S.L. 2023-134 shall comply with the following schedule:

- 34 (1) No later than December 31, 2026, provide to the Department of
35 Environmental Quality (Department) a completed request for funding form
36 with a project budget that describes a project that is eligible for funding under
37 applicable State or federal law and consistent with the purposes for the
38 funding as set forth in Section 12.2(e) of S.L. 2023-134.
- 39 (2) No later than December 31, 2028, enter into a construction contract for the
40 project.
- 41 (3) No later than June 30, 2031, expend all funding allocated under Section
42 12.2(e) of S.L. 2023-134.

43 **SECTION 12.2.(c)** Extension of Deadline. – The Department may extend the
44 applicable deadline set forth in subsection (b) of this section and set a new deadline with a date
45 certain, if the Department finds good cause for the recipient of funding failing to meet the
46 applicable deadline.

47 **SECTION 12.2.(d)** Reversion of Unspent Funds. – If a recipient for funding under
48 Section 12.2(e) of S.L. 2023-134 (i) fails to meet any of the deadlines set forth in subsection (b)
49

1 or (c) of this section or (ii) complies with the applicable deadline but there remains unexpended
 2 or unbudgeted funds in excess of the needs of the eligible project, then unencumbered funds shall
 3 revert in accordance with Section 12.2(c) of S.L. 2023-134 on the next business day after the
 4 applicable deadline has passed.

5 **SECTION 12.2.(e)** Reallocation of Reverted Funds. – In reallocating funds reverted
 6 under subsection (d) of this section, the Department shall prioritize other projects that are
 7 allocated funds under Section 12.2(e) of S.L. 2023-134 that the Division of Water Infrastructure
 8 finds can no longer be completed due to unavoidable cost overruns. For purposes of this
 9 subsection, an unavoidable cost overrun is an increase in the cost of a project since September 1,
 10 2023, due to increases in labor, material, or engineering costs for the project as described in the
 11 first request for funding submitted to the Department after that date. A change in project size or
 12 scope is not an unavoidable cost overrun.

13 **SECTION 12.2.(f)** Reporting Requirement. – Beginning October 30, 2025, and no
 14 later than 30 days after the end of each subsequent quarter thereafter, the Department shall report
 15 to (i) the chairs of the House Appropriations Committee on Agriculture and Natural and
 16 Economic Resources, (ii) the chairs of the Senate Appropriations Committee on Agriculture,
 17 Natural, and Economic Resources, (iii) each member who represents a district with an active
 18 project under Section 12.2(e) of S.L. 2023-134, and (iv) the Fiscal Research Division detailing,
 19 at a minimum, each project's progress and funding status. This reporting requirement expires
 20 when all funds are expended and those projects are completed.

21
 22 **EXPAND ELIGIBILITY FOR TARGETED INTEREST RATE LOANS FROM**
 23 **WASTEWATER AND DRINKING WATER RESERVES**

24 **SECTION 12.2.(g)** G.S. 159G-20 reads as rewritten:

25 **"§ 159G-20. Definitions.**

26 The following definitions apply in this Chapter:

27 ...

- 28 (21) Targeted interest rate project. – ~~Either~~ Any of the following types of projects:
- 29 a. A project that is awarded a loan from the Drinking Water Reserve or
 - 30 the Wastewater Reserve based on affordability.
 - 31 b. A project that is awarded a loan from the CWSRF or the DWSRF and
 - 32 is in a category for which federal law encourages a special focus.
 - 33 c. A project the Authority finds will (i) encourage owners of single or
 - 34 multifamily residential property to replace failing decentralized
 - 35 wastewater treatment systems with connection to a publicly owned
 - 36 treatment works, (ii) be located in a county subject to a state of
 - 37 emergency, as defined in G.S. 166A-19.3, with respect to projects
 - 38 intended to repair, ameliorate, or mitigate impacts of the disaster
 - 39 resulting in the state of emergency declaration, or (iii) meet
 - 40 requirements for federal programs that will result in the drawdown of
 - 41 additional federal funds.

42"

43
 44 **RAISE LIMITS FOR CERTAIN GRANTS FROM WASTEWATER AND DRINKING**
 45 **WATER RESERVES**

46 **SECTION 12.2.(h)** G.S. 159G-36(c) reads as rewritten:

47 "(c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant
 48 types made from the Wastewater Reserve or the Drinking Water Reserve to the same local
 49 government unit or nonprofit water corporation:

- 50 (1) The amount of loans awarded for a fiscal year may not exceed three million
 51 dollars (\$3,000,000).

- 1 (2) The amount of loans awarded for three consecutive fiscal years for targeted
2 interest rate projects may not exceed three million dollars (\$3,000,000).
3 (3) The amount of project grants awarded for three consecutive fiscal years may
4 not exceed three million dollars (\$3,000,000).
5 (4) The amount of merger/regionalization feasibility grants awarded for three
6 consecutive fiscal years may not exceed ~~fifty thousand dollars~~
7 ~~(\$50,000)~~ seventy-five thousand dollars (\$75,000).
8 (5) The amount of asset inventory and assessment grants awarded for three
9 consecutive fiscal years may not exceed ~~one hundred fifty thousand dollars~~
10 ~~(\$150,000)~~ two hundred twenty-five thousand dollars (\$225,000).
11

12 WATER AND WASTEWATER ALLOCATION CORRECTION

13 **SECTION 12.2(i)** Section 12.13(f)(65) of S.L. 2021-180 reads as rewritten:

14 "(65) Eight hundred one thousand nine hundred eighty-three dollars (\$801,983) to
15 ~~the Town of Valdese, for the extension of water and sewer lines to serve~~
16 ~~proposed residential and commercial development on Lake Rhodhiss.~~ Burke
17 County for water and wastewater infrastructure projects."

18 **SECTION 12.2(j)** Subsection 4.2(g) of S.L. 2024-1 reads as rewritten:

19 "**SECTION 4.2.(g)** Of the funds allocated to the City of Raeford by Section 12.2(e)(145) of
20 S.L. 2023-134, three million dollars (\$3,000,000) shall be used for the extension of sewer lines
21 to the Cameron Heights ~~community~~ community or for any other water or wastewater project."
22

23 BEACH AND INLET MANAGEMENT PLAN AND REPORT

24 **SECTION 12.6.(a)** Article 21 of Chapter 143 of the General Statutes is amended by
25 adding a new Part 8E, to be entitled "Beach and Inlet Management Planning." Section 4.9 of S.L.
26 2017-10 is repealed. Section 13.9 of S.L. 2000-67 is codified within Part 8E, as follows:

- 27 (1) Section 13.9(a) is codified as G.S. 143-215.73N, to be entitled "Findings."
28 (2) Sections 13.9(b), 13.9(c), and 13.9(d) are codified as subsections (a), (b), and
29 (c) of G.S. 143-215.73O, to be entitled "Beach and inlet management plan."
30 (3) Section 13.9(e) is repealed.
31 (4) Section 13.9(f) is codified as G.S. 143-215.73P, to be entitled "Federal funds;
32 matching."

33 **SECTION 12.6.(b)** Part 8E of Article 21 of Chapter 143 of the General Statutes, as
34 enacted by subsection (a) of this section, reads as rewritten:

35 "Part 8E. Beach and Inlet Management Planning.

36 "§ 143-215.73N. Findings.

37 The General Assembly makes the following findings:

- 38 (1) North Carolina has 320 miles of ocean beach, including some of the most
39 pristine and attractive beaches in the country.
40 (2) The balance between economic development and quality of life in North
41 Carolina has made our coast one of the most desirable along the Atlantic
42 Seaboard.
43 (3) North Carolina's beaches are vital to the State's tourism industry.
44 (4) North Carolina's beaches belong to all the State's citizens and provide
45 recreational and economic benefits to our residents statewide.
46 (5) Beach erosion can threaten the economic viability of coastal communities and
47 can significantly affect State tax revenues.
48 (6) The Atlantic Seaboard is vulnerable to hurricanes and other coastal storms,
49 and it is prudent to take precautions such as beach nourishment that protect
50 and conserve the State's beaches and reduce property damage and flooding.

- 1 (7) Beach renourishment as an erosion control method provides hurricane flood
2 protection, enhances the attractiveness of beaches to tourists, restores habitat
3 for turtles, shorebirds, and plants, and provides additional public access to
4 beaches.
- 5 (8) Federal policy previously favored and assisted voluntary movement of
6 structures threatened by erosion, but this assistance is no longer available.
- 7 (9) Relocation of structures threatened by erosion is sometimes the best available
8 remedy for the property owner and is in the public interest.
- 9 (10) Public parking and public access areas are needed for use by the general public
10 to enable their enjoyment of North Carolina's beaches.
- 11 (11) Acquisition of high erosion hazard property by local or State agencies can
12 reduce risk to citizens and property, reduce costs to insurance policyholders,
13 improve public access to beaches and waterways, and protect the
14 environment.
- 15 (12) Beach nourishment projects such as those at Wrightsville Beach and Carolina
16 Beach have been very successful and greatly reduced property damage during
17 ~~Hurricane Fran~~ hurricanes and other coastal storms that have impacted the
18 State's coast.
- 19 (13) Because local beach communities derive the primary benefits from the
20 presence of adequate beaches, a program of beach management and
21 restoration should not be accomplished without a commitment of local funds
22 to combat the problem of beach erosion.
- 23 (14) ~~The~~ With limited exceptions, the State of North Carolina prohibits seawalls
24 and hardening the shoreline to prevent destroying the public's beaches.
- 25 (15) Beach nourishment is encouraged by both the Coastal Resources Commission
26 and the U.S. Army Corps of Engineers as a method to control beach erosion.
- 27 (16) The Department of ~~Environment and Natural Resources~~ Environmental
28 Quality has statutory authority to assist local governments in financing beach
29 nourishment projects and is the sponsor of several federal navigation projects
30 that result in dredging beach-quality sand.
- 31 (17) It is declared to be a necessary governmental responsibility to properly
32 manage and protect North Carolina's beaches from erosion and that good
33 planning is needed to assure a cost-effective and equitable approach to beach
34 management and restoration, and that as part of a comprehensive response to
35 beach erosion, sound policies are needed to facilitate the ability of landowners
36 to move threatened structures and to allow public acquisition of appropriate
37 parcels of land for public beach access.

38 **"§ 143-215.730. Beach and inlet management plan.**

39 (a) The Department of ~~Environment and Natural Resources~~ Environmental Quality shall
40 compile and evaluate information on the current conditions and erosion rates of beaches, on
41 coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy
42 for beach management and restoration. The Department of ~~Environment and Natural Resources~~
43 Environmental Quality shall make this information available to local governments for use in
44 land-use planning.

45 (b) The Department of Environment and Natural Resources shall develop a multiyear
46 beach management and restoration strategy and plan that does all of the following:

- 47 (1) Utilizes the data and expertise available in the Divisions of Water Resources,
48 Coastal Management, and Energy, Mineral, and Land Resources.
- 49 (2) Identifies the erosion rate at each beach community and estimates the degree
50 of vulnerability to storm and hurricane damage.

- 1 (3) Uses the best available geological and geographical information to determine
- 2 the need for and probable effectiveness of beach nourishment.
- 3 (4) Provides for coordination with the U.S. Army Corps of Engineers, the North
- 4 Carolina Department of Transportation, the North Carolina Division of
- 5 Emergency Management, and other State and federal agencies concerned with
- 6 beach management issues.
- 7 (5) Provides a status report on all U.S. Army Corps of Engineers' beach protection
- 8 projects in the planning, construction, or operational stages.
- 9 (6) Makes maximum feasible use of suitable sand dredged from navigation
- 10 channels for beach nourishment to avoid the loss of this resource and to reduce
- 11 equipment mobilization costs.
- 12 (7) Promotes inlet sand bypassing where needed to replicate the natural flow of
- 13 sand interrupted by inlets.
- 14 (8) Provides for geological and environmental assessments to locate suitable
- 15 materials for beach nourishment.
- 16 (9) Considers the regional context of beach communities to determine the most
- 17 cost-effective approach to beach nourishment.
- 18 (10) Provides for and requires adequate public beach access, including
- 19 handicapped access.
- 20 (11) Recommends priorities for State funding for beach nourishment projects,
- 21 based on the amount of erosion occurring, the potential damage to property
- 22 and to the economy, the benefits for recreation and tourism, the adequacy of
- 23 public access, the availability of local government matching funds, the status
- 24 of project planning, the adequacy of project engineering, the
- 25 cost-effectiveness of the project, and the environmental impacts.
- 26 (11a) Includes a four-year cycle of planned maintenance and resiliency projects for
- 27 the State's beaches and inlets.
- 28 (12) Includes recommendations on obtaining the maximum available federal
- 29 financial assistance for beach nourishment.
- 30 (13) Is subject to a public hearing to receive citizen input.

31 (c) Each plan shall be as complete as resources and available information allow. The
 32 Department of ~~Environment and Natural Resources~~ Environmental Quality shall revise the plan
 33 every two years and shall submit the revised plan to the General Assembly no later than March
 34 1 of each odd-numbered year. The Department may issue a supplement to the plan in
 35 even-numbered years if significant new information becomes available.

36 **"§ 143-215.73P. Federal funds; matching.**

37 In the event that federal funds become available for planning and developing shore protection
 38 projects, the State shall match those funds in accordance with the funding guidelines set out in
 39 G.S. 143-215.71."

40 **SECTION 12.6.(c)** The Department of Environmental Quality shall provide an
 41 interim report no later than March 1, 2026, on its progress toward updating the beach and inlet
 42 management plan and meeting the March 1, 2027, deadline set forth in G.S. 143-215.73O(c), as
 43 enacted by subsection (b) of this section. The report shall be provided to the Environmental
 44 Review Commission, the Joint Legislative Oversight Commission on Agriculture and Natural
 45 and Economic Resources, and the Fiscal Research Division.

46
 47 **DOWNSTREAM INUNDATION MAPS**

48 **SECTION 12.7.(a)** G.S. 143-215.31 reads as rewritten:

49 **"§ 143-215.31. Supervision over maintenance and operation of dams.**

50 ...

1 (a1) The owner of a dam classified by the Department as a high-hazard dam or an
 2 intermediate-hazard dam shall develop an Emergency Action Plan for the dam as provided in this
 3 subsection:

4 ...
 5 (6) Information included in an Emergency Action Plan that constitutes sensitive
 6 public security information, as provided in G.S. 132-1.7, shall be maintained
 7 as confidential information and shall not be subject to disclosure under the
 8 Public Records Act. For purposes of this section, "sensitive public security
 9 information" ~~shall include~~ includes Critical Energy Infrastructure Information
 10 protected from disclosure under rules adopted by the Federal Energy
 11 Regulatory Commission in ~~18 C.F.R. § 388.112~~ 18 C.F.R. § 388.112, but does
 12 not include Emergency Action Plans or downstream inundation maps
 13 associated with impoundments or dams not regulated by the Federal
 14 Emergency Regulatory Commission.

15"

16 **SECTION 12.7.(b)** G.S. 143-215.32A reads as rewritten:

17 **"§ 143-215.32A. Dam Safety Emergency Fund.**

18 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund
 19 within the Department, as set forth in this section. The Fund shall be used to defray expenses
 20 incurred by the Department in developing and implementing an emergency dam safety remedial
 21 plan and assessing overtopping risk for high hazard and intermediate hazard dams.

22 (b) Eligible Expenses. – The Fund may be used for the following expenses:

- 23 (1) Developing and implementing an emergency dam safety remedial plan that
 24 has been approved by the Department, including expenses incurred to contract
 25 with any third party for services related to plan development or
 26 implementation.
- 27 (2) Performing overtopping studies for dams categorized by the Department as
 28 high hazard or intermediate hazard for which the Department currently has no
 29 or inadequate overtopping risk information.
- 30 (3) Provision of technical assistance to dam owners or operators with downstream
 31 inundation mapping requirements for dams categorized by the Department as
 32 high hazard or intermediate hazard.

33"

34 **SECTION 12.7.(c)** G.S. 66-58 reads as rewritten:

35 **"§ 66-58. Sale of merchandise or services by governmental units.**

36 (a) Except as provided in this section, it is unlawful for any unit, department, or agency
 37 of the State government, or any division or subdivision of the unit, department, or agency, or any
 38 individual employee or employees of the unit, department, or agency in his, her, or their capacity
 39 as employee or employees thereof to engage directly or indirectly in the sale of goods, wares, or
 40 merchandise in competition with citizens of the State, or to engage in the operation of restaurants,
 41 cafeterias or other eating places in any building owned by or leased in the name of the State, or
 42 to maintain service establishments for the rendering of services to the public ordinarily and
 43 customarily rendered by private enterprises, or to provide transportation services, or to contract
 44 with any person, firm, or corporation for the operation or rendering of the businesses or services
 45 on behalf of the unit, department, or agency, or to purchase for or sell to any person, firm, or
 46 corporation any article of merchandise in competition with private enterprise. The leasing or
 47 subleasing of space in any building owned, leased, or operated by any unit, department, agency,
 48 division, or subdivision of the State for the purpose of operating or rendering of any of the
 49 businesses or services referred to in this section is prohibited.

50 ...

51 (c) The provisions of subsection (a) of this section shall not prohibit:

1 ...
 2 (23) Assistance with the creation of downstream inundation maps required for the
 3 preparation of Emergency Action Plans, as required by G.S. 143-215.31(a1),
 4 provided by the Department of Environmental Quality to owners or operators
 5 of high-hazard dams."

6
 7 **AUTHORIZE THE ENVIRONMENTAL MANAGEMENT COMMISSION TO**
 8 **EMPLOY INDEPENDENT STAFF**

9 SECTION 12.8. G.S. 143B-283 reads as rewritten:

10 "§ 143B-283. Environmental Management Commission – members; selection; removal;
 11 compensation; quorum; services.

12 ...
 13 (b4) ~~Administrative Support.—All clerical and other services required by the Commission~~
 14 ~~shall be supplied by the Secretary of Environmental Quality.~~ Commission Staff, Structure, and
 15 Function. –

16 (1) The chair is authorized and empowered to employ professional,
 17 administrative, technical, and clerical personnel as the chair may determine to
 18 be necessary in the proper discharge of the Commission's duties and
 19 responsibilities as provided by law. The chair shall organize and direct the
 20 work of the Commission staff.

21 (2) The salaries and compensation of all such personnel shall be fixed in the
 22 manner provided by law for fixing and regulating salaries and compensation
 23 by other State agencies.

24 (3) The chair, within allowed budgetary limits and as allowed by law, shall
 25 authorize and approve travel, subsistence, and related expenses of such
 26 personnel incurred while traveling on official business.

27"

28
 29 **NO SECOND BITE FOR STORMWATER AND SEWER PERMITTING REVIEW**

30 SECTION 12.9.(a) G.S. 143-214.7(b6) reads as rewritten:

31 "(b6) Permitting under the authority granted to the Commission by this section shall comply
 32 with the procedures and time lines set forth in this subsection. For any development necessitating
 33 stormwater measures subject to this section, applications for new permits, permit modifications,
 34 permit transfers, permit renewals, and decisions to deny an application for a new permit, permit
 35 modification, transfer, or renewal shall be in writing. Where the Commission has provided a
 36 digital submission option, such submission shall constitute a written submission. The
 37 Commission shall act on a permit application as quickly as possible. The Commission may
 38 conduct any inquiry or investigation it considers necessary before acting on an application and
 39 may require an applicant to submit plans, specifications, and other information the Commission
 40 considers necessary to evaluate the application. If the Commission fails to act on an application
 41 for a permit or for a renewal of a permit as specified in this subsection after the applicant submits
 42 all information required by the Commission, the application shall be deemed approved without
 43 modification. ~~[The following provisions apply:]~~ The following provisions apply:

44 (1) The Commission shall perform an administrative review of a new application
 45 and of a resubmittal of an application determined to be incomplete under
 46 subdivision (3) of this subsection within 10 working days of receipt to
 47 determine if the information is administratively complete. If complete, the
 48 Commission shall issue a receipt letter or electronic response stating that the
 49 application is complete and that a 70-calendar day technical review period has
 50 started as of the original date the application was received. If required items
 51 or information is not included, the application shall be deemed incomplete,

1 and the Commission shall issue an application receipt letter or electronic
2 response identifying the information required to complete the application
3 package before the technical review begins. When the required information is
4 received, the Commission shall then issue a receipt letter or electronic
5 response specifying that it is complete and that the 70-calendar day review
6 period has started as of the date of receipt of all required information. The
7 Commission shall develop an application package checklist identifying the
8 items and information required for an application to be considered
9 administratively complete. After issuing a letter or electronic response
10 requesting additional information based on the original submittal under this
11 subdivision, the Commission shall not subsequently request additional
12 information that was not previously identified as missing or required in that
13 additional information letter or electronic response from the original
14 submittal. The Commission may, however, respond to subsequent additional
15 information letters or electronic responses with a request for additional
16 information limited to information missing from that subsequent additional
17 information letter or electronic response.

18"

19 **SECTION 12.9.(b)** G.S. 143-215.1(d) reads as rewritten:

20 "(d) Applications and Permits for Sewer Systems, Sewer System Extensions and
21 Pretreatment Facilities, Land Application of Waste, and for Wastewater Treatment Facilities Not
22 Discharging to the Surface Waters of the State. –

23 (1) Application in writing. – All applications for new permits and for renewals of
24 existing permits for sewer systems, sewer system extensions and for disposal
25 systems, and for land application of waste, or treatment works which do not
26 discharge to the surface waters of the State, and all permits or renewals and
27 decisions denying any application for permit or renewal shall be in writing.
28 Where the Commission has provided a digital submission option, the
29 submission shall constitute a written submission.

30 (1a) Application review. – The Commission shall act on a permit application as
31 quickly as possible. The Commission may conduct any inquiry or
32 investigation it considers necessary before acting on an application and may
33 require an applicant to submit plans, specifications, and other information the
34 Commission considers necessary to evaluate the application. After issuing a
35 request for additional information based on the original application submittal,
36 the Commission shall not subsequently request additional information that
37 was not previously identified as missing or required in that request for
38 additional information based on the original application submittal. The
39 Commission may, however, respond to subsequent submissions of additional
40 information with a request for additional information limited to information
41 missing from that subsequent submission. Permits and renewals issued in
42 approving such facilities pursuant to this subsection shall be effective until the
43 date specified therein or until rescinded unless modified or revoked by the
44 Commission. If the Commission fails to act on an application for a permit or
45 for a renewal of a permit as specified in this subdivision after the applicant
46 submits all information required by the Commission, the application shall be
47 deemed approved.

48 (1c) Notice for land application of bulk residuals. – Prior to acting on a permit
49 application for the land application of bulk residuals resulting from the
50 operation of a wastewater treatment facility, the Commission shall provide
51 notice and an opportunity for comment from the governing board of the

1 county in which the site of the land application of bulk residuals is proposed
2 to be located.

3 (1d) Pretreatment programs. – Local governmental units to whom pretreatment
4 program authority has been delegated shall establish, maintain, and provide to
5 the public, upon written request, a list of pretreatment applications received.
6 ~~If the Commission fails to act on an application for a permit or for a renewal~~
7 ~~of a permit as specified in this subdivision after the applicant submits all~~
8 ~~information required by the Commission, the application shall be deemed~~
9 ~~approved.~~

10 a.(1e) Fast-track sewer extensions. – Where a professional engineer provides
11 certification that the design meets or exceeds Minimum Design Criteria
12 developed by the Department applicable to the project, the Commission shall
13 perform a review of a new application for a sewer system extension permit
14 within 45 days of receipt of a complete ~~application.~~ application as provided in
15 this subdivision. A complete application is defined as an application that
16 includes all the required components described in the application form.

17 a. Administrative review. – The Commission shall perform an
18 administrative review of a new application within 10 days of receipt
19 to determine if all the required information is included in the
20 application. If complete, the Commission shall issue a receipt letter or
21 electronic response stating that the application is complete and that a
22 45-calendar day technical review period has started as of the original
23 date the complete application was received.

24 b. Application incomplete. – If required items or information is not
25 included, the application shall be deemed incomplete, and the
26 Commission shall issue an application receipt letter or electronic
27 response identifying the information required to complete the
28 application package before the technical review begins. When the
29 required information is received, the Commission shall then issue a
30 receipt letter or electronic response specifying that it is complete and
31 that the 45-calendar day review period has started as of the date of
32 receipt of all required information. If additional information is
33 required to complete the technical review, the Commission shall issue
34 a request for additional information required to complete the review,
35 and the review time shall pause until the additional information is
36 received. If the requested additional information is not received within
37 30 days, the application shall be returned to the applicant. Upon receipt
38 of the requested additional information, the review time shall restart at
39 the same day it was paused by the additional information request. After
40 issuing a request for additional information based on the original
41 submittal under this sub-subdivision, the Commission shall not
42 subsequently request additional information that was not previously
43 identified as missing or required in that request for additional
44 information based on the original submittal. The Commission may,
45 however, respond to subsequent submissions of additional information
46 with a request for additional information limited to information
47 missing from that subsequent submission.

48 c. Application approved. – If approved, the Commission shall issue an
49 approval letter or electronic correspondence indicating approval of the
50 application. After construction of the sewer system is completed, and
51 within 14 days of receiving all necessary certifications from a

professional engineer that the sewer system extension complies with all applicable rules and Minimum Design Criteria, the Commission shall issue a receipt of certification. Applications for alternative sewer systems as defined in sub-subdivision ~~b-d.~~ of this subdivision are not eligible for this fast-track review.

~~b-d. [Alternative sewer system defined.]~~ Alternative sewer system defined. – "Alternative sewer system" means any sewer system or collection system other than a gravity system or standard pump station and force main. These include pressure sewer systems, septic tank with effluent pump (STEP) sewer systems, vacuum sewer system, and small diameter variable grade gravity sewers.

...."

FEE FOR THE DISTRIBUTION OF ANIMAL WASTE RESIDUAL SOLIDS

SECTION 12.10A.(a) G.S. 143-215.10G reads as rewritten:

"§ 143-215.10G. Fees for animal waste management ~~systems~~systems and distribution animal waste residuals management systems.

...

(a2) The Department shall charge an annual permit fee for an animal waste residuals management system that is subject to a permit under G.S. 143-215.1 for distribution of animal waste residual solids according to the following schedule:

(1) For a system with a permitted capacity of less than 3,000 dry tons of animal waste residual solids a year, sixty dollars (\$60.00).

(2) For a system with a permitted capacity of 3,000 dry tons or more of animal waste residual solids a year, one hundred eighty dollars (\$180.00).

...."

SECTION 12.10A.(b) G.S. 143-215.3D(a) is amended by adding a new subdivision

to read:

"(11) Animal Waste Residual Management Systems. – The annual fee for animal waste residuals management systems is as set out in G.S. 143-215.10G."

ESTABLISH NON-TITLE V FEES IN STATUTE

SECTION 12.11. G.S. 143-215.3(a)(1b) reads as rewritten:

"(1b) The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing an application for a permit under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B of this Chapter may not exceed five hundred dollars (\$500.00). The Department shall charge permit fees pursuant to G.S. 143-215.3(a)(1a) to non-Title V facilities subject to permitting under G.S. 143-215.108 and G.S. 143-215.109 of Article 21B of this Chapter according to the following schedule:

a. For facilities seeking federally enforceable limits to avoid Title V permitting, application fees of eight hundred dollars (\$800.00) and annual fees of three thousand seventy dollars (\$3,070).

b. For facilities with a potential to emit below Title V thresholds, except for general permits, application fees of one hundred dollars (\$100.00) and annual fees of four hundred dollars (\$400.00).

c. The fee for an ownership change shall be fifty dollars (\$50.00).

d. The Department may provide a discount of up to twenty-five percent (25%) on annual fees authorized by sub-subdivisions a. and b. of this subdivision.

1 The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing a
 2 registration under Part 2A of this Article or Article 38 of this Chapter may not
 3 exceed fifty dollars (\$50.00) for any single registration. An additional fee of
 4 twenty percent (20%) of the registration processing fee may be assessed for a
 5 late registration under Article 38 of this Chapter. The fee for administering
 6 and compliance monitoring under Article 21, other than Parts 1 and 1A, ~~and~~
 7 ~~G.S. 143-215.108 and G.S. 143-215.109 of Article 21B~~ shall be charged on
 8 an annual basis for each year of the permit term and may not exceed one
 9 thousand five hundred dollars (\$1,500) per year. Fees for processing all
 10 permits under Article 21A ~~and all other sections of Article 21B~~ shall not
 11 exceed one hundred dollars (\$100.00) for any single permit. The total payment
 12 for fees that are set by the Commission under this subsection for all permits
 13 for any single facility shall not exceed seven thousand five hundred dollars
 14 (\$7,500) per year, which amount shall include all application fees and fees for
 15 administration and compliance monitoring. A single facility is defined to be
 16 any contiguous area under one ownership and in which permitted activities
 17 occur. For all permits issued under these Articles where a fee schedule is not
 18 specified in the statutes, the Commission, or other commission specified by
 19 statute shall adopt a fee schedule in a rule following the procedures established
 20 by the Administrative Procedure Act. Fee schedules shall be established to
 21 reflect the size of the emission or discharge, the potential impact on the
 22 environment, the staff costs involved, relative costs of the issuance of new
 23 permits and the reissuance of existing permits, and shall include adequate
 24 safeguards to prevent unusual fee assessments which would result in serious
 25 economic burden on an individual applicant. A system shall be considered to
 26 allow consolidated annual payments for persons with multiple permits. In its
 27 rulemaking to establish fee schedules, the Commission is also directed to
 28 consider a method of rewarding facilities which achieve full compliance with
 29 administrative and self-monitoring reporting requirements, and to consider, in
 30 those cases where the cost of renewal or amendment of a permit is less than
 31 for the original permit, a lower fee for the renewal or amendment."
 32

33 CLARIFY BIENNIAL FEE ADJUSTMENT REQUIREMENTS

34 SECTION 12.12.(a) G.S. 143B-279.19 reads as rewritten:

35 "§ 143B-279.19. ~~Quadriennial~~ Biennial adjustment of certain fees and rates.

36 (a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1,
 37 2025, and every ~~four~~ two years thereafter, the Department shall adjust the fees and rates imposed
 38 pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index
 39 computed by the Bureau of Labor Statistics (CPI) during the prior ~~two bienniums~~ biennium;
 40 provided, however, that any increase in a fee or rate under this subsection shall not exceed the
 41 cost of the service being provided. If a fee or rate was increased during the prior biennium by the
 42 enactment of a general law, the adjustment under this subsection shall reflect only the change in
 43 the CPI since that enactment. The adjustment for per transaction rates shall be rounded to the
 44 nearest dollar (\$1.00):

- 45 (1) G.S. 74-54.1.
- 46 (2) G.S. 90A-42.
- 47 (3) G.S. 90A-47.4.
- 48 (4) G.S. 113A-54.2.
- 49 (5) G.S. 113A-119.1.
- 50 (6) G.S. 130A-291.1.
- 51 (7) G.S. 130A-294.1.

- 1 (8) G.S. 130A-295.8.
 2 (9) G.S. 130A-310.9.
 3 (10) G.S. 130A-310.39.
 4 (11) G.S. 130A-310.76.
 5 (12) G.S. 130A-328(b).
 6 (13) G.S. 130A-328(c).
 7 (13a) G.S. 143-215.3(a)(1b).
 8 (14) G.S. 143-215.3D.
 9 (15) G.S. 143-215.10G.
 10 (16) G.S. 143-215.28A
 11 (17) G.S. 143-215.94C.
 12 (18) G.S. 143-215.119.
 13 (19) G.S. 143-215.125A.
 14 (20) G.S. 143B-279.13.

15"

16 **SECTION 12.12.(b)** This section is effective June 30, 2025.

17
 18 **CLARIFY REQUIREMENTS FOR HAZARDOUS WASTE RECYCLING**

19 **SECTION 12.13.** G.S. 130A-290(a)(9) reads as rewritten:

20 "(9) "Hazardous waste facility" means a facility for the collection, storage,
 21 processing, treatment, recycling, recovery, or disposal of hazardous waste.
 22 The term includes any facility that receives shipments of hazardous waste
 23 from off-site to be recycled or processed for recycling through any process
 24 conducted at the facility. Hazardous waste facility does not include a
 25 hazardous waste transfer facility that meets the requirements of 40 Code of
 26 Federal Regulations § 263.12 (1 July 2006)."
 27

28 **SOLID WASTE BENEFICIAL REUSE CLARIFICATION**

29 **SECTION 12.14.(a)** G.S. 130A-309.05 reads as rewritten:

30 **"§ 130A-309.05. Regulated wastes; certain exclusions.**

31 (a) Certain Wastes Regulated as Nonhazardous. – Notwithstanding other provisions of
 32 this Article, the following waste shall be regulated pursuant to this Part:

- 33 (1) ~~Medical waste; and waste.~~
 34 (2) Ash generated by a solid waste management facility from the burning of solid
 35 waste.

36 (b) Management of Ash Generated from Burning of Solid Waste. – Ash generated by a
 37 solid waste management facility from the burning of solid waste shall be disposed of in a properly
 38 designed solid waste disposal area that complies with standards developed by the Department for
 39 the disposal of the ash. The Department shall work with solid waste management facilities that
 40 burn solid waste to identify and develop methods for recycling and reusing incinerator ash or
 41 treated ash.

42 (c) Recovered Material. – Recovered material is not subject to ~~regulation as permitting~~
 43 ~~requirements for solid waste under this Article. In order for a material that would otherwise be~~
 44 ~~regulated as solid waste to qualify as a recovered material, the~~ The Department may require any
 45 person who owns or has control over the material to demonstrate that the material meets the
 46 requirements of this subsection. In order to protect public health and the environment, the
 47 Commission subsection or may require the person to obtain a beneficial use determination from
 48 the Department in accordance with subsection (d) of this section. The Department may adopt
 49 rules to implement this subsection. Materials that are accumulated speculatively, as that term is
 50 defined under 40 Code of Federal Regulations § 261 (July 1, 2014 Edition), shall not qualify as
 51 a recovered material, and shall be subject to regulation as solid waste. In order to qualify as a

1 ~~recovered material, the material.~~ The material shall be managed as a valuable commodity in a
2 manner consistent with the desired use or end use, and all of the following conditions shall be
3 met:

- 4 (1) Seventy-five percent (75%), by weight or volume, of the recovered material
5 stored at a facility at the beginning of a calendar year commencing January 1,
6 shall be removed from the facility through sale, use, or reuse by December 31
7 of the same year.
- 8 (2) The recovered material or the products or by-products of operations that
9 process recovered material shall not be discharged, deposited, injected,
10 dumped, spilled, leaked, or placed into or upon any land or water so that the
11 products or by-products or any constituent thereof may enter other lands or be
12 emitted into the air or discharged into any waters including groundwaters, or
13 otherwise enter the environment or pose a threat to public health and safety.
14 Facilities that process recovered material shall be operated in a manner to
15 ensure compliance with this subdivision.
- 16 (3) The recovered material shall not be a hazardous waste or have been recovered
17 from a hazardous waste.
- 18 (4) The recovered material shall not contain significant concentrations of foreign
19 constituents that render it unserviceable or inadequate for sale, or its intended
20 use or reuse.

21 (d) Beneficial Use Determination. – For the purposes of preservation of landfill capacity,
22 economic development, energy savings, and reduction of greenhouse emissions, the Department
23 may determine whether nonhazardous solid waste may be used or reused for a particular site or
24 application as an alternative to disposal at a permitted solid waste management facility as set
25 forth in this subsection.

- 26 (1) A person seeking a beneficial use determination shall submit an application to
27 the Department. The Department, after a review of an application submitted
28 under this subsection, may take any of the following actions:
 - 29 a. Authorize management of a specified type of nonhazardous solid
30 waste at a site other than a permitted solid waste management facility.
 - 31 b. Issue a beneficial use determination with appropriate conditions for
32 use of specific types of solid waste in construction, land application,
33 or other projects and applications.
- 34 (2) An applicant for a determination under this subsection shall submit
35 information on forms prescribed by the Department and any additional
36 information required by the Department necessary for a determination under
37 this subsection. In its review of the application and additional information, the
38 Department shall also consider internal research or information submitted by
39 any person or entity concerning the potential hazard to public health or the
40 environment of any type of solid waste.
- 41 (3) The Department may require submittal of a demonstration that the solid waste
42 is being managed in a manner to protect public health or the environment and
43 may include any of the following as a part of an authorization under
44 subdivision (1) of this subsection:
 - 45 a. Requirements for periodic testing of solid wastes.
 - 46 b. Conditions to ensure that the products or by-products of a material
47 recovered or diverted for beneficial use shall not be discharged,
48 deposited, injected, dumped, spilled, leaked, or placed into or upon
49 any land or water so that the products or by-products or any
50 constituents thereof may enter other lands or be emitted into the air, or

discharged into any waters, including groundwaters, or otherwise enter the environment or pose a threat to public health and safety.

- (4) Approvals granted under this subsection are valid for no longer than five years. Requests for renewal shall be made at least 60 days in advance of the expiration date of the approval.
- (5) The applicant for a determination under this subsection shall submit to the Department on an annual basis a report detailing the usage of material under the approval and certifying compliance with this Article and any applicable rules adopted under this Article.
- (6) The Department may suspend or revoke an authorization and may modify an authorization if it is determined that the activity is not in compliance with the requirements of applicable laws or rules or if new information is provided to the Department that impacts the determination of protection of public health or the environment.
- (7) The Department shall provide notice on its website of approved beneficial use determinations.
- (8) Facilities that manage source separated materials for the purpose of recycling as defined in G.S. 130A-290 are not subject to the provisions of this subsection.
- (9) The Department may adopt rules implementing this subsection and establishing application fees for a reuse determination under this subsection. All fees collected under this subdivision shall be credited to the Solid Waste Management Account established under G.S. 130A-295.8(a). In determining the amount of the total application fee in rule, the Department shall have the authority to establish separate fee amounts for annual fees for each year based on the length of time for which the approval will be valid as requested by the applicant."

SECTION 12.14.(b) This section becomes effective January 1, 2026.

AMEND THE BROWNFIELDS PROPERTY REUSE ACT AND THE BROWNFIELDS PROPERTY TAX BENEFIT

SECTION 12.15.(a) G.S. 105-277.13 reads as rewritten:

"§ 105-277.13. Taxation of improvements on brownfields.

(a) Qualifying improvements on brownfields properties are designated a special class of property under Article V, Sec. 2(2) of the North Carolina Constitution and shall be appraised, assessed, and taxed in accordance with this section. An owner of ~~land~~ real property subject to a brownfields agreement entered into by the Department of Environmental Quality pursuant to G.S. 130A-310.32 is entitled to the partial exclusion provided by this section for ~~the first five~~ taxable years beginning after completion of qualifying improvements made after ~~the later of July 1, 2000, or the date of the brownfields agreement, 2000.~~ After property has qualified for the exclusion provided by this section, the assessor for the county in which the property is located shall annually appraise the improvements made to the property during the period of time that the owner is entitled to the exclusion. Subsequent qualifying improvements shall also be entitled to a separate exclusionary period.

(b) For the purposes of this section, the terms "qualifying improvements on brownfields properties" and "qualifying improvements" mean improvements made to real property ~~that is subject to a brownfields agreement entered into by the Department of Environmental Quality and the owner pursuant to G.S. 130A-310.32~~ after the Department of Environmental Quality provides written confirmation that the property is eligible for a brownfields agreement pursuant to the Brownfields Property Reuse Act of 1997 under Part 5 of Article 9 of Chapter 130A of the General Statutes.

(c) The following table establishes the percentage of the appraised value of the qualified improvements that is excluded based on the taxable year:

<u>Year</u>	<u>Percent of Appraised Value Excluded</u>
Year 1	90%
Year 2	75%
Year 3	50%
Year 4	30%
Year 5	10%."

SECTION 12.15.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2025.

MORATORIUM ON ISSUANCE OF CERTIFICATES FOR CERTAIN SURFACE WATER TRANSFERS

SECTION 12.16.(a) Findings. – The General Assembly finds that the State's laws regulating surface water transfers, originally enacted more than 30 years ago, should be comprehensively reviewed and evaluated for updates in light of the State's tremendous economic and population growth and the impact of natural disasters on riverine and water reservoir systems over that period. In particular, the General Assembly finds that the approval of proposed transfers that are significant in terms of their size compared to the overall hydrologic flow, current and future water storage capacity, and cumulative water resources demands within the source river basin should be temporarily paused while this review and evaluation is ongoing.

SECTION 12.16.(b) Study. – The North Carolina Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) shall study the current statutory process for approval of surface water transfers and provide any recommendations for legislation revising that process that the Collaboratory finds is needed. As part of its study, the Collaboratory shall review all of the following:

- (1) The adequacy of the requirements for an environmental impact study set forth in G.S. 143-215.22L(d) in ensuring that all impacts on upstream and downstream users of water in the river basin are comprehensively and equitably compiled and considered.
- (2) Whether the information on which the Environmental Management Commission (EMC) bases final certification decisions adequately takes into account (i) issues of economic equity for lower income and lower population communities in the source river basin that would experience potential impacts on future economic growth due to the proposed transfer, (ii) negative impacts of increases in water pollutant concentration caused by large surface water transfers on riverine ecosystems, and (iii) whether the denial of the surface transfer request would result in a substantial increase in utility rates or otherwise cause a financial hardship due to alternative infrastructure construction costs for the requesting party.
- (3) Changes to the process needed to reflect the impact of recent climate trends that impact the range of water flows in the State's mainstem rivers during periods of extreme heat, drought, or flooding events.
- (4) How to build into the certification process incentives for parties requesting surface water transfers to implement land use, infrastructure, and drought resiliency policies that will reduce the size of transfers needed to meet future water demands.
- (5) Any other matters the Collaboratory deems relevant to its efforts to increase the fairness and effectiveness of the surface water transfer certification requirements.

1 **SECTION 12.16.(c)** Consultation. – In conducting the study required by subsection
2 (b) of this section, the Collaboratory will consult with the Army Corps of Engineers and other
3 private or public entities with management responsibilities over water impoundments with
4 respect to the impact of significant surface water transfers, as defined in subsection (e) of this
5 section, on those impoundments continuing to meet their present levels and future projected
6 needs for hydroelectric power generation and water supply.

7 **SECTION 12.16.(d)** Report. – By January 1, 2027, the Collaboratory shall report its
8 findings, along with any legislative recommendations, to the Joint Legislative Oversight
9 Committee on Agriculture and Natural and Economic Resources.

10 **SECTION 12.16.(e)** Moratorium on Certain Surface Water Transfer Certificates. –
11 In order to permit sufficient time for the General Assembly to complete the study, the EMC shall
12 not issue a certificate authorizing a significant new surface water transfer or a significant increase
13 in an existing surface water transfer until the end of the moratorium provided in this section. The
14 moratorium in this section shall end six months after the submission of the report required by
15 subsection (d) of this section. For purposes of this section, a proposed new or increased surface
16 water transfer is significant if it would result in a total increase in transfer between river basins,
17 as defined in G.S. 143-215.22G, in excess of 15,000,000 gallons per day.

18 **SECTION 12.16.(f)** This section is effective when it becomes law.
19

20 **REVISE STEWARDSHIP LAWS**

21 **SECTION 12.17.** G.S. 143-214.15 reads as rewritten:

22 **"§ 143-214.15. Compensatory mitigation for diverse habitats.**

23 (a) The Department of Environmental Quality shall seek more net gains of aquatic
24 resources through compensatory mitigation by increasing wetland establishment of diverse
25 habitats, including emergent marsh habitat, shallow open water, and other forested and
26 non-forested wetland habitats.

27 (b) The Department of Environmental Quality shall further establish with the district
28 engineer of the Wilmington District of the United States Army Corps of Engineers compensatory
29 mitigation credit ratios that incentivize the creation or establishment of diverse wetland habitats
30 to support waterfowl and other wildlife.

31 (c) The Department of Environmental Quality shall work in cooperation with the Wildlife
32 Resources Commission to ensure that all purchased mitigation lands or conservation easements
33 on these lands ~~maximize opportunities for public recreation, including hunting, and promote~~
34 ~~wildlife and biological diversity.~~ prioritize management practices that promote wildlife and
35 biological diversity and, where feasible, provide opportunities for public recreation, including
36 hunting by property owners and lessees. The Department and the Commission shall pursue the
37 voluntary involvement of third-party groups to leverage resources and ensure that there is no
38 additional cost to private mitigation bankers or the taxpayers in achieving these mitigation
39 credits.

40 (d) The Stewardship Program of the Department of Environmental Quality shall maintain
41 an inventory of all its land holdings and determine how many of those holdings are potential
42 wildlife habitats, either as currently held or with some modification. The Stewardship Program
43 shall maximize use of these mitigation land holdings as ecological research sites and for hunting
44 leases when the Stewardship Program determines it is feasible to do so.

45 ~~(e) If private individuals, corporations, or other nongovernmental entities wish to~~
46 ~~purchase any of the inventory of land suitable for wildlife habitat, then the Stewardship Program~~
47 ~~of the Department of Environmental Quality shall issue a request for proposal to all interested~~
48 ~~respondents for the purchase of the land. The State shall accept a proposal and proceed to dispose~~
49 ~~of the land only if the Department determines that the proposal meets both of the following~~
50 ~~requirements:~~

- 1 (1) ~~The proposal provides for the maintenance in perpetuity of management~~
2 ~~measures listed in the original mitigation instrument or otherwise needed on~~
3 ~~an ongoing or periodic basis to maintain the functions of the mitigation site.~~
4 (2) ~~Where the functions of the mitigation site include provision of recreation or~~
5 ~~hunting opportunities to members of the general public, the proposal includes~~
6 ~~measures needed to continue that level of access.~~

7 ~~The instrument conveying a property interest in a mitigation site shall be executed in the~~
8 ~~manner required by Article 16 of Chapter 146 of the General Statutes, and shall reflect the~~
9 ~~requirements of this subsection.~~

10 (f) The Department of Environmental Quality shall report to the Environmental Review
11 Commission by March 1 of each year in which there are changes in inventory during the
12 preceding year under the provisions of this section regarding the changes."
13

14 **TRANSFER OFFICE OF ENVIRONMENTAL EDUCATION**

15 **SECTION 12.18(a)** All functions, powers, and operations of the Office of
16 Environmental Education and Public Affairs in the Department of Environmental Quality are
17 transferred to the Department of Natural and Cultural Resources by a Type I transfer, as defined
18 in G.S. 143A-6.

19 **SECTION 12.18(b)** Part 4B of Article 7 of Chapter 143B of the General Statutes
20 (G.S. 143B-285.20, G.S. 143B-285.21, G.S. 143B-285.22, G.S. 143B-285.23,
21 G.S. 143B-285.24, and G.S. 143B-285.25) is recodified under Part 43 of Article 2 of Chapter
22 143B of the General Statutes as G.S. 143B-135.300, G.S. 143B-135.301, G.S. 143B-135.302,
23 G.S. 143B-135.303, G.S. 143B-135.304, and G.S. 143B-135.305, respectively.

24 **SECTION 12.18(c)** G.S. 143B-135.302, as recodified in subsection (b) of this
25 section, reads as rewritten:

26 **"§ 143B-135.302. Creation.**

27 There is hereby created the Office of Environmental Education and Public Affairs
28 (hereinafter referred to as "Office") within the Department of ~~Environmental Quality~~Natural and
29 Cultural Resources."

30 **SECTION 12.18(d)** G.S. 143B-135.303, as recodified in subsection (b) of this
31 section, reads as rewritten:

32 **"§ 143B-135.303. Powers and duties of the Secretary of ~~Environmental Quality~~Natural** 33 **and Cultural Resources.**

34 The Secretary of ~~Environmental Quality~~Natural and Cultural Resources shall:

35 "

36 **SECTION 12.18(e)** The Revisor of Statutes shall make the conforming statutory
37 changes necessary to reflect the transfer under this section. The Revisor of Statutes may correct
38 any reference in the General Statutes to the statutes that are recodified by this section and any
39 other conforming changes necessitated by this section.
40

41 **APA EXEMPTION FOR RULES TO MODERNIZE WASTEWATER PERMITTING**

42 **SECTION 12.19.(a)** Section 5.1 of S.L. 2024-44 is amended by adding a new
43 subsection to read:

44 "**SECTION 5.1.(h)** Temporary and permanent rules adopted pursuant to this section are not
45 subject to G.S. 150B-21.3(b1) and (b2)."

46 **SECTION 12.19.(b)** This section is effective retroactive to July 8, 2024.
47

48 **PART XIII. LABOR**

49 **LABOR FEES/REGULATORY FLEXIBILITY**

50 **SECTION 13.1.(a)** G.S. 95-107 reads as rewritten:
51

1 **"§ 95-107. Assessment and collection of fees; certificates of safe operation.**

2 The assessment of the fees adopted by the Commissioner pursuant to G.S. 95-69.11,
3 ~~95-110.5, 95-111.4~~ 95-110.5A, 95-111.4A, and ~~95-120-95-120.5~~ shall be made against the owner
4 or operator of the equipment and may be collected at the time of inspection. If the fees are not
5 collected at the time of inspection, the Department must bill the owner or operator of the
6 equipment for the amount of the fee assessed for the inspection of the equipment and the amount
7 assessed is payable by the owner or operator of the equipment upon receipt of the bill. Certificates
8 of safe operation may be withheld by the Department of Labor until such time as the assessed
9 fees are collected."

10 **SECTION 13.1.(b)** G.S. 95-108 reads as rewritten:

11 **"§ 95-108. Disposition of fees.**

12 All fees collected by the Department of Labor pursuant to G.S. 95-69.11, ~~95-110.5, 95-111.4~~
13 95-110.5A, 95-111.4A, and ~~95-120-95-120.5~~ shall be deposited with the State Treasurer and shall
14 be used ~~exclusively for inspection~~ inspection, permitting, and certification purposes. Fees
15 deposited pursuant to this section that have not been expended or encumbered at the end of the
16 fiscal year shall not revert but shall remain available for uses consistent with this section."

17 **SECTION 13.1.(c)** G.S. 95-110.5(20) is repealed.

18 **SECTION 13.1.(d)** Article 14A of Chapter 95 of the General Statutes is amended
19 by adding a new section to read:

20 **"§ 95-110.5A. Fees.**

21 (a) Beginning July 1, 2025, the Department shall charge fees not to exceed the following:

22 <u>Special Inspection Fee – Expedited</u>	<u>\$1,000</u>
23 <u>Temporary Limited Certificate for Construction Use Only; Less than 10 Floors</u>	<u>\$200.00</u>
24 <u>Temporary Limited Certificate for Construction Use Only; 10 or More Floors</u>	<u>\$300.00</u>
25 <u>Reinspection Fee of Failed New and Repair/Alteration Inspections</u>	<u>\$1,000</u>
26 <u>Routine/Annual Elevator Inspections; Less than 10 Floors</u>	<u>\$200.00</u>
27 <u>Routine/Annual Elevator Inspections; 10 or More Floors</u>	<u>\$300.00</u>
28 <u>Routine/Annual Wheelchair Lift and Dumbwaiter Inspections</u>	<u>\$100.00</u>
29 <u>Routine/Annual Escalator and Moving Walk Inspections</u>	<u>\$500.00</u>

30 (b) Upon application to the Department for a new or alteration construction permit for a
31 device subject to this section, an applicant shall submit a permit application fee. The amount of
32 the permit application fee shall be the greater of (i) two hundred dollars (\$200.00) or (ii) one
33 percent (1%) of the contract price for the alteration or installation of the device being permitted.

34 (c) Notwithstanding any provision of law to the contrary, for fiscal years beginning on or
35 after July 1, 2026, the Department shall adjust the fee amounts listed in subsection (a) of this
36 section in accordance with the percent change in the annual Consumer Price Index computed by
37 the Bureau of Labor Statistics using the most recent 12-month period for which data is available.
38 The adjustment for fees under this subsection shall be rounded to the nearest dollar (\$1.00), and
39 the Commissioner shall publish any increase in fees under this subsection in the North Carolina
40 Register and on the Department's website at least 60 days prior to any increase."

41 **SECTION 13.1.(e)** G.S. 95-111.4(19) is repealed.

42 **SECTION 13.1.(f)** Article 14B of Chapter 95 of the General Statutes is amended by
43 adding a new section to read:

44 **"§ 95-111.4A. Fees.**

45 (a) Beginning July 1, 2025, the Department shall charge fees not to exceed the following:

46 <u>Advance Location Notice (ALN) Application Fee</u>	<u>\$25.00</u>
47 <u>Special Inspection Fee – Expedited</u>	<u>\$1,000</u>
48 <u>Amusement Major Ride Inspections</u>	<u>\$250.00</u>
49 <u>Amusement Return Trip Inspections</u>	<u>\$500.00</u>
50 <u>Holiday/Weekend Inspections</u>	<u>\$500.00</u>
51 <u>Kiddie Ride Inspections</u>	<u>\$100.00</u>

1	<u>Go Kart Inspections (per cart)</u>	<u>\$50.00</u>
2	<u>Go Kart Track Inspections</u>	<u>\$200.00</u>
3	<u>Amusement Rock Wall Inspections</u>	<u>\$100.00</u>
4	<u>Roller Coaster (permanent and portable) Inspections</u>	<u>\$500.00</u>
5	<u>Simulators</u>	<u>\$100.00</u>
6	<u>Bungee Trampoline Inspections</u>	<u>\$100.00</u>
7	<u>Water Slide Inspections</u>	<u>\$300.00</u>
8	<u>Train Inspections</u>	<u>\$250.00</u>

9 (b) Notwithstanding any provision of law to the contrary, for fiscal years beginning on or
10 after July 1, 2026, the Department shall adjust the fee amounts listed in subsection (a) of this
11 section in accordance with the percent change in the annual Consumer Price Index computed by
12 the Bureau of Labor Statistics using the most recent 12-month period for which data is available.
13 The adjustment for fees under this subsection shall be rounded to the nearest dollar (\$1.00), and
14 the Commissioner shall publish any increase in fees under this subsection in the North Carolina
15 Register and on the Department's website at least 60 days prior to any increase."

16 **SECTION 13.1.(g)** G.S. 95-120(9) is repealed.

17 **SECTION 13.1.(h)** Article 15 of Chapter 95 of the General Statutes is amended by
18 adding a new section to read:

19 **"§ 95-120.5. Fees.**

20 (a) Beginning July 1, 2025, the Department shall charge fees not to exceed the following:

21	<u>Gondolas, Chairlifts, Inclined Railroad Inspections</u>	<u>\$500.00</u>
22	<u>J or T Bars and Conveyors Inspections</u>	<u>\$300.00</u>
23	<u>Rope Tow Inspections</u>	<u>\$200.00</u>

24 (b) Notwithstanding any provision of law to the contrary, for fiscal years beginning on or
25 after July 1, 2026, the Department shall adjust the fee amounts listed in subsection (a) of this
26 section in accordance with the percent change in the annual Consumer Price Index computed by
27 the Bureau of Labor Statistics using the most recent 12-month period for which data is available.
28 The adjustment for fees under this subsection shall be rounded to the nearest dollar (\$1.00), and
29 the Commissioner shall publish any increase in fees under this subsection in the North Carolina
30 Register and on the Department's website at least 60 days prior to any increase."

31 **SECTION 13.1.(i)** G.S. 95-110.5(13) reads as rewritten:

32 "(13) To adopt, modify or revoke rules and regulations governing the qualifications
33 of ~~inspectors~~;inspectors. The Commissioner may waive or amend the
34 American National Safety Standards from the American National Standards
35 Institute as those standards relate to the qualifications of inspectors in this
36 State if the Commissioner sets alternative standards that are reasonably
37 equivalent, as determined by the Commissioner."

38 **SECTION 13.1.(j)** G.S. 95-111.4(13) reads as rewritten:

39 "(13) To adopt, modify or revoke rules and regulations governing the qualifications
40 of inspectors. The Commissioner may waive or amend the American National
41 Safety Standards from the American National Standards Institute as those
42 standards relate to the qualifications of inspectors in this State if the
43 Commissioner sets alternative standards that are reasonably equivalent, as
44 determined by the Commissioner."

45 **SECTION 13.1.(k)** The Commissioner shall publish notice of the changes in fees
46 created by this section in the North Carolina Register and on the Department's website no later
47 than 30 days after the effective date of this section. The Department shall consult with the North
48 Carolina Community College System to develop an in-house training and apprenticeship
49 program for elevator inspectors. The Department shall utilize the program to fill vacancies in
50 receipt-supported inspector positions within the Elevator and Amusement Device Division of the
51 Department.

DEPARTMENT OF LABOR REGULATORY MODIFICATIONS

SECTION 13.2.(a) Article 16 of Chapter 95 of the General Statutes is amended by adding a new section to read:

"§ 95-136.2. Commissioner and employees not subject to subpoena for testimony except in certain circumstances.

(a) Neither the Commissioner nor any employee or former employee of the Department is subject to a subpoena for appearance for purposes of inquiry into any occupational safety and health inspection, except in one of the following circumstances:

(1) An enforcement proceeding is brought under this Article.

(2) An action is filed in which the Department is a party.

(3) The Commissioner consents in writing to waive the exemption provided by this section.

(4) A court finds all of the following:

a. The information sought is essential to the underlying case.

b. There are no reasonable alternative means for acquiring the information.

c. A significant injustice would occur if the requested testimony was not available.

(b) The party that issued the subpoena shall pay to the Department a witness fee in the amount of one hundred dollars (\$100.00) per day.

(c) This section does not apply to a subpoena requesting only documents or other records."

SECTION 13.2.(b) G.S. 150B-21.5 is amended by adding a new subsection to read:

"(c1) OSHA Standard. – The Occupational Safety and Health Division of the Department of Labor is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to adopt a rule that concerns an occupational safety and health standard that is identical to a federal regulation promulgated by the Secretary of the United States Department of Labor. The Division shall file the rule with the Commission for the purpose of receiving written objections to the rule in accordance with G.S. 150B-21.3(b2)."

SECTION 13.2.(c) G.S. 95-135(d) reads as rewritten:

"(d) Every official act of the Commission shall be entered of record and its hearings and records shall be open to the public. The Commission is authorized and empowered to make such procedural rules as are necessary for the orderly transaction of its proceedings. Unless the Commission adopts a different rule, the proceedings, as nearly as possible, shall be in accordance with the Rules of Civil Procedure, G.S. 1A-1. The Commission may order testimony to be taken by deposition in any proceeding pending before it at any stage of such proceeding. Any person, firm or corporation, and its agents or officials, may be compelled to appear and testify and produce like documentary evidence before the ~~Commission.~~ Commission, except that upon motion of a respondent, the Commission shall require prehearing discovery, order that testimony be taken by deposition, compel production of documents, and compel persons to appear. Witnesses whose depositions are taken under this section, and the persons taking such depositions, shall be entitled to the same fees as are paid for like services in the courts of the State."

SECTION 13.2.(d) G.S. 130A-385(e) reads as rewritten:

"(e) In cases where death occurred due to an injury received in the course of the decedent's employment, the Chief Medical Examiner shall forward to the Commissioner of Labor a copy of the medical examiner's report of the investigation, including the location of the fatal injury and the name and address of the decedent's employer at the time of the fatal injury. The Chief Medical Examiner shall forward this report within 30 days of receipt of the information from the medical

1 examiner. Upon written request by the Commissioner of Labor, the Chief Medical Examiner
2 shall provide the finalized autopsy report within five months of the date of the request."

3 **SECTION 13.2.(e)** G.S. 95-36.3(c) reads as rewritten:

4 "(c) The Commissioner of Labor, ~~with the written approval of the Attorney General as to~~
5 ~~legality,~~ Labor shall have power to adopt, alter, amend or repeal appropriate rules of procedure
6 for selection of the arbitrator or panel and for conduct of the arbitration proceedings in
7 accordance with this Article: Provided, however, that such rules shall be inapplicable to the extent
8 that they are inconsistent with the arbitration agreement of the parties."

9 **SECTION 13.2.(f)** G.S. 95-110.2 reads as rewritten:

10 **"§ 95-110.2. Scope.**

11 This Article shall govern the design, construction, installation, plans review, testing,
12 inspection, certification, operation, use, maintenance, alteration, relocation and investigation of
13 accidents ~~involving~~ involving all of the following:

- 14 (1) Elevators, dumbwaiters, escalators, and moving ~~walks;~~ walks.
- 15 (2) Personnel ~~hoists;~~ hoists.
- 16 (3) Inclined stairway chair ~~lifts;~~ lifts.
- 17 (4) Inclined and vertical wheelchair ~~lifts;~~ lifts.
- 18 (5) ~~Manlifts; and~~ Manlifts.
- 19 (6) Special equipment.

20 This Article shall not apply to devices and equipment located and operated in a single family
21 ~~residence,~~ residence. This Article shall not apply to conveyors and related equipment within the
22 scope of the American National Standard Safety Standard for Conveyors and Related Equipment
23 (ANSI/ASME B20.1) constructed, installed and used exclusively for the movement of materials,
24 or to mining equipment specifically covered by the Federal Mine Safety and Health Act or the
25 Mine Safety and Health Act of North Carolina or the rules and regulations adopted pursuant
26 thereto."

27 **SECTION 13.2.(g)** G.S. 95-110.3 reads as rewritten:

28 **"§ 95-110.3. Definitions.**

29 (a) The term "Commissioner" shall mean the North Carolina Commissioner of Labor or
30 ~~his~~ the Commissioner's authorized representative.

31 (b) The term "Director" shall mean the Director of the Elevator and Amusement Device
32 ~~Division~~ Bureau of the North Carolina Department of Labor.

33"

34 **SECTION 13.2.(h)** G.S. 95-110.4 reads as rewritten:

35 **"§ 95-110.4. Elevator and Amusement Device ~~Division~~ Bureau established.**

36 There is hereby created an Elevator and Amusement Device ~~Division~~ Bureau within the
37 Department of Labor. The Commissioner shall appoint a director of the Elevator and Amusement
38 Device ~~Division~~ Bureau and such other employees as the Commissioner deems necessary to
39 assist the director in administering the provisions of this Article."

40 **SECTION 13.2.(i)** G.S. 95-110.5 reads as rewritten:

41 **"§ 95-110.5. Powers and duties of Commissioner.**

42 The Commissioner of Labor is hereby ~~empowered;~~ empowered to do all of the following:

- 43 (1) To delegate to the Director of the Elevator and Amusement Device ~~Division~~
44 Bureau such powers, duties and responsibilities as the Commissioner
45 determines will best serve the public interest in the safe operation of lifting
46 devices and ~~equipment;~~ equipment.
- 47 (2) To supervise the Director of the Elevator and Amusement Device
48 ~~Division;~~ Bureau.
- 49 (3) To adopt, modify, or revoke such rules and regulations as are necessary for
50 the purpose of carrying out the provisions of this Article including, but not
51 limited to, those governing the design, construction, installation, plans review,

- 1 testing, inspection, certification, operation, use, maintenance, alteration and
2 relocation of devices and equipment subject to the provisions of this Article.
3 The rules and regulations promulgated pursuant to this rulemaking authority
4 shall conform with good engineering practice as evidenced generally by the
5 most recent editions of the American National Standard Safety Code for
6 Elevators, Dumbwaiters, Escalators and Moving Walks, the National
7 Electrical Code, the American National Standard Safety Requirements for
8 Personnel Hoists, the American National Standard Safety Code for Manlifts,
9 the American National Standard Safety Standard for Conveyors and Related
10 Equipment and similar codes promulgated by agencies engaged in research
11 concerning strength of material, safe design, and other factors bearing upon
12 the safe operation of the devices and equipment subject to the provisions of
13 this Article. The rules and regulations may apply different standards to devices
14 and equipment subject to this Article depending upon their date of installation.
15 The rules and regulations for special equipment shall not adopt specifically
16 any portion of the American National Standard Safety Code for Elevators,
17 Dumbwaiters, Escalators and Moving Walks to inclined and vertical
18 reciprocating ~~conveyors;~~conveyors.
- 19 (4) To enforce rules and regulations adopted under authority of this
20 ~~Article;~~Article.
- 21 (5) To inspect and have tested for acceptance all new, altered or relocated devices
22 or equipment subject to the provisions of this ~~Article;~~Article.
- 23 (6) To make maintenance and periodic inspections and tests of all devices and
24 equipment subject to the provisions of this Article as often as every six
25 ~~months;~~months.
- 26 (7) To issue certificates of operation which certify for use such devices and
27 equipment as are found to be in compliance with this Article and the rules and
28 regulations promulgated ~~thereunder;~~thereunder.
- 29 (8) To have free access, with or without notice, to the devices and equipment
30 subject to the provisions of this Article, during reasonable hours, for purposes
31 of inspection or ~~testing;~~testing.
- 32 (9) To obtain an Administrative Search and Inspection Warrant in accordance
33 with the provisions of Article 4A of Chapter 15 of the General
34 ~~Statutes;~~Statutes.
- 35 (10) To investigate accidents involving the devices and equipment subject to the
36 provisions of this Article to determine the cause of such accident, and he shall
37 have full subpoena powers in conducting such ~~investigation;~~investigation.
- 38 (11) To institute proceedings in the civil or criminal courts of this State, when a
39 provision of this Article or the rules and regulations promulgated thereunder
40 has been ~~violated;~~violated.
- 41 (12) To issue a limited certificate of operation for any device or equipment subject
42 to the provisions of this Article to allow the temporary or restricted use
43 ~~thereof;~~thereof.
- 44 (13) To adopt, modify or revoke rules and regulations governing the qualifications
45 of ~~inspectors;~~inspectors.
- 46 (14) To grant exceptions from the requirements of the rules and regulations
47 promulgated under authority of this Article and to permit the use of other
48 devices when such exceptions and uses will not expose the public to an unsafe
49 condition likely to result in serious personal injury or property
50 ~~damage;~~damage.

1 (15) To require that a construction permit must be obtained from the Commissioner
 2 before any device or equipment subject to the provisions of this Article is
 3 installed, altered or moved from one place to another and to require that the
 4 Commissioner must be supplied with whatever plans, diagrams or other data
 5 he deems necessary to determine whether or not the proposed construction is
 6 in compliance with the provisions of this Article and the rules and regulations
 7 promulgated ~~thereunder;~~thereunder.

8 (16) To prohibit the use of any device or equipment subject to the provisions of
 9 this Article which is found upon inspection to expose the public to an unsafe
 10 condition likely to cause personal injury or property damage. Such device or
 11 equipment shall be made operational only upon the Commissioner's
 12 determination that such device or equipment has been made ~~safe;~~safe.

13 (17) To order the payment of all civil penalties provided by this Article. Funds
 14 collected pursuant to a civil penalty order shall be deposited with the State
 15 ~~Treasurer;~~Treasurer.

16 (18) To require that any device or equipment subject to the provisions of this
 17 Article which has been out-of-service and not continuously maintained for one
 18 or more years shall not be returned to service without first complying with all
 19 rules and regulations governing existing ~~installations;~~ and installations.

20"

21 **SECTION 13.2.(j)** G.S. 95-110.9(b) reads as rewritten:

22 "(b) The Commissioner, without delay, after notification and determination that an
 23 occurrence involving injury or damage as specified in subsection (a) has occurred, shall make a
 24 complete and thorough investigation of the occurrence. The report of the investigation shall be
 25 placed on file in the office of the ~~division-bureau~~ and shall give in detail all facts and information
 26 available. The owner may submit for inclusion in the file results of investigations independent of
 27 the department's investigation."

28 **SECTION 13.2.(k)** G.S. 95-111.3(6) reads as rewritten:

29 "(6) Director. – The Director of the Elevator and Amusement Device ~~Division~~
 30 Bureau of the North Carolina Department of Labor."

31 **SECTION 13.2.(l)** G.S. 95-111.4 reads as rewritten:

32 **"§ 95-111.4. Powers and duties of Commissioner.**

33 The Commissioner of Labor is hereby empowered to do all of the following:

34 (1) To delegate to the Director of the Elevator and Amusement Device ~~Division~~
 35 Bureau such powers, duties and responsibilities as the Commissioner
 36 determines will best serve the public interest in the safe operation of
 37 amusement devices.

38 (2) To supervise the Director of the Elevator and Amusement Device
 39 ~~Division-Bureau.~~

40"

41 **SECTION 13.2.(m)** G.S. 95-111.10(b) reads as rewritten:

42 "(b) The Commissioner, without delay, after notification and determination that an
 43 occurrence involving injury or damage as specified in subsection (a) has occurred, shall make a
 44 complete and thorough investigation of the occurrence. The report of the investigation shall be
 45 placed on file in the office of the ~~division-bureau~~ and shall give in detail all facts and information
 46 available. The owner may submit for inclusion in the file results of investigations independent of
 47 the department's investigation."

48 **SECTION 13.2.(n)** G.S. 95-125.2(b) reads as rewritten:

49 "(b) The Commissioner, without delay, after notification and determination that an
 50 occurrence involving injury or damage as specified in subsection (a) of this section has occurred,
 51 shall make a complete and thorough investigation of the occurrence. The report of the

1 investigation shall be placed on file in the office of the ~~division~~ bureau and shall give in detail all
2 facts and information available. The owner may submit for inclusion in the file results of
3 investigations independent of the department's investigation."

4 **SECTION 13.2.(o)** Subsection (c) of this section shall apply to citations issued on
5 or after the effective date of this section. The remainder of this section is effective when it
6 becomes law.

8 **PART XIV. NATURAL AND CULTURAL RESOURCES**

10 **NC SYMPHONY CHALLENGE GRANT**

11 **SECTION 14.1.(a)** Of the funds appropriated in this act to the Department of Natural
12 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for each
13 year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina Symphony as
14 provided in this section. It is the intent of the General Assembly that the North Carolina
15 Symphony raise at least seven million dollars (\$7,000,000) in non-State funds for the 2025-2026
16 fiscal year and seven million dollars (\$7,000,000) in non-State funds for the 2026-2027 fiscal
17 year. The North Carolina Symphony cannot use funds transferred from the organization's
18 endowment to its operating budget to achieve the fundraising targets set out in subsections (b)
19 and (c) of this section.

20 **SECTION 14.1.(b)** For the 2025-2026 fiscal year, the North Carolina Symphony
21 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 22 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
23 funding, the North Carolina Symphony shall receive the sum of six hundred
24 thousand dollars (\$600,000).
- 25 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
26 non-State funding for a total amount of four million dollars (\$4,000,000) in
27 non-State funds, the North Carolina Symphony shall receive the sum of seven
28 hundred thousand dollars (\$700,000).
- 29 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
30 non-State funding for a total amount of seven million dollars (\$7,000,000) in
31 non-State funds, the North Carolina Symphony shall receive the final sum of
32 seven hundred thousand dollars (\$700,000) in the 2025-2026 fiscal year.

33 **SECTION 14.1.(c)** For the 2026-2027 fiscal year, the North Carolina Symphony
34 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 35 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
36 funding, the North Carolina Symphony shall receive the sum of six hundred
37 thousand dollars (\$600,000).
- 38 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
39 non-State funding for a total amount of four million dollars (\$4,000,000) in
40 non-State funds, the North Carolina Symphony shall receive the sum of seven
41 hundred thousand dollars (\$700,000).
- 42 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
43 non-State funding for a total amount of seven million dollars (\$7,000,000) in
44 non-State funds, the North Carolina Symphony shall receive the final sum of
45 seven hundred thousand dollars (\$700,000) in the 2026-2027 fiscal year.

47 **NORTH CAROLINA ARTS COUNCIL MEMBERSHIP AND APPOINTMENT** 48 **CHANGES**

49 **SECTION 14.1A.(a)** G.S. 143B-88 reads as rewritten:

50 **"§ 143B-88. North Carolina Arts Council – members; selection; quorum; compensation.**

1 (a) ~~The North Carolina Arts Council shall consist of 24 members appointed by the~~
2 ~~Governor. The initial members of the Council shall be the appointed members of the present Arts~~
3 ~~Council who shall serve for a period equal to the remainder of their current terms on the Arts~~
4 ~~Council, eight of whose terms expire June 30, 1973, eight of whose terms expire June 30, 1974,~~
5 ~~and eight of whose terms expire June 30, 1975. At the end of the respective terms of office of the~~
6 ~~initial members, the appointments of their successors shall be for terms of three years and until~~
7 ~~their successors are appointed and qualify. Any appointment to fill a vacancy on the Council~~
8 ~~created by the resignation, dismissal, death, or disability of a member shall be for the balance of~~
9 ~~the unexpired term nine members.~~

10 ~~The Governor shall have the power to remove any member of the Council from office in~~
11 ~~accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.~~

12 ~~The Governor shall designate a member of the Council as chairman to serve at his pleasure.~~

13 (b) The members of the North Carolina Arts Council shall be appointed as follows:

14 (1) The Governor shall appoint three members for three-year terms.

15 (2) The General Assembly shall appoint six members for three-year terms, three
16 upon the recommendation of the Speaker of the House of Representatives and
17 three upon the recommendation of the President Pro Tempore of the Senate,
18 in accordance with G.S. 120-121.

19 (c) As the terms of office of the members of the Council appointed by the Governor
20 expire, their successors shall be appointed for terms of three years each. As the terms of office
21 of the members of the Council appointed by the General Assembly expire, their successors shall
22 be appointed for terms of three years each. All members shall serve at the pleasure of the
23 appointing authority, and they may be removed by the appointing authority at any time.

24 In the event that a Council member is removed, the member appointed to replace the removed
25 member shall serve only for the unexpired term of the removed member. Any appointment to fill
26 a vacancy on the Council created by the resignation, dismissal, death, or disability of a member
27 shall be for the balance of the unexpired term.

28 (d) The Council shall elect from its appointive members a chair and other officers as it
29 may choose, for such terms as it may designate in its rules.

30 (e) Members of the Council shall receive per diem and necessary travel and subsistence
31 expenses in accordance with the provisions of G.S. 138-5. A majority of the Council shall
32 constitute a quorum for the transaction of business. All clerical and other services required by
33 the Council shall be supplied by the Secretary of Natural and Cultural Resources."

34 **SECTION 14.1A.(b)** The present members of the North Carolina Arts Council
35 (Council) shall serve for a period equal to the remainder of their current terms on the Council. At
36 the end of the respective terms of office of the present members, the appointments of their
37 successors shall be for terms of three years and until their successors are appointed and qualify.

38 Notwithstanding G.S. 143B-88, upon the expiration of the terms of office of the eight
39 present members whose terms expire June 30, 2025, the Governor shall appoint one successor
40 and the General Assembly shall appoint two successors, one upon the recommendation of the
41 Speaker of the House of Representatives and one upon the recommendation of the President Pro
42 Tempore of the Senate, in accordance with G.S. 120-121.

43 Notwithstanding G.S. 143B-88, upon the expiration of the terms of office of the eight
44 present members whose terms expire June 30, 2026, the Governor shall appoint one successor
45 and the General Assembly shall appoint two successors, one upon the recommendation of the
46 Speaker of the House of Representatives and one upon the recommendation of the President Pro
47 Tempore of the Senate, in accordance with G.S. 120-121.

48 Notwithstanding G.S. 143B-88, upon the expiration of the terms of office of the eight
49 present members whose terms expire June 30, 2027, the Governor shall appoint one successor
50 and the General Assembly shall appoint two successors, one upon the recommendation of the

1 Speaker of the House of Representatives and one upon the recommendation of the President Pro
2 Tempore of the Senate, in accordance with G.S. 120-121.

3 Thereafter, as the terms of office of the members of the Council expire, their
4 successors shall be appointed for terms of three years in accordance with G.S. 143B-88, as
5 amended by subsection (a) of this section.

6 **SECTION 14.1A.(c)** Subsection (a) of this section becomes effective June 30, 2027.
7 The remainder of this section is effective when it becomes law.

9 **SUNDAY OPENING STATE HISTORIC SITE PILOT PROGRAM**

10 **SECTION 14.2.(a)** Program Established. – Funds appropriated in this act to the
11 Department of Natural and Cultural Resources (Department) for the Sunday Opening State
12 Historic Site Pilot Program (Program) shall be used by the Department to open and operate the
13 following State Historic Sites on Sundays during each site's peak season:

- 14 (1) Bentonville Battlefield.
- 15 (2) Brunswick Town/Fort Anderson.
- 16 (3) Charlotte Hawkins Brown Museum.
- 17 (4) Fort Fisher.
- 18 (5) Governor Charles B. Aycock Birthplace.
- 19 (6) Historic Bath.
- 20 (7) Historic Edenton.
- 21 (8) Historic Halifax.
- 22 (9) North Carolina State Capitol.
- 23 (10) Reed Gold Mine.
- 24 (11) Roanoke Island Festival Park.
- 25 (12) Somerset Place.
- 26 (13) Thomas Day State Historic Site.

27 **SECTION 14.2.(b)** Notice. – The Department shall publish, update, or provide
28 notice of the new operating hours pursuant to the Program established in subsection (a) of this
29 section.

30 **SECTION 14.2.(c)** Reports. – The Department shall submit the following reports to
31 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources:

- 32 (1) By October 1, 2026, an interim report with (i) actual costs by site during the
33 2025-2026 fiscal year, (ii) Sunday visitation numbers by site during the
34 2025-2026 fiscal year, and (iii) preliminary recommendations.
- 35 (2) By April 1, 2027, an interim report with any funding recommendations the
36 Department has for the upcoming biennium.
- 37 (3) By October 1, 2027, a final report on the implementation of the Program.

39 **AQUARIUM AND ZOO REPAIR AND RENOVATION PROJECT AUTHORIZATION**

40 **SECTION 14.3.(a)** G.S. 143B-135.188 reads as rewritten:

41 "**§ 143B-135.188. North Carolina Aquariums; fees; fund.**

42 ...

43 (d) Approval. – The Secretary may approve the use of the North Carolina Aquariums
44 Fund for repair and renovation projects at the aquariums-related facilities that comply with the
45 following:

- 46 (1) The total project cost is less than ~~five hundred thousand dollars~~
47 (\$500,000)-seven hundred fifty thousand dollars (\$750,000).
- 48 (2) The project meets the requirements of G.S. 143C-8-13(a).
- 49 (3) The project is paid for from funds appropriated to the Fund.
- 50 (4) The project does not obligate the State to provide increased recurring funding
51 for operations.

1"

2 **SECTION 14.3.(b)** G.S. 143B-135.209 reads as rewritten:

3 "**§ 143B-135.209. North Carolina Zoo Fund.**

4 ...

5 (c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for
6 repair and renovation projects at the North Carolina Zoological Park that comply with the
7 following:

8 (1) The total project cost is less than ~~five hundred thousand dollars~~
9 ~~(\$500,000)~~ seven hundred fifty thousand dollars (\$750,000).

10 (2) The project meets the criteria to be classified as a repair or renovation under
11 G.S. 143C-8-13(a).

12 (3) The project is paid for from funds appropriated to the Fund.

13 (4) The project does not obligate the State to provide increased recurring funding
14 for operations.

15"

17 **EXTENDED LEASE TERMS FOR STATE RECREATION AREAS**

18 **SECTION 14.4.** Pursuant to G.S. 146-29(b), the General Assembly authorizes the
19 Department of Natural and Cultural Resources to enter into leases for a period greater than 30
20 years, but no more than 50 years, of lands owned by the federal government and managed by the
21 Department as the Falls Lake, Jordan Lake, and Kerr Lake State Recreation Areas.

23 **AMERICAN BATTLEFIELD TRUST – EXPANSION**

24 **SECTION 14.7.** Notwithstanding the Committee Report described in Section 43.2
25 of S.L. 2023-134 (Committee Report), the five million dollars (\$5,000,000) in interest transferred
26 from the State Fiscal Recovery Reserve to the American Battlefield Trust (Trust) on page D98
27 of the Committee Report may also be used for the preservation of historic battlefield land at any
28 site in the State identified by the National Park Service as a preservation priority in reports to
29 Congress in 1993, 2007, and 2010.

31 **ESTABLISH THE BRUSHY MOUNTAIN STATE NATURAL AREA**

32 **SECTION 14.8.(a)** The General Assembly authorizes the Department of Natural and
33 Cultural Resources to create the Brushy Mountain State Natural Area (BMSNA) in Alexander
34 County, Caldwell County, and Wilkes County and to add BMSNA to the State Parks System, as
35 provided in G.S. 143B-135.54(b). The State may receive donations of appropriate land and may
36 purchase other needed lands for BMSNA with existing funds in the NC Land and Water Fund,
37 the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other
38 available sources of funding.

39 **SECTION 14.8.(b)** This section is effective when it becomes law.

41 **CAPACITY-BUILDING GRANTS FOR STATE TRAILS**

42 **SECTION 14.9.(a)** Grants. – Of the funds appropriated in this act to the Department
43 of Natural and Cultural Resources (Department), the sum of eight hundred thousand dollars
44 (\$800,000) in nonrecurring funds for the 2025-2026 fiscal year shall be allocated for
45 capacity-building grants to the partner organizations listed in subsection (c) of this section for
46 each component of the State Trails System for which the Department has signed a memorandum
47 of understanding (MOU) pursuant to Section 14.7(d) of S.L. 2021-180. Remaining funds shall
48 be retained by the Department to allocate capacity-building grants for any newly authorized
49 partner organizations for State trails no later than June 30, 2026.

50 **SECTION 14.9.(b)** Memorandums of Understanding. – The Department shall
51 identify one or more partners and enter into MOUs with State trails described in subsection (c)

1 of this section prior to disbursing any funds under this section to those partner organizations, as
2 well as the partner organizations for the trail established on the Saluda Grade rail corridor as set
3 forth in Section 14.5 of S.L. 2023-134, if necessary. Where there is more than one partner
4 organization for a State trail or component thereof, the Department shall apportion the funds
5 under this section based on the relative scope of activity for which each partner organization
6 assumes responsibility in the respective MOU.

7 **SECTION 14.9.(c) State Trails.** – The partner organizations for each State trail or
8 component thereof listed in this subsection shall receive fifty thousand dollars (\$50,000) each for
9 the purposes set forth in subsection (a) of this section:

- 10 (1) Dan River.
- 11 (2) Deep River.
- 12 (3) French Broad River.
- 13 (4) Yadkin River.
- 14 (5) East Coast Greenway Trail.
- 15 (6) Equine State Trail.
- 16 (7) Fonta Flora State Trail.
- 17 (8) Hickory Nut Gorge State Trail.
- 18 (9) Haw River Trail.
- 19 (10) Mountains-to-Sea Trail.
- 20 (11) Northern Peaks State Trail.
- 21 (12) Overmountain Victory State Trail.
- 22 (13) Roanoke River State Trail.
- 23 (14) Wilderness Gateway Trail.
- 24 (15) The trail that will be established on the Saluda Grade rail corridor.
- 25 (16) No more than one newly authorized State trail.

26 27 **FUNDS FOR INCLUSIVE PLAYGROUNDS**

28 **SECTION 14.10.** Of the nonrecurring funds for the 2025-2026 fiscal year
29 appropriated in this act to the Parks and Recreation Trust Fund, the sum of one hundred thousand
30 dollars (\$100,000) shall be used to provide grants to local governmental unit, public school units,
31 or public authorities for construction of special facilities or adaptation of existing facilities that
32 meet the unique needs of persons with disabilities or that enable them to participate in
33 recreational and sporting activities, regardless of their abilities. Grants made under this
34 subsection shall not exceed five thousand dollars (\$5,000), and the local governmental unit,
35 public school unit, or public authority receiving a grant under this subsection shall provide
36 matching funds in the amount of one dollar (\$1.00) of local funds for every five dollars (\$5.00)
37 of State funds.

38 39 **PART XV. WILDLIFE RESOURCES COMMISSION**

40 41 **YOUTH OUTDOOR ENGAGEMENT COMMISSION**

42 **SECTION 15.1.** Part 36 of Article 7 of Chapter 143B of the General Statutes is
43 amended by adding a new section to read:

44 **"§ 143B-344.63. Commission may accept gifts.**

45 The North Carolina Youth Outdoor Engagement Commission is hereby authorized to accept
46 gifts, donations, or contributions from any source, which funds shall be held in a separate account
47 within the North Carolina Youth Outdoor Engagement Fund and shall be administered by, and
48 used solely for purposes consistent with the mission of, the North Carolina Youth Outdoor
49 Engagement Commission."

50 51 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

COLLECTION OF WORTHLESS CHECKS

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2025, for the purchase or repair of office or information technology equipment during the 2025-2026 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2026, for the purchase or repair of office or information technology equipment during the 2026-2027 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

SPLIT DISTRICT COURT DISTRICT 5 INTO 5A AND 5B

SECTION 16.2B.(a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
...		
<u>5A</u>	<u>10</u>	Duplin Jones Onslow Sampson
<u>5B</u>	<u>6</u>	<u>Onslow</u>
...."		

SECTION 16.2B.(b) This section becomes effective January 1, 2026, and subsequent elections for judgeships in District Court Districts 5A and 5B shall be held accordingly.

REVISE MAGISTRATES IN VARIOUS COUNTIES

SECTION 16.3. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
...		
Avery	<u>3</u>	
...		
Buncombe	15 <u>14</u>	
...		
Durham	18 <u>17</u>	
...		
New Hanover	14 <u>15</u>	
...."		

INCREASE ASSISTANT DISTRICT ATTORNEYS IN MECKLENBURG COUNTY

SECTION 16.3A. G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

	Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1			
2			
3			
4	...		
5	26	Mecklenburg	<u>6471</u>
6"		
7			

MODIFY CIVIL REVOCATION FEE

SECTION 16.7.(a) G.S. 20-16.5(j) reads as rewritten:

"(j) Costs. – Unless the magistrate or judge orders the revocation rescinded, a person whose license is revoked under this section must pay a fee of ~~one two~~ hundred dollars (~~\$100.00~~) (\$200.00) as costs for the action before the person's license may be returned under subsection (h) of this section. ~~Fifty-Twenty-five~~ percent (~~50%~~) (25%) of the costs collected under this section shall be credited to the General Fund. Twenty-five percent (25%) of the costs collected under this section shall be used to fund a statewide chemical alcohol testing program administered by the Injury Control Section of the Department of Health and Human Services. The remaining ~~twenty-five-fifty~~ percent (~~25%~~) (50%) of the costs collected under this section shall be remitted to the county for the sole purpose of reimbursing the county for jail expenses incurred due to enforcement of the impaired driving laws."

SECTION 16.7.(b) This section is effective December 1, 2025, and applies to fees assessed on or after that date.

REPEAL HUMAN TRAFFICKING COMMISSION GRANT PROGRAM FOLLOWING FINAL REPORTING DATE FOR DISTRIBUTED GRANTS

SECTION 16.9.(a) G.S. 7A-354.1 is repealed.

SECTION 16.9.(b) This section becomes effective May 1, 2026.

SALE OF MAINFRAME AND RELATED TECHNOLOGY COMPONENTS

SECTION 16.10.(a) Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4), or any other law pertaining to surplus State property, the Administrative Office of the Courts may sell its mainframe computing system and any related components on terms that the Administrative Office of the Courts deems to be in its best interest without involvement by the State Surplus Property Agency designated in G.S. 143-64.01 and without being required to pay any service charge or surcharge to the State Surplus Property Agency. The net proceeds of this sale shall be deposited in the Court Information Technology Fund established by G.S. 7A-343.2.

SECTION 16.10.(b) This section is effective when it becomes law.

PRESCRIBE RULES GOVERNING TRAINING AND EDUCATIONAL MATERIAL PROVIDED TO JURORS

SECTION 16.12.(a) Chapter 9 of the General Statutes is amended by adding a new Article to read:

"Article 6.

"Education and Training of Jurors.

"§ 9-33. Training and educational material provided to jurors.

The Administrative Office of the Courts shall prescribe rules governing any training or educational material provided at any time to any jurors, including jurors under this Chapter and grand jurors under Chapter 15A of the General Statutes, to try any cause. The court shall not provide jurors with any training or educational material that is not otherwise allowed under rules prescribed by the Administrative Office of the Courts."

1 (b) A claim of factual innocence asserted through the ~~Innocence Inquiry~~ Commission
2 shall not adversely affect the convicted person's rights to other postconviction relief.

3 ...

4 **"§ 15A-1475. Reports.**

5 The ~~North Carolina Innocence Inquiry~~ Commission shall report annually by February 1 of
6 each year on its activities to the Joint Legislative Oversight Committee on Justice and Public
7 Safety. The report shall include a record of the receipt and expenditures of all private donations,
8 gifts, and devises for the reporting period. The report may contain recommendations of any
9 needed legislative changes related to the activities of the Commission. The report shall
10 recommend the funding needed by the Commission, the district attorneys, and the State Bureau
11 of Investigation in order to meet their responsibilities under S.L. 2006-184. Recommendations
12 concerning the district attorneys or the State Bureau of Investigation shall only be made after
13 consultations with the North Carolina Conference of District Attorneys and the Director of the
14 State Bureau of Investigation."

15 **SECTION 16.14.(b)** G.S. 15A-268(b)(3)d.4. reads as rewritten:

16 "4. The case has been referred to the North Carolina ~~Innocence~~
17 ~~Inquiry~~ Postconviction Review Commission pursuant to
18 Article 92 of Chapter 15A of the General Statutes."

19 **SECTION 16.14.(c)** G.S. 15A-1411(d) reads as rewritten:

20 "(d) A claim of factual innocence asserted through the North Carolina ~~Innocence Inquiry~~
21 Postconviction Review Commission does not constitute a motion for appropriate relief and does
22 not impact rights or relief provided for in this Article."

23 **SECTION 16.14.(d)** G.S. 15A-1417(a)(3a) reads as rewritten:

24 "(3a) For claims of factual innocence, referral to the North Carolina ~~Innocence~~
25 ~~Inquiry~~ Postconviction Review Commission established by Article 92 of
26 Chapter 15A of the General Statutes."

27 **SECTION 16.14.(e)** G.S. 15A-1418(b) reads as rewritten:

28 "(b) When a motion for appropriate relief is made in the appellate division, the appellate
29 court must decide whether the motion may be determined on the basis of the materials before it,
30 whether it is necessary to remand the case to the trial division for taking evidence or conducting
31 other proceedings, or, for claims of factual innocence, whether to refer the case for further
32 investigation to the North Carolina ~~Innocence Inquiry~~ Postconviction Review Commission
33 established by Article 92 of Chapter 15A of the General Statutes. If the appellate court does not
34 remand the case for proceedings on the motion, it may determine the motion in conjunction with
35 the appeal and enter its ruling on the motion with its determination of the case."

36 **SECTION 16.14.(f)** G.S. 132-1.4 reads as rewritten:

37 **"§ 132-1.4. Criminal investigations; intelligence information records; ~~Innocence Inquiry~~**
38 **Postconviction Review Commission records.**

39 (a) Records of criminal investigations conducted by public law enforcement agencies,
40 records of criminal intelligence information compiled by public law enforcement agencies, and
41 records of investigations conducted by the North Carolina ~~Innocence Inquiry~~ Postconviction
42 Review Commission, are not public records as defined by G.S. 132-1. Records of criminal
43 investigations conducted by public law enforcement agencies or records of criminal intelligence
44 information may be released by order of a court of competent jurisdiction.

45"

46 **SECTION 16.14.(g)** G.S. 143-318.18(3a) reads as rewritten:

47 "(3a) The North Carolina ~~Innocence Inquiry~~ Postconviction Review Commission."

49 **AMEND RECIPIENTS OF ANNUAL REPORTS ON BUSINESS COURTS**

50 **SECTION 16.15.(a)** G.S. 7A-343(8a) reads as rewritten:

"(8a) Prepare and submit an annual report on the activities of each North Carolina business court site to the Chief Justice, the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety, and the chairs of the of the Joint Legislative Oversight Committee on Justice and Public Safety, and all other members of the General Assembly Safety on February 1. The report shall include the following information for each business court site:

- a. The number of new, closed, and pending cases for the previous three years.
- b. The average age of pending cases.
- c. The number of motions pending over six months after being filed.
- d. The number of cases in which bench trials have been concluded for over six months without entry of judgment, including any accompanying explanation provided by the Business Court.

The report shall include an accounting of all business court activities for the previous fiscal year, including the itemized annual expenditures."

SECTION 16.15.(b) This section is effective when it becomes law and applies to reports prepared on or after that date.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM/REVISE REPORTING DATE ON FIVE-YEAR PROJECTION

SECTION 16.16. G.S. 164-51 reads as rewritten:

"§ 164-51. Five-year projection; Statewide Misdemeanant Confinement Program.

The Judicial Department, through the North Carolina Sentencing and Policy Advisory Commission (Commission) and with the assistance of the North Carolina Sheriffs' Association (Sheriffs' Association), shall develop projections of available bed space in the Statewide Misdemeanant Confinement Program (Program). The projections shall cover the next five fiscal years beginning with the 2018-2019 fiscal year. All State agencies, the Sheriffs' Association, and the person having administrative control of a local confinement facility as defined in G.S. 153A-217(5) shall furnish to the Commission data related to available bed space as requested to implement this section.

The Commission shall report its projections to the chairs of the Senate Appropriations Committee on Justice and Public Safety and the chairs of the House Appropriations Committee on Justice and Public Safety no later than February 15, 2019, and annually ~~thereafter~~ thereafter by March 15 of each year."

ESTABLISH A PROCEDURE FOR COMPLEX FAMILY FINANCIAL CASE DISPOSITION

SECTION 16.16B.(a) Chapter 50 of the General Statutes is amended by adding a new Article to read:

"Article 6.

"Complex Family Financial Cases.

"§ 50-110. Definitions.

The following definitions shall apply in this Article:

- (1) Chief Complex Family Financial Court Judge. – A Complex Family Financial Court Judge designated by the Chief Justice of the North Carolina Supreme Court as provided for in G.S. 7A-45.1(a14) who determines which cases are designated as complex family financial cases, assigns all cases designated as complex family financial cases, and prepares any required reports in addition

1 to conducting hearings and entering orders in their assigned complex family
2 financial cases.

3 (2) Complex family financial case. – Any claim or claims approved for hearing
4 as a complex family financial case as provided for by this Article. Claims
5 eligible for hearing as a complex family financial case are equitable
6 distribution, alimony, post separation support, child support, or any
7 combination of those claims.

8 (3) Complex Family Financial Court Judge. – A special superior court judge
9 appointed pursuant to G.S. 7A-45.1(a14) to hear and enter orders in complex
10 family financial cases filed in district court.

11 **"§ 50-111. Complex Family Financial Court Judge.**

12 To serve as a Complex Family Financial Court Judge, the individual must meet the following
13 minimum qualifications:

14 (1) Attorney licensed in North Carolina and in good standing with the North
15 Carolina State Bar.

16 (2) Substantial involvement handling complex family financial cases during the
17 10 calendar years prior to the year of application, including the following:

18 a. Average at least 600 hours per year handling complex family financial
19 cases.

20 b. No less than 400 hours handling complex family financial cases in any
21 one year.

22 (3) During the five calendar years prior to the application:

23 a. Completed at least 45 hours of continuing legal education credits in
24 family law, nine of which may be in related fields, including taxation,
25 trial advocacy, evidence, negotiation, including training in mediation,
26 arbitration, and collaborative law, real property, estate planning and
27 probate law, trusts, business organizations, employee benefits,
28 bankruptcy, and immigration law. Only nine hours will be recognized
29 for attendance at an extended negotiation or mediation training course.
30 Parenting coordinator training will not qualify for family law or related
31 field hours.

32 b. A minimum of six hours continuing legal education must have been
33 completed in each of those five years.

34 (4) Satisfactory peer review by 10 lawyers or judges who are identified by the
35 applicant. The identified individuals must have personal knowledge of the
36 competence and qualification of the applicant in handling complex family
37 financial matters at the pretrial, trial, and posttrial level. All identified
38 individuals must be licensed and in good standing to practice law in the State
39 of North Carolina. No identified individual may be related by blood or
40 marriage to the applicant nor be a colleague at the applicant's place of
41 employment at the time of the application.

42 **"§ 50-112. Authority and duties of a Complex Family Financial Court Judge.**

43 (a) A Complex Family Financial Court Judge under this Article has the following
44 authority and responsibilities in all complex family financial cases in district court:

45 (1) To conduct hearings and to ensure that the parties' due process rights are
46 protected.

47 (2) To take testimony and establish a record.

48 (3) To evaluate evidence and make decisions regarding the issues being heard.

49 (4) To enter temporary, interim, and final orders related to the issues being heard.

1 (5) To enter orders granting or denying any motion filed under G.S. 1A-1 or any
2 local rules of court for the county in which the action was filed related to
3 actions under this Chapter.

4 (6) To subpoena witnesses and documents.

5 (b) A Complex Family Financial Court Judge is authorized to conduct hearings in district
6 court on complex family financial cases statewide.

7 (c) A Complex Family Financial Court Judge must complete at least nine hours of
8 continuing legal education credits in family law or related fields each year, including taxation,
9 trial advocacy, evidence, negotiation (including training in mediation, arbitration, and
10 collaborative law), real property, estate planning and probate law, trusts, business organizations,
11 employee benefits, bankruptcy, and immigration law. Only one hour per year will be recognized
12 for attendance at negotiation or mediation training, and parenting coordinator training will not
13 qualify for family law or related field hours.

14 **"§ 50-113. Designation of a complex family financial claim.**

15 (a) A party designating a claim as a complex family financial claim shall file a Notice of
16 Designation in the district court in which the action has been filed and shall contemporaneously
17 serve the notice on all parties or counsel and on the Chief Complex Family Financial Court Judge.
18 The Notice of Designation shall, in good faith and based on information reasonably available,
19 succinctly state each applicable factor provided in G.S. 50-114, the reasons supporting each
20 factor for designation as a complex family financial claim, and any other information supporting
21 designation as a complex family financial claim. Any factor or reasons supporting the designation
22 not asserted shall be deemed conclusively waived.

23 (b) Within 30 days after service of the Notice of Designation, any other party may, in
24 good faith, file and serve an opposition to the designation of the claim as a complex family
25 financial claim. The opposition to the designation of the claim shall assert all reasons for which
26 the party opposing designation objects to the designation, and any reason not asserted shall be
27 deemed conclusively waived. The opposition to the designation shall be served on each opposing
28 party and the Chief Complex Family Financial Court Judge and shall be filed in the district court
29 in which the action has been filed.

30 (c) A family court judge assigned to the case may request designation of pending family
31 financial claims as complex family financial claims by following the procedure in subsection (a)
32 of this section. If the judicial district does not have a designated family court, the chief district
33 court judge for the judicial district may request the designation. Any party to the action may file
34 and serve opposition to the request for designation as provided for in subsection (b) of this
35 section.

36 (d) Based on the written Notice of Designation and any opposition filed, the Chief
37 Complex Family Financial Court Judge shall determine whether the action should be designated
38 as a complex family financial claim by written order entered within 45 days of service of the
39 Notice of Designation.

40 (e) Each party shall pay equal shares of the additional filing fee as required under
41 G.S. 7A-305. Only one additional filing fee shall be required per complex family financial case.

42 (f) Once an order granting designation of a claim as a complex family financial claim is
43 entered, that claim shall be designated and administered as a complex family financial case and
44 assigned to a Complex Family Financial Court Judge by the Chief Complex Family Financial
45 Court Judge. All proceedings related to the claims designated as a complex family financial claim
46 shall be before the Complex Family Financial Court Judge to whom the complex family financial
47 case has been assigned. If any complex family financial claim status is denied, the claim or claims
48 to which the designation was denied shall be heard with any other claims filed under this Chapter.

49 (g) Complex family financial cases are subject to all provisions of Article 1 of this
50 Chapter, the North Carolina Rules of Civil Procedure, the North Carolina Rules of Evidence, any
51 applicable local rules of court for the county in which the complex family financial case is

1 pending, and any rules which may be adopted by the Chief Justice of the North Carolina Supreme
2 Court.

3 **"§ 50-114. Factors for complex family financial case determination.**

4 The Chief Complex Family Financial Court Judge shall consider each of the following factors
5 in determining whether a claim or claims shall be designated as a complex family financial case:

- 6 (1) Valuation and classification issues related to trusts, including active and
7 passive increases or decreases in value.
- 8 (2) Valuation and classification issues related to businesses, including active or
9 passive increases or decreases in value.
- 10 (3) Valuation and classification of real property, including active or passive
11 increases or decreases in value.
- 12 (4) Valuation and classification issues regarding complex retirement or other
13 employment benefits, including employee stock ownership plans, stock
14 options, profit sharing, defined contribution plans, and defined benefit plans.
- 15 (5) Valuation and classification of profits, bonuses, or other income or assets
16 received after the date of separation.
- 17 (6) Active or passive changes in value to separate property during the marriage.
- 18 (7) Tax issues arising from the distribution of assets and debts, including tax loss
19 carryforwards, refunds, credits, or tax consequences.
- 20 (8) Whether there are loans or transfers between businesses or shareholders.
- 21 (9) Whether there are third-party defendants.
- 22 (10) Validity of a premarital or property settlement agreement pled in defense to
23 an equitable distribution, alimony, post separation support, or child support
24 case.
- 25 (11) Total value of real and personal property.
- 26 (12) Calculation of income for spousal support, child support, or both when income
27 includes non W-2 income.
- 28 (13) Total length of time requested for trial on the issues detailed on the Notice of
29 Designation.

30 Claims which have been filed in excess of 365 days shall be given priority over claims filed
31 less than 365 days, and requested trial dates for the complex family financial case in excess of
32 15 days shall be given priority.

33 **"§ 50-115. Complex family financial hearings.**

34 (a) Motion hearings shall be held virtually unless the assigned judge determines good
35 cause exists to hold the hearing in person. If an in-person hearing is ordered, it shall be held at
36 the courthouse in the county in which the action was filed in an available district or superior
37 courtroom staffed by a deputy or assistant clerk and bailiff.

38 (b) Hearings on the issues designated as a complex family financial case shall be held in
39 person at the courthouse in the county in which the action was filed in an available district or
40 superior courtroom staffed by a deputy or assistant clerk and bailiff.

41 (c) All complex family financial hearings must be recorded and exhibits maintained as
42 required for any other matter.

43 (d) Any hearing on final disposition of the complex family financial case must be
44 scheduled on consecutive days.

45 **"§ 50-116. Appeal from orders of the Complex Family Financial Court Judge.**

46 Appeals of orders entered by a Complex Family Financial Court Judge shall be as provided
47 for in G.S. 7A-27(b)."

48 **SECTION 16.16B.(b)** G.S. 7A-45.1 reads as rewritten:

49 **"§ 7A-45.1. Special judges.**

50 ...

1 (a14) In addition to any other special superior court judges authorized by law, effective July
2 1, 2025, the Chief Justice of the North Carolina Supreme Court shall appoint three special
3 superior court judges to serve terms expiring at the earlier of (i) eight years from the date that
4 each judge takes office or (ii) the date of the judge's death, retirement, resignation, or removal
5 from office. Special superior court judges appointed pursuant to this subsection shall be
6 designated as special superior court judges to hear and decide complex family financial cases as
7 defined in G.S. 50-110(2) and shall be known as Complex Family Financial Court Judges.

8 Upon the natural expiration of the term of a special superior court judge appointed pursuant
9 to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation,
10 or removal from office, a successor shall be appointed to a new term in the same manner and for
11 the same length as other judges appointed pursuant to this subsection.

12 A special superior court judge takes the same oath of office and is subject to the same
13 requirements and disabilities as are or may be prescribed by law for regular judges of the superior
14 court, save the requirement of residence in a particular district and mandatory retirement age.
15 The mandatory retirement age for a special superior court judge appointed pursuant to this
16 subsection shall be 78 years of age.

17 (b) A special judge is subject to removal from office for the same causes and in the same
18 manner as a regular judge of the superior court, and a vacancy occurring in the office of special
19 judge, except as provided for in ~~subsection-subsections~~ (a12) and (a14) of this section, is filled
20 by the Governor by appointment for the unexpired term.

21 (c) A special judge, in any court in which he is duly appointed to hold, has the same
22 power and authority in all matters that a regular judge holding the same court would have. A
23 special judge, duly assigned to hold the court of a particular county, has during the session of
24 court in that county, in open court and in chambers, the same power and authority of a regular
25 judge in all matters arising in the district or set of districts as defined in G.S. 7A-41.1(a) in which
26 that county is located, that could properly be heard or determined by a regular judge holding the
27 same session of court.

28 (d) A special judge is authorized to settle cases on appeal and to make all proper orders
29 in regard thereto after the time for which he was commissioned has expired."

30 **SECTION 16.16B.(c)** The Chief Justice of the North Carolina Supreme Court has
31 the authority to create additional rules or procedures necessary to give effect to the provisions of
32 this section.

33 **SECTION 16.16B.(d)** The Chief Complex Family Financial Court Judge and the
34 Administrative Office of the Courts shall collaborate to prepare and submit an initial report to
35 the Joint Legislative Oversight Committee on Justice and Public Safety and the Fiscal Research
36 Division on or before August 1, 2026, and shall provide an annual report on or before August 1
37 of each year thereafter, including the following minimum information:

- 38 (1) The total number of cases requested to be designated as a complex family
39 financial case and the total number of cases designated as a complex family
40 financial case by county.
- 41 (2) The total number of complex family financial cases disposed of.
- 42 (3) The manner of disposition of each complex family financial case, including
43 the total number of cases for each type of disposition.
- 44 (4) The average length of time to conduct final disposition hearings.
- 45 (5) The shortest, longest, and average length of time from designation to final
46 disposition.
- 47 (6) Recommendations for improvement or expansion of the program.

48 Each annual report shall include data for the previous fiscal year.

49 **SECTION 16.16B.(e)** G.S. 7A-305 reads as rewritten:

50 "**§ 7A-305. Costs in civil actions.**

1 (a) In every civil action in the superior or district court, except for actions brought under
2 Chapter 50B of the General Statutes, shall be assessed:

3 (1) For the use of the courtroom and related judicial facilities, the sum of twelve
4 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen
5 dollars (\$16.00) in district and superior court, to be remitted to the county in
6 which the judgment is rendered, except that in all cases in which the judgment
7 is rendered in facilities provided by a municipality, the facilities fee shall be
8 paid to the municipality. Funds derived from the facilities fees shall be used
9 in the same manner, for the same purposes, and subject to the same
10 restrictions, as facilities fees assessed in criminal actions.

11 (1a) For the upgrade, maintenance, and operation of the judicial and county
12 courthouse telecommunications and data connectivity, the sum of four dollars
13 (\$4.00), to be credited to the Court Information Technology Fund.

14 (2) For support of the General Court of Justice, the sum of one hundred eighty
15 dollars (\$180.00) in the superior court and the sum of one hundred thirty
16 dollars (\$130.00) in the district court except that if the case is assigned to a
17 magistrate the sum shall be eighty dollars (\$80.00). If a case is designated as
18 a mandatory complex business case under G.S. 7A-45.4, upon assignment to
19 a Business Court Judge, the party filing the designation shall pay an additional
20 one thousand one hundred dollars (\$1,100) for support of the General Court
21 of Justice. If a case is designated as a complex business case under Rule 2.1
22 and Rule 2.2 of the General Rules of Practice for the Superior and District
23 Courts, upon assignment to a Business Court Judge, the plaintiff shall pay an
24 additional one thousand one hundred dollars (\$1,100) for support of the
25 General Court of ~~Justice~~. Justice. If a claim is designated as a complex family
26 financial claim under G.S. 50-113, upon assignment to a Complex Family
27 Financial Court Judge, each party shall pay equal shares of an additional fee
28 of one thousand one hundred dollars (\$1,100) for support of the General Court
29 of Justice. Sums collected under this subdivision shall be remitted to the State
30 Treasurer. The State Treasurer shall remit the sum of ninety-five cents (\$.95)
31 of each fee collected under this subdivision to the North Carolina State Bar
32 for the provision of services described in G.S. 7A-474.19.

33 (a1) Costs apply to any and all additional and subsequent actions filed by amendment or
34 counterclaim to the original action brought under Chapter 50B of the General Statutes, unless
35 such additional and subsequent amendment or counterclaim to the action is limited to requests
36 for relief authorized by Chapter 50B of the General Statutes.

37 (a2) In every action for absolute divorce filed in the district court, a cost of seventy-five
38 dollars (\$75.00) shall be assessed against the person filing the divorce action. Costs collected by
39 the clerk pursuant to this subsection shall be remitted to the State Treasurer, who shall deposit
40 seventy-five dollars (\$75.00) to the Domestic Violence Center Fund established under
41 G.S. 50B-9. Costs assessed under this subsection shall be in addition to any other costs assessed
42 under this section.

43 (a3), (a4) Repealed by Session Laws 2008-118, s. 2.9(c), effective July 1, 2008.

44 (a5) In every civil action in the superior or district court wherein a party files a pleading
45 containing one or more counterclaims, third-party complaints, or cross-claims, except for
46 counterclaim and cross-claim actions brought under Chapter 50B of the General Statutes for
47 which costs are assessed pursuant to subsection (a1) of this section, the following shall be
48 assessed:

49 (1) For the use of the courtroom and related judicial facilities, the sum of twelve
50 dollars (\$12.00) in cases heard before a magistrate, and the sum of sixteen
51 dollars (\$16.00) in district and superior court, to be remitted to the

1 municipality providing the facilities in which the judgment is rendered. If a
2 municipality does not provide the facilities in which the judgment is rendered,
3 the sum is to be remitted to the county in which the judgment is rendered.
4 Funds derived from the facilities' fees shall be used in the same manner, for
5 the same purposes, and subject to the same restrictions as facilities' fees
6 assessed in criminal actions.

7 (2) For the upgrade, maintenance, and operation of the judicial and county
8 courthouse phone systems, the sum of four dollars (\$4.00), to be credited to
9 the Court Information Technology Fund.

10 (3) For support of the General Court of Justice, the sum of one hundred eighty
11 dollars (\$180.00) in the superior court, except that if a case is assigned to a
12 special superior court judge as a complex business case under G.S. 7A-45.3,
13 filing fees shall be collected and disbursed in accordance with subsection (a)
14 of this section, and the sum of one hundred thirty dollars (\$130.00) in the
15 district court, except that if the case is assigned to a magistrate, the sum shall
16 be eighty dollars (\$80.00). Sums collected under this subdivision shall be
17 remitted to the State Treasurer. The State Treasurer shall remit the sum of
18 ninety-five cents (\$.95) of each fee collected under this subdivision to the
19 North Carolina State Bar for the provision of services described in
20 G.S. 7A-474.19.

21 (b) On appeal, costs are cumulative, and when cases heard before a magistrate are
22 appealed to the district court, the General Court of Justice fee and the facilities fee applicable in
23 the district court shall be added to the fees assessed before the magistrate. When an order of the
24 clerk of the superior court is appealed to either the district court or the superior court, no
25 additional General Court of Justice fee or facilities fee shall be assessed.

26 (b1) When a defendant files an answer in an action filed as a small claim which requires
27 the entire case to be withdrawn from a magistrate and transferred to the district court, the
28 difference between the General Court of Justice fee and facilities fee applicable to the district
29 court and the General Court of Justice fee and facilities fee applicable to cases heard by a
30 magistrate shall be assessed. The defendant is responsible for paying the fee.

31 (c) The clerk of superior court, at the time of the filing of the papers initiating the action
32 or the appeal, shall collect as advance court costs, the facilities fee, General Court of Justice fee,
33 and the divorce fee imposed under subsection (a2) of this section, except in suits by an indigent.
34 The clerk shall also collect the fee for discovery procedures under Rule 27(a) and (b) at the time
35 of the filing of the verified petition.

36 (d) The following expenses, when incurred, are assessable or recoverable, as the case
37 may be. The expenses set forth in this subsection are complete and exclusive and constitute a
38 limit on the trial court's discretion to tax costs pursuant to G.S. 6-20:

39 (1) Witness fees, as provided by law.

40 (2) Jail fees, as provided by law.

41 (3) Counsel fees, as provided by law.

42 (4) Expense of service of process by certified mail and by publication.

43 (5) Costs on appeal to the superior court, or to the appellate division, as the case
44 may be, of the original transcript of testimony, if any, insofar as essential to
45 the appeal.

46 (6) Fees for personal service and civil process and other sheriff's fees, as provided
47 by law. Fees for personal service by a private process server may be
48 recoverable in an amount equal to the actual cost of such service or fifty
49 dollars (\$50.00), whichever is less, unless the court finds that due to difficulty
50 of service a greater amount is appropriate.

- 1 (7) Fees of mediators appointed by the court, mediators agreed upon by the
2 parties, guardians ad litem, referees, receivers, commissioners, surveyors,
3 arbitrators, appraisers, and other similar court appointees, as provided by law.
4 The fee of such appointees shall include reasonable reimbursement for
5 stenographic assistance, when necessary.
- 6 (8) Fees of interpreters, when authorized and approved by the court.
- 7 (9) Premiums for surety bonds for prosecution, as authorized by G.S. 1-109.
- 8 (10) Reasonable and necessary expenses for stenographic and videographic
9 assistance directly related to the taking of depositions and for the cost of
10 deposition transcripts.
- 11 (11) Reasonable and necessary fees of expert witnesses solely for actual time spent
12 providing testimony at trial, deposition, or other proceedings.
- 13 (12) The fee assessed pursuant to subdivision (2) of subsection (a) of this section
14 upon assignment of a case to a special superior court judge as a complex
15 business case.

16 Nothing in this subsection or in G.S. 6-20 shall be construed to limit the trial court's authority to
17 award fees and expenses in connection with pretrial discovery matters as provided in Rule 26(b)
18 or Rule 37 of the Rules of Civil Procedure, and no award of costs made pursuant to this section
19 or pursuant to G.S. 6-20 shall reverse or modify any such orders entered in connection with
20 pretrial discovery.

21 (e) Nothing in this section shall affect the liability of the respective parties for costs as
22 provided by law.

23 (f) For the support of the General Court of Justice, the sum of twenty dollars (\$20.00)
24 shall accompany any filing of a notice of hearing on a motion not listed in G.S. 7A-308 that is
25 filed with the clerk. No costs shall be assessed to a notice of hearing on a motion containing as a
26 sole claim for relief the taxing of costs, including attorneys' fees, to a motion filed pursuant to
27 G.S. 1C-1602 or G.S. 1C-1603, or to a motion filed by a child support enforcement agency
28 established pursuant to Part D of Title IV of the Social Security Act. No more than one fee shall
29 be assessed for any motion for which a notice of hearing is filed, regardless of whether the hearing
30 is continued, rescheduled, or otherwise delayed."

31 **SECTION 16.16B.(f)** G.S. 7A-27(b) reads as rewritten:

32 "(b) Except as provided in subsection (a) of this section, appeal lies of right directly to the
33 Court of Appeals in any of the following cases:

- 34 (1) From any final judgment of a superior court, other than one based on a plea of
35 guilty or nolo contendere, including any final judgment entered upon review
36 of a decision of an administrative agency, except for a final judgment entered
37 upon review of a court martial under G.S. 127A-62.
- 38 (2) From any final judgment of a district court in a civil action.
- 39 (3) From any interlocutory order or judgment of a superior court or district court
40 in a civil action or proceeding that does any of the following:
- 41 a. Affects a substantial right.
- 42 b. In effect determines the action and prevents a judgment from which an
43 appeal might be taken.
- 44 c. Discontinues the action.
- 45 d. Grants or refuses a new trial.
- 46 e. Determines a claim prosecuted under G.S. 50-19.1.
- 47 f. Grants temporary injunctive relief restraining the State or a political
48 subdivision of the State from enforcing the operation or execution of
49 an act of the General Assembly. This sub-subdivision only applies
50 where the State or a political subdivision of the State is a party in the
51 civil action.

1 g. Denies, upon the court's own motion or the motion of a party, the
2 transfer of an action or proceeding pursuant to Rule 42(b)(4) of the
3 North Carolina Rules of Civil Procedure.

4 (4) From any other order or judgment of the superior court from which an appeal
5 is authorized by statute.

6 (5) From any final judgment of a Complex Family Financial Court Judge as
7 defined in G.S. 50-110(3).

8 (6) From any interlocutory order or judgment of a Complex Family Financial
9 Court Judge as defined in G.S. 50-110(3) that does any of the following:

10 a. Affects a substantial right.

11 b. In effect determines the action and prevents a judgment from which an
12 appeal might be taken.

13 c. Discontinues the action.

14 d. Grants or refuses a new trial.

15 e. Determines a claim prosecuted under G.S. 50-19.1."

16 **SECTION 16.16B.(g)** This section becomes effective July 1, 2025. The Chief Justice
17 of the North Carolina Supreme Court shall appoint the three Complex Family Financial Court
18 Judges and designate the Chief Complex Family Financial Court Judge as provided for in this
19 section by September 1, 2025. Notices of Designation may be filed beginning January 1, 2026.

20 **REVISE USE OF IOLTA FUNDS**

21 **SECTION 16.18.(a)** As part of its Plan for Interest on Lawyers' Trust Accounts (NC
22 IOLTA), referenced in Section .1300 of Chapter 1D of Title 27 of the North Carolina
23 Administrative Code, the North Carolina State Bar, in collaboration with the NC IOLTA Board,
24 shall remit all funds received by the State Bar from banks by reason of interest earned on general
25 trust accounts established by lawyers pursuant to Rule 1.15-2(b) of the Rules of Professional
26 Conduct or interest earned on trust or escrow accounts maintained by settlement agents pursuant
27 to G.S. 45A-9, including any interest, dividends, or other proceeds earned on or with respect to
28 these funds, to the Administrative Office of the Courts, Office of Indigent Defense Services, to
29 be deposited into the Private Assigned Counsel Fund and used for the purposes of that Fund.

30 **SECTION 16.18.(b)** The North Carolina State Bar shall adopt or amend its rules
31 consistent with the provisions of this section.

32 **SECTION 16.18.(c)** This section becomes effective July 1, 2025, and all funds
33 implicated in subsection (a) of this section and distributed on or after that date shall be distributed
34 pursuant to subsection (a) of this section.

35 **REQUIRE THE COMMISSION ON INDIGENT DEFENSE SERVICES TO PROVIDE** 36 **CONFIDENTIAL PUBLIC DEFENDER PERFORMANCE EVALUATIONS TO** 37 **SENIOR RESIDENT SUPERIOR COURT JUDGES**

38 **SECTION 16.19.(a)** G.S. 7A-498.5 is amended by adding a new subsection to read:
39 "(g1) No later than three months prior to the end of a public defender's term pursuant to an
40 appointment under G.S. 7A-498.7, the Commission shall submit to the senior resident superior
41 court judge who is the appointing authority of that public defender a performance evaluation for
42 that public defender. During one or more closed sessions of the Commission held in accordance
43 with G.S. 143-318.11, the performance evaluation shall be developed and adopted by a majority
44 vote of a quorum of the Commission. Except for members of the General Assembly who may
45 inspect and examine a performance evaluation under the authority of G.S. 120-19, all information
46 pertaining to a performance evaluation completed in accordance with this subsection is
47 confidential, not a public record under G.S. 132-1, and is not subject to discovery or subpoena in
48 a civil or criminal action."
49
50

1 **SECTION 16.19.(b)** The Commission shall develop metrics to use in evaluating the
2 performance of public defenders in accordance with G.S. 7A-498.5(g1), as enacted by subsection
3 (a) of this section.

4 **SECTION 16.19.(c)** This section is effective when it becomes law and applies to
5 public defender terms ending on or after November 30, 2025.

6 7 **PART XVII. ADULT CORRECTION**

8 9 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

10 **SECTION 17.1.(a)** Notwithstanding any other provision of law, and except as
11 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
12 shall not transfer any positions, personnel, or funds from the Department of Adult Correction to
13 any other State agency during the 2025-2027 fiscal biennium unless the transfer was included in
14 the base budget for one or both fiscal years of the biennium.

15 **SECTION 17.1.(b)** This section shall not apply to consolidation of information
16 technology positions into the Department of Information Technology pursuant to
17 G.S. 143B-1325.

18 19 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

20 **SECTION 17.2.** The Department of Adult Correction may continue to contract with
21 The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison
22 beds for minimum security female inmates during the 2025-2027 fiscal biennium. The Center for
23 Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House
24 of Representatives Appropriations Committee on Justice and Public Safety and the Senate
25 Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the
26 average daily inmate population compared to bed capacity using the same methodology as that
27 used by the Department of Adult Correction.

28 29 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING USE**

30 **SECTION 17.3.** Of the funds appropriated in this act for the Statewide
31 Misdemeanant Confinement Program, up to the sum of five hundred thousand dollars (\$500,000)
32 may be used in each fiscal year of the 2025-2027 fiscal biennium to reimburse sheriffs utilizing
33 inmate labor pursuant to the provisions of Section 19C.10 of S.L. 2021-180.

34 35 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL** 36 **EXPENSES**

37 **SECTION 17.4.** Notwithstanding G.S. 143C-6-9, the Department of Adult
38 Correction may use funds available to the Department for the 2025-2027 fiscal biennium to
39 reimburse counties for the cost of housing convicted inmates, parolees, and post-release
40 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The
41 reimbursement may not exceed fifty dollars (\$50.00) per day per prisoner awaiting transfer.
42 Beginning October 1, 2025, the Department shall report quarterly to the chairs of the Joint
43 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of
44 Representatives Appropriations Committee on Justice and Public Safety and the Senate
45 Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse
46 counties for prisoners awaiting transfer.

47 48 **NURSE STAFFING AT STATE PRISONS REPORT**

49 **SECTION 17.5.(a)** Article 2 of Chapter 148 of the General Statutes is amended by
50 adding a new section to read:

51 **"§ 148-19.4. Nurse staffing report.**

1 By February 1, 2026, and annually thereafter, the Department of Adult Correction shall report
2 all of the following information to the Joint Legislative Oversight Committee on Justice and
3 Public Safety:

4 (1) The total number of permanent nursing positions allocated to the Department,
5 the number of filled positions, the number of positions that have been vacant
6 for more than six months, and information regarding the location of both filled
7 and vacant positions.

8 (2) The extent to which temporary contract services are being used to staff vacant
9 nursing positions, the method for funding the contract services, and any cost
10 differences between the use of permanent employees versus contract
11 employees.

12 (3) A progress report on the implementation of its plan to (i) reduce the use of
13 contract services to provide nursing in State prisons and (ii) attract and retain
14 qualified nurses for employment in permanent positions in State prisons."

15 **SECTION 17.5.(b)** G.S. 148-19 is amended by adding a new subsection to read:

16 "(b1) Notwithstanding any other provision of law, the Department of Adult Correction may,
17 in its discretion and subject to the approval of the Office of State Budget and Management,
18 convert funds appropriated for contractual nursing services to permanent nursing positions when
19 it is determined to promote security, generate cost-savings, and improve health care quality. The
20 Department shall report on any such conversions to the Fiscal Research Division."

21 **DOT CONTRACT OF INMATE LITTER CREW**

22 **SECTION 17.6.(a)** After the issuance of a request for information (RFI) and receipt
23 of bids by the Department of Transportation for litter pickup on State highways and roads, the
24 Department of Transportation shall first offer the contract to the Department of Adult Correction
25 upon the same terms and conditions as the most favorable bid received by the Department of
26 Transportation from a suitable contractor. The Department of Adult Correction shall have 30
27 days to accept or decline the offered contract.

28 **SECTION 17.6.(b)** It is the policy of the General Assembly that the Department of
29 Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as
30 often as is necessary and practicable.

31 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND** 32 **EQUIPMENT PURCHASES**

33 **SECTION 17.7.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees collected
34 for the Interstate Compact Fund during the 2025-2027 fiscal biennium may be used by the
35 Department of Adult Correction during the 2025-2027 fiscal biennium to provide training
36 programs and equipment purchases for the Division of Community Supervision and Reentry, but
37 only to the extent sufficient funds remain available in the Fund to support the mission of the
38 Interstate Compact Program.

39 **SECTION 17.7.(b)** No later than October 1 of each fiscal year, the Department of
40 Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public
41 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
42 used.

43 **USE OF SEIZED AND FORFEITED PROPERTY**

44 **SECTION 17.8.(a)** Seized and forfeited assets transferred to the Department of
45 Adult Correction during the 2025-2027 fiscal biennium pursuant to applicable federal law shall
46 be credited to the budget of the Department of Adult Correction and shall result in an increase of
47 law enforcement resources for the Department of Adult Correction. The Department of Adult
48 Correction shall make the following reports to the chairs of the House of Representatives
49
50
51

1 Appropriations Committee on Justice and Public Safety and the Senate Appropriations
2 Committee on Justice and Public Safety:

- 3 (1) A report upon receipt of any assets.
- 4 (2) A report that shall be made prior to the use of the assets on their intended use
5 and the departmental priorities on which the assets may be expended.
- 6 (3) A report on receipts, expenditures, encumbrances, and availability of these
7 assets for the previous fiscal year, which shall be made no later than
8 September 1 of each year.

9 **SECTION 17.8.(b)** The General Assembly finds that the use of seized and forfeited
10 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
11 of real property, repair of buildings where the repair includes structural change, and construction
12 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
13 Therefore, the Department of Adult Correction is prohibited from using these assets for such
14 purposes without the prior approval of the General Assembly.

15 **SECTION 17.8.(c)** Nothing in this section prohibits State law enforcement agencies
16 from receiving funds from the United States Department of Justice, the United States Department
17 of the Treasury, and the United States Department of Health and Human Services.

18 **INCREASE THE STATEWIDE MISDEMEANANT CONFINEMENT FUND DAILY** 19 **REIMBURSEMENT AMOUNT**

20 **SECTION 17.9.(a)** Notwithstanding any provision of law to the contrary,
21 reimbursements to counties for the costs of housing misdemeanants under the Statewide
22 Misdemeanant Confinement Program, as authorized by G.S. 148-10.4(d), shall be paid at a daily
23 rate of at least fifty dollars (\$50.00) for each misdemeanant housed under the Program.

24 **SECTION 17.9.(b)** This section becomes effective July 1, 2025, and applies to
25 misdemeanants housed on or after that date.

26 **FURTHER DELINEATE REIMBURSEMENT PROCEDURES FOR ROADWAY** 27 **CLEANUP PROGRAM**

28 **SECTION 17.10.(a)** Section 19C.10 of S.L. 2021-180, as amended by Section 5.3
29 of S.L. 2025-2, reads as rewritten:

30 **"SECTION 19C.10.(a)** Notwithstanding G.S. 162-58, and consistent with the provisions of
31 Article 3 of Chapter 148 of the General Statutes, sheriffs having custody of inmates under the
32 Statewide Misdemeanant Confinement Program may utilize those inmates to maintain the
33 cleanliness of areas along local and State roadways, which may include the removal of debris
34 resulting from a major disaster declaration by the President of the United States under the
35 Stafford Act (P.L. 93-288) or a disaster declared by the Governor under G.S. 166A-19.21.

36 **"SECTION 19C.10.(b)** For purposes of this section, the following definitions shall apply:

- 37 (1) Housing night. – A night spent by an individual inmate in the custody of the
38 sheriff pursuant to the Statewide Misdemeanant Confinement Program.
- 39 ~~(1a)~~ (1a) Road mile. – A section of roadside equaling 1 mile in length, not including
40 any roadsides that are parallel to that section.
- 41 (2) Work hour. – An hour worked by an individual inmate, including time spent
42 traveling to and from work sites and break time taken during work efforts.

43 **"SECTION 19C.10.(c)** A sheriff that utilizes inmates pursuant to subsection (a) of this
44 section shall coordinate with the Department of Transportation before and after a cleanup project
45 to ensure that cleanup efforts are not unnecessarily duplicated by either the sheriff's office or the
46 Department of Transportation. The sheriff shall also ensure that all inmates utilized pursuant to
47 this subsection are appropriately guarded while working and that food, water, and bathroom
48 facilities are accessible in reasonable amounts and times.

1 "SECTION 19C.10.(d) A sheriff that utilizes inmate labor pursuant to subsection (a) of this
2 section for a combined total of ~~500~~ work hours in one calendar month exceeding the minimum
3 required work hours under subsection (d1) of this section shall submit a record documenting
4 those work hours and the corresponding road miles to the North Carolina Sheriffs' ~~Assoeiation~~
5 ~~and~~ Association. A sheriff meeting the requirements of this section shall be reimbursed by the
6 Statewide Misdemeanant Confinement Program for caring for and housing the inmates of the
7 Statewide Misdemeanant Confinement Program at a rate of at least ~~sixty-seventy~~ dollars ~~(\$60.00)~~
8 (\$70.00) per day, per inmate held under the Statewide Misdemeanant Confinement Program for
9 each calendar month in which ~~500~~ the minimum required work hours were completed.
10 Participating sheriffs shall comply with all requirements established by the Statewide
11 Misdemeanant Confinement Program necessary to certify ~~the work hours worked~~ and housing
12 nights and to confirm funding availability. This increased reimbursement rate shall be paid to
13 participating sheriffs only until the funds that have been specifically appropriated by the General
14 Assembly for this purpose are exhausted. Funds allocated under this section shall not revert but
15 shall be available until expended.

16 "SECTION 19C.10.(d1) The minimum required work hours to be reimbursed at the
17 increased rate per day under subsection (d) of this section shall be as follows:

- 18 (1) Fifty work hours, if the sheriff did not exceed 100 housing nights in the
19 calendar month three months prior to the calendar month in which the work
20 hours occur.
- 21 (2) One hundred fifty work hours, if the sheriff totals 101 to 200 housing nights
22 in the calendar month three months prior to the calendar month in which the
23 work hours occur.
- 24 (3) Two hundred fifty work hours, if the sheriff totals 201 to 300 housing nights
25 in the calendar month three months prior to the calendar month in which the
26 work hours occur.
- 27 (4) Three hundred fifty work hours, if the sheriff totals 301 to 400 housing nights
28 in the calendar month three months prior to the calendar month in which the
29 work hours occur.
- 30 (5) Four hundred fifty work hours, if the sheriff totals 401 to 500 housing nights
31 in the calendar month three months prior to the calendar month in which the
32 work hours occur.
- 33 (6) Five hundred work hours, if the sheriff exceeds 500 housing nights in the
34 calendar month three months prior to the calendar month in which the work
35 hours occur.

36 "SECTION 19C.10.(e) The North Carolina Sheriffs' Association shall report no later than
37 the fifteenth day of each month to the Office of State Budget and Management and the Fiscal
38 Research Division regarding (i) the counties with sheriffs' offices that utilized inmate labor
39 pursuant to subsection (a) of this section, (ii) the number of total work hours performed by
40 inmates in each participating county, and (iii) the number of road miles cleaned by inmates in
41 each participating ~~county~~ county, and (iv) the number of housing nights logged in each
42 participating county.

43 "SECTION 19C.10.(f) The North Carolina Sheriffs' Association shall report no later than
44 October 1 of each year to the chairs of the House of Representatives Appropriations Committee
45 on Justice and Public Safety, the chairs of the Senate Appropriations Committee on Justice and
46 Public Safety, the chairs of the Joint Legislative Oversight Committee on Justice and Public
47 Safety, and the chairs of the Joint Legislative Transportation Oversight Committee regarding (i)
48 the counties with sheriffs' offices that utilized inmate labor pursuant to subsection (a) of this
49 section, (ii) the number of total work hours performed by inmates in each participating county,
50 and (iii) the number of road miles cleaned by inmates in each participating ~~county~~ county, and
51 (iv) the number of housing nights logged in each participating county.

1 "SECTION 19C.10.(g) This section is effective when it becomes law."

2 SECTION 17.10.(b) This section is effective when it becomes law and applies to
3 work hours performed in the next calendar month after this section becomes effective.

4
5 **AMEND REPORTING REQUIREMENT**

6 SECTION 17.13.(a) G.S. 143B-1470(c) reads as rewritten:

7 "(c) The Department of Adult Correction shall report ~~quarterly~~annually by September 1
8 of each year to the Joint Legislative Oversight Committee on Justice and Public Safety and the
9 chairs of the Justice and Public Safety Appropriations Committees ~~on~~on all of the following:

10 ...

11 Reports ~~submitted on August 1~~ shall include totals for the previous fiscal year for all the
12 information requested."

13 SECTION 17.13.(b) This section is effective when it becomes law and applies to
14 reports submitted on or after that date.

15
16 **STUDY THE COST COMPARISONS OF THE CURRENT DELIVERY OF**
17 **HEALTHCARE SERVICES IN STATE PRISONS AND THE DELIVERY OF**
18 **THOSE SERVICES UTILIZING CONTRACT HEALTHCARE PROVIDERS**

19 SECTION 17.14. No later than March 1, 2026, the Department of Adult Correction
20 shall report to the Joint Legislative Oversight Committee on Justice and Public Safety, the Fiscal
21 Research Division, the House Appropriations Committee on Justice and Public Safety, and the
22 Senate Appropriations Committee on Justice and Public Safety regarding the following items:

- 23 (1) The structure of the current delivery of healthcare services in State prisons.
24 (2) The costs, in general and for specific treatments and procedures, associated
25 with the current delivery of healthcare services in State prisons.
26 (3) A proposed structure for the future delivery of healthcare services in State
27 prisons utilizing contract healthcare services.
28 (4) The costs, in general and for specific treatments and procedures, associated
29 with the proposed future delivery of healthcare services in State prisons based
30 upon the proposal created pursuant to subdivision (3) of this section.

31
32 **PART XVIII. JUSTICE**

33
34 **USE OF SEIZED AND FORFEITED PROPERTY**

35 SECTION 18.1.(a) Seized and forfeited assets transferred to the Department of
36 Justice during the 2025-2027 fiscal biennium pursuant to applicable federal law shall be credited
37 to the budget of the Department of Justice and shall result in an increase of law enforcement
38 resources for the Department of Justice. The Department of Justice shall make the following
39 reports to the chairs of the House of Representatives Appropriations Committee on Justice and
40 Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 41 (1) A report upon receipt of any assets.
42 (2) A report that shall be made prior to use of the assets on their intended use and
43 the departmental priorities on which the assets may be expended.
44 (3) A report on receipts, expenditures, encumbrances, and availability of these
45 assets for the previous fiscal year, which shall be made no later than
46 September 1 of each year.

47 SECTION 18.1.(b) The General Assembly finds that the use of seized and forfeited
48 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
49 of real property, repair of buildings where the repair includes structural change, and construction
50 of or additions to buildings may result in additional expenses for the State in future fiscal periods.

1 Therefore, the Department of Justice is prohibited from using these assets for such purposes
2 without the prior approval of the General Assembly.

3 **SECTION 18.1.(c)** Nothing in this section prohibits State law enforcement agencies
4 from receiving funds from the United States Department of Justice, the United States Department
5 of the Treasury, and the United States Department of Health and Human Services.

6 7 **PART XIX. PUBLIC SAFETY**

8 9 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

10 **SECTION 19.3.(a)** Notwithstanding any other provision of law, and except as
11 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
12 shall not transfer any positions, personnel, or funds from the Department of Public Safety to any
13 other State agency during the 2025-2027 fiscal biennium unless the transfer was included in the
14 base budget for one or both fiscal years of the biennium.

15 **SECTION 19.3.(b)** This section shall not apply to (i) consolidation of information
16 technology positions into the Department of Information Technology pursuant to
17 G.S. 143B-1325 or (ii) transfers of positions, personnel, or funds required or otherwise
18 authorized by legislation enacted during the 2023-2025 fiscal biennium or the 2025-2027 fiscal
19 biennium.

20 21 **ADD OFFENSES FOR WHICH ORDERS FOR ELECTRONIC SURVEILLANCE MAY** 22 **BE GRANTED**

23 **SECTION 19.4.(a)** G.S. 15A-290 reads as rewritten:

24 **"§ 15A-290. Offenses for which orders for electronic surveillance may be granted.**

25 (a) Orders authorizing or approving the interception of wire, oral, or electronic
26 communications may be granted, subject to the provisions of this Article and Chapter 119 of
27 Title 18 of the United States Code, when the interception does any of the following:

- 28 (1) May provide or has provided evidence of the commission of, or any
29 conspiracy to commit, any of the following:
- 30 a. Any of the drug-trafficking violations listed in G.S. 90-95(h).
 - 31 b. A continuing criminal enterprise in violation of G.S. 90-95.1.
 - 32 c. The offense of money laundering in violation of G.S. 14-118.8.
- 33 (2) May expedite the apprehension of persons indicted for the commission of, or
34 any conspiracy to commit, an offense listed in subdivision (1) of this
35 subsection.

36 ...

37 (c) Orders authorizing or approving the interception of wire, oral, or electronic
38 communications may be granted, subject to the provisions of this Article and Chapter 119 of
39 Title 18 of the United States Code, when the interception may provide, or has provided, evidence
40 of any of the following offenses, or any conspiracy to commit these offenses, or when the
41 interception may expedite the apprehension of persons indicted for the commission of these
42 offenses:

- 43 (1) Any felony offense against a minor, including any violation of G.S. 14-27.31
44 (Sexual activity by a substitute parent or custodian), G.S. 14-27.32 (Sexual
45 activity with a student), G.S. 14-41 (Abduction of children), G.S. 14-43.11
46 (Human trafficking), G.S. 14-43.12 (Involuntary servitude), G.S. 14-43.13
47 (Sexual servitude), G.S. 14-190.16 (First degree sexual exploitation of a
48 minor), G.S. 14-190.17 (Second degree sexual exploitation of a minor),
49 G.S. 14-202.1 (Taking indecent liberties with children), G.S. 14-205.2(c) or
50 (d) (Patronizing a prostitute who is a minor or has a mental disability), or

- 1 G.S. 14-205.3(b) (Promoting prostitution of a minor or a person who has
2 a mental disability).
- 3 (2) Any felony obstruction of a criminal investigation, including any violation of
4 G.S. 14-221.1 (Altering, destroying, or stealing evidence of criminal
5 conduct).
- 6 (3) Any felony offense involving interference with, or harassment or intimidation
7 of, jurors or witnesses, including any violation of G.S. 14-225.2 or
8 G.S. 14-226.
- 9 (4) Any felony offense involving assault or threats against any executive or
10 legislative officer in violation of Article 5A of Chapter 14 of the General
11 Statutes or assault with a firearm or other deadly weapon upon governmental
12 officers or employees in violation of G.S. 14-34.2.
- 13 (5) Any offense involving the manufacture, assembly, possession, storage,
14 transportation, sale, purchase, delivery, or acquisition of weapons of mass
15 death or destruction in violation of G.S. 14-288.8 or the adulteration or
16 misbranding of food, drugs, cosmetics, etc., with the intent to cause serious
17 injury in violation of G.S. 14-34.4.
- 18 (6) Any felony offense involving human trafficking of an adult, including any
19 violation of G.S. 14-43.11 (Human trafficking), G.S. 14-43.12 (Involuntary
20 servitude), or G.S. 14-43.13 (Sexual servitude).

21"

22 **SECTION 19.4.(b)** This section becomes effective December 1, 2025, and applies
23 to offenses committed on or after that date.

24
25 **USE OF SEIZED AND FORFEITED PROPERTY**

26 **SECTION 19.5.(a)** Seized and forfeited assets transferred to the Alcohol Law
27 Enforcement Division of the Department of Public Safety (ALE) during the 2025-2027 fiscal
28 biennium pursuant to applicable federal law shall be credited to the budget of the ALE and shall
29 result in an increase of law enforcement resources for the ALE. The ALE shall make the
30 following reports to the chairs of the House of Representatives Appropriations Committee on
31 Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 32 (1) A report upon receipt of any assets.
- 33 (2) A report that shall be made prior to use of the assets on their intended use and
34 the departmental priorities on which the assets may be expended.
- 35 (3) A report on receipts, expenditures, encumbrances, and availability of these
36 assets for the previous fiscal year, which shall be made no later than
37 September 1 of each year.

38 **SECTION 19.5.(b)** The General Assembly finds that the use of seized and forfeited
39 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
40 of real property, repair of buildings where the repair includes structural change, and construction
41 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
42 Therefore, the ALE is prohibited from using these assets for such purposes without the prior
43 approval of the General Assembly.

44 **SECTION 19.5.(c)** Nothing in this section prohibits State law enforcement agencies
45 from receiving funds from the United States Department of Justice, the United States Department
46 of the Treasury, and the United States Department of Health and Human Services.

47 **SECTION 19.5.(d)** The Joint Legislative Oversight Committee on Justice and Public
48 Safety shall study the impact on State and local law enforcement efforts of the receipt of seized
49 and forfeited assets. The Committee shall report its findings and recommendations prior to the
50 convening of the 2026 Regular Session of the 2025 General Assembly.

51

EXPAND SCOPE OF RESPONDER ASSISTANCE INITIATIVE

SECTION 19.6. In addition to the persons already allowed to utilize the service, the Division of Emergency Management of the Department of Public Safety shall allow emergency management workers responding to disaster relief and recovery efforts in an affected area, as defined in Section 1.4 of S.L. 2024-53, to utilize the services provided under the Responder Assistance Initiative. For purposes of this section, the term "emergency management worker" means any full- or part-time paid, volunteer, or auxiliary employee of the State or any political subdivision thereof who qualifies as an "emergency management worker" under G.S. 166A-19.60.

GENERAL ASSEMBLY CONFIRMATION OF ADJUTANT GENERAL

SECTION 19.7.(a) G.S. 127A-19 reads as rewritten:

"§ 127A-19. Adjutant General.

(a) The military head of the militia shall be the Adjutant General who shall hold the rank of major general with federal recognition at time of appointment or attain the rank of major general pursuant to this section. The Adjutant General shall be appointed by the Governor in the Governor's capacity as commander in chief of the militia, in consultation with the Secretary of Public Safety, and shall be subject to confirmation by the General Assembly by joint resolution.

The Governor shall submit the name of the person to be appointed, for confirmation by the General Assembly, to the General Assembly by May 1 of the year in which the Adjutant General is to be appointed. If the Governor does not submit the name by that date, the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall submit a name to the General Assembly on or before May 15 of the same year. The appointment shall then be made by enactment of a bill. The bill shall state the name of the person being appointed, the office to which the appointment is being made, the residence of the appointee, and that the appointment is made upon the joint recommendation of the Speaker of the House of Representatives and the President Pro Tempore of the Senate. If there is no vacancy in the office of the Adjutant General and a bill that would confirm the appointment of the person as Adjutant General fails a reading in either chamber of the General Assembly, then the Governor shall submit a new name within 30 days.

Following appointment pursuant to this section, the Adjutant General shall serve at the pleasure of the Governor. The Adjutant General, while holding this office, shall be a member of the active North Carolina National Guard. If an appointed Adjutant General does not attain the rank of major general with federal recognition within a reasonable period of time from the date of appointment, the Governor shall replace the Adjutant General with an appointee who meets the criteria in-in, and is appointed in accordance with, this section. A "reasonable period of time" shall take into account time in grade requirements for promotion or promotions and administrative periods necessary to complete the promotion process.

(a1) In case of a vacancy in the office of the Adjutant General, the name of the Adjutant General's successor shall be submitted by the Governor to the General Assembly not later than 60 days after the vacancy arises. If a vacancy arises in the office when the General Assembly is not in session, an acting Adjutant General shall be appointed by the Governor to serve pending confirmation by the General Assembly. However, in no event shall an acting Adjutant General serve (i) for more than 12 months without General Assembly confirmation or (ii) after a bill that would confirm the appointment of the person as Adjutant General fails a reading in either chamber of the General Assembly.

...."

SECTION 19.7.(b) This section is effective when it becomes law.

**MILITARY JUDGES OF THE NORTH CAROLINA NATIONAL GUARD
APPOINTMENT MODIFICATIONS**

1 **SECTION 19.8.(a)** G.S. 127A-50 reads as rewritten:

2 "**§ 127A-50. Summary courts-martial.**

3 (a) In the North Carolina National Guard, not in the service of the United States, summary
4 courts-martial may be appointed by any of the following:

- 5 (1) Any person who may convene a general or special court-martial.
6 (2) The commander of a battalion, comparable or higher command of the North
7 Carolina Army National Guard, provided that the commander is an officer of
8 the grade of major or above.
9 (3) The commander of a detached squadron, comparable or higher command of
10 the North Carolina Air National Guard, provided that the commander is an
11 officer of the grade of major or above.

12 (b) The court acting under this section shall consist of one officer who shall have the
13 power to administer oaths and try enlisted personnel of each respective command for breaches
14 of discipline and violations of laws governing those organizations. These courts shall also have
15 the power to impose punishments in like manner and to the extent prescribed by the Uniform
16 Code of Military Justice and Manual for Courts-Martial, United States, as shall be in use by the
17 Armed Forces of the United States at the time of the offense, except that no officer, the State
18 military judge, and a judge advocate detailed to the court as a hearing officer. A summary
19 court-martial shall have the authority to impose fines of not more than five hundred dollars
20 (\$500.00), to impose forfeitures of two-thirds pay for one month, to restrict to limits, to impose
21 extra duty, and to reduce the rank of enlisted persons E7 and above by up to two ranks and
22 enlisted persons E6 and below to the rank of E1.

23 (c) No court acting under this section shall have the authority to impose confinement as
24 part of a sentence.

25 (d) There shall be no right during summary courts-martial to demand trial by
26 court-martial."

27 **SECTION 19.8.(b)** G.S. 127A-50.1 reads as rewritten:

28 "**§ 127A-50.1. Military judges.**

29 The Adjutant General shall appoint military judges to preside over courts-martial of the North
30 Carolina National Guard not in federal service. Minimum requirements for appointment as a
31 military judge ~~are:~~are the following:

- 32 (1) ~~Certification as a military judge by the Judge Advocate General of the United~~
33 ~~States Army, Air Force, Navy, Marines, or Coast Guard.~~
34 (2) Designation as a judge advocate by the Judge Advocate General of the United
35 States Army, Navy, Air Force, Marines, or Coast Guard.
36 (3) Membership in the North Carolina National Guard, the National Guard of
37 another state, or the active or reserve components of the Armed Forces of the
38 United States.
39 (4) A member in good standing for at least 10 years of either of the following:
40 a. The bar of the highest court of this State or any other state.
41 b. The bar of a federal court.
42 (5) Hold the rank of lieutenant colonel or above."

43 **SECTION 19.8.(c)** Subsection (a) of this section is effective when it becomes law
44 and applies to summary courts-martial initiated on or after that date. Subsection (b) of this section
45 is effective when it becomes law and applies to military judges serving on or after that date,
46 except the requirements of G.S. 127A-50.1, as amended by subsection (b) of this section, shall
47 only apply to appointments made on or after that date. The remainder of this section is effective
48 when it becomes law.

49
50 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

1 SECTION 19.10.(a) Funds appropriated in this act to the Department of Public
2 Safety for the 2025-2027 fiscal biennium for community program contracts, that are not required
3 for or used for community program contracts, may be used only for the following:

- 4 (1) Other statewide residential programs that provide Level 2 intermediate
5 dispositional alternatives for juveniles.
- 6 (2) Statewide community programs that provide Level 2 intermediate
7 dispositional alternatives for juveniles.
- 8 (3) Regional programs that are collaboratives of two or more Juvenile Crime
9 Prevention Councils which provide Level 2 intermediate dispositional
10 alternatives for juveniles.
- 11 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
12 intermediate dispositional alternatives for juveniles listed in
13 G.S. 7B-2506(13) through (23).

14 SECTION 19.10.(b) Funds appropriated by this act to the Department of Public
15 Safety for the 2025-2027 fiscal biennium for community programs may not be used for staffing,
16 operations, maintenance, or any other expenses of youth development centers or detention
17 facilities.

18 SECTION 19.10.(c) The Department of Public Safety shall submit an electronic
19 report by October 1 of each year of the 2025-2027 fiscal biennium on all expenditures made in
20 the preceding fiscal year from the miscellaneous contract line in Budget Fund 102715 to the
21 chairs of the House of Representatives Appropriations Committee on Justice and Public Safety
22 and the Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research
23 Division. The report shall include all of the following: an itemized list of the contracts that have
24 been executed, the amount of each contract, the date the contract was executed, the purpose of
25 the contract, the number of juveniles that will be served and the manner in which they will be
26 served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an
27 itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention
28 Council fund.

29
30 **MODIFY APPOINTMENT REQUIREMENTS FOR JUVENILE FORENSIC**
31 **EVALUATORS**

32 SECTION 19.11.(a) Article 24 of Chapter 7B of the General Statutes reads as
33 rewritten:

34 "Article 24.
35 "Hearing Procedures.

36 ...
37 "§ 7B-2401.1. Definitions.

38 The following definitions apply in this Article:

- 39 ...
- 40 (5a) Local Management Entity/Managed Care Organization or LME/MCO. – As
41 defined in G.S. 122C-3.

42 ...
43 "§ 7B-2401.2. Procedures to determine capacity; hearing procedures; evidence.

44 ...
45 (b) When the capacity of the juvenile to proceed is questioned, the court may appoint one
46 or more local certified forensic evaluators employed by, or under contract with, a Local
47 Management Entity/Managed Care Organization (LME/MCO), and paid by the LME/MCO with
48 public funds, who are qualified by the Department of Health and Human Services to conduct
49 forensic evaluations for juveniles to examine the juvenile and return a forensic evaluation report.
50 Reports so prepared are admissible at the hearing. The court may call any expert so appointed to
51 testify at the hearing with or without the request of either party. This subsection shall not be

1 construed to limit the juvenile's right to retain his or her own expert or the State's right to obtain
2 its own expert.

3 ...
4 **"§ 7B-2401.3. Juvenile forensic evaluation credentialing; conducting forensic evaluations;
5 written reports; compensation of experts.**

6 ...
7 ~~(h) Any forensic evaluator appointed by the court to conduct a forensic evaluation,
8 ordered pursuant to G.S. 7B-2401.2, shall receive a reasonable fee for such service. The fee shall
9 be determined for each forensic evaluation by the appointing court, in accordance with
10 reimbursement guidelines maintained by the North Carolina Administrative Office of the Courts.
11 If any such forensic evaluator is required to appear as a witness in any hearing held pursuant to
12 this section, the forensic evaluator shall receive reimbursement for expenses according to
13 guidelines maintained by the North Carolina Administrative Office of the Courts.~~

14"

15 **SECTION 19.11.(b)** This section becomes effective December 1, 2025, and applies
16 to forensic evaluators appointed on or after that date.

17 **PART XX. STATE BUREAU OF INVESTIGATION**

18 **USE OF SEIZED AND FORFEITED PROPERTY**

19
20 **SECTION 20.1.(a)** Seized and forfeited assets transferred to the State Bureau of
21 Investigation (SBI) during the 2025-2027 fiscal biennium pursuant to applicable federal law shall
22 be credited to the budget of the SBI and shall result in an increase of law enforcement resources
23 for the SBI. The SBI shall make the following reports to the chairs of the House of
24 Representatives Appropriations Committee on Justice and Public Safety and the Senate
25 Appropriations Committee on Justice and Public Safety:

- 26 (1) A report upon receipt of any assets.
- 27 (2) A report that shall be made prior to use of the assets on their intended use and
28 the departmental priorities on which the assets may be expended.
- 29 (3) A report on receipts, expenditures, encumbrances, and availability of these
30 assets for the previous fiscal year, which shall be made no later than
31 September 1 of each year.

32
33 **SECTION 20.1.(b)** The General Assembly finds that the use of seized and forfeited
34 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
35 of real property, repair of buildings where the repair includes structural change, and construction
36 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
37 Therefore, the SBI is prohibited from using these assets for such purposes without the prior
38 approval of the General Assembly.

39 **SECTION 20.1.(c)** Nothing in this section prohibits State law enforcement agencies
40 from receiving funds from the United States Department of Justice, the United States Department
41 of the Treasury, and the United States Department of Health and Human Services.

42 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

43
44 **SECTION 20.2.(a)** Notwithstanding any other provision of law, and except as
45 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
46 shall not transfer any positions, personnel, or funds from the State Bureau of Investigation to any
47 other State agency during the 2025-2027 fiscal biennium unless the transfer was included in the
48 base budget for one or both fiscal years of the biennium.

49 **SECTION 20.2.(b)** This section shall not apply to consolidation of information
50 technology positions into the Department of Information Technology pursuant to
51 G.S. 143B-1325.

1
2 **TECHNICAL CORRECTIONS RELATED TO MAKING THE STATE BUREAU OF**
3 **INVESTIGATION AN INDEPENDENT DEPARTMENT**

4 **SECTION 20.3.(a)** G.S. 18B-902(b) reads as rewritten:

5 "(b) Investigation. – Before issuing a new permit, the Commission, with the assistance of
6 the ALE Division, shall investigate the applicant and the premises for which the permit is
7 requested. The Commission may request the assistance of local ABC officers in investigating
8 applications. An applicant shall cooperate fully with the investigation.

9 The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may provide a
10 criminal record check to the ALE Division for a person who has applied for a permit through the
11 Commission. The ALE Division shall provide to the ~~Department of Public Safety, Bureau,~~ along
12 with the request, the fingerprints of the applicant, any additional information required by the
13 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check
14 of the criminal record and to the use of the fingerprints and other identifying information required
15 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~
16 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~
17 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of
18 Investigation for a national criminal history check. The ALE Division and the Commission shall
19 keep all information pursuant to this subsection privileged, in accordance with applicable State
20 law and federal guidelines, and the information shall be confidential and shall not be a public
21 record under Chapter 132 of the General Statutes.

22 The ~~Department of Public Safety~~ Bureau may charge each applicant a fee for conducting the
23 checks of criminal history records authorized by this subsection."

24 **SECTION 20.3.(b)** G.S. 74C-8.1(a) reads as rewritten:

25 "(a) Authorization. – Upon receipt of an application for a license, registration,
26 certification, or permit, the Board shall conduct a background investigation to determine whether
27 the applicant meets the requirements for a license, registration, certification, or permit set out in
28 G.S. 74C-8(d). The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may
29 provide a criminal record check to the Board for a person who has applied for a new or renewal
30 license, registration, certification, or permit through the Board. The Board shall provide to the
31 ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of a new applicant,
32 and the ~~Department of Public Safety~~ Bureau shall provide a criminal record check based upon
33 the applicant's fingerprints. The Board may request a criminal record check from the ~~Department~~
34 ~~of Public Safety~~ Bureau for a renewal applicant based upon the applicant's fingerprints in
35 accordance with policy adopted by the Board. The Board shall provide any additional information
36 required by the ~~Department of Public Safety~~ Bureau and a form signed by the applicant
37 consenting to the check of the criminal record and to the use of the fingerprints and other
38 identifying information required by the State or national repositories. The applicant's fingerprints
39 shall be ~~forwarded to the State~~ Bureau of Investigation used for a search of the State's criminal
40 history record file, and the ~~State~~ Bureau of Investigation shall forward a set of the fingerprints to
41 the Federal Bureau of Investigation for a national criminal history check. The ~~Department of~~
42 ~~Public Safety~~ Bureau may charge each applicant a fee for conducting the checks of criminal
43 history records authorized by this subsection.

44 The Board may require a new or renewal applicant to obtain a criminal record report from
45 one or more reporting services designated by the Board to provide criminal record reports.
46 Applicants are required to pay the designated reporting service for the cost of these reports."

47 **SECTION 20.3.(c)** G.S. 74D-2.1(a) reads as rewritten:

48 "(a) Authorization. – Upon receipt of an application for a license or registration, the Board
49 shall conduct a background investigation to determine whether the applicant meets the
50 requirements for a license or registration as set out in G.S. 74D-2(d). The ~~Department of Public~~
51 ~~Safety~~ State Bureau of Investigation (Bureau) may provide a criminal record check to the Board

1 for a person who has applied for a new or renewal license or registration through the Board. The
2 Board shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the
3 fingerprints of a new applicant, and the ~~Department of Public Safety Bureau~~ shall provide a
4 criminal record check based upon the applicant's fingerprints. The Board may request a criminal
5 record check from the ~~Department of Public Safety Bureau~~ for a renewal applicant based upon
6 the applicant's fingerprints in accordance with policy adopted by the Board. The Board shall
7 provide any additional information required by the ~~Department of Public Safety Bureau~~ and a
8 form signed by the applicant consenting to the check of the criminal record and to the use of the
9 fingerprints and other identifying information required by the State or national repositories. The
10 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation used~~ for a search
11 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a
12 set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check.
13 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
14 checks of criminal history records authorized by this subsection.

15 The Board may require a new or renewal applicant to obtain a criminal record report from
16 one or more reporting services designated by the Board to provide criminal record reports.
17 Applicants are required to pay the designated reporting service for the cost of these reports."

18 **SECTION 20.3.(d)** G.S. 84-24 reads as rewritten:

19 **"§ 84-24. Admission to practice.**

20 For the purpose of examining applicants and providing rules and regulations for admission
21 to the Bar including the issuance of license therefor, there is hereby created the Board of Law
22 Examiners, which shall consist of 11 members of the Bar, elected by the Council, who need not
23 be members of the Council. No teacher in any law school, however, shall be eligible. The
24 members of the Board of Law Examiners elected from the Bar shall each hold office for a term
25 of three years.

26 The Board of Law Examiners shall elect a member of the Board as chair thereof, and the
27 Board may employ an executive secretary and provide such assistance as may be required to
28 enable the Board to perform its duties promptly and properly. The chair and any employees shall
29 serve for a period of time determined by the Board.

30 The examination shall be held in the manner and at the times as the Board of Law Examiners
31 may determine.

32 The Board of Law Examiners shall have full power and authority to make or cause to be made
33 such examinations and investigations as may be deemed by it necessary to satisfy it that the
34 applicants for admission to the Bar possess the qualifications of character and general fitness
35 requisite for an attorney and counselor-at-law and to this end the Board of Law Examiners shall
36 have the power of subpoena and to summons and examine witnesses under oath and to compel
37 their attendance and the production of books, papers and other documents and writings deemed
38 by it to be necessary or material to the inquiry and shall also have authority to employ and provide
39 assistance as may be required to enable it to perform its duties promptly and properly. Records,
40 papers, and other documents containing information collected and compiled by the Board or its
41 members or employees as a result of investigations, inquiries, or interviews conducted in
42 connection with examinations or licensing matters, are not public records within the meaning of
43 Chapter 132 of the General Statutes.

44 All applicants for admission to the Bar shall be fingerprinted to determine whether the
45 applicant has a record of criminal conviction in this State or in any other state or jurisdiction. The
46 information obtained as a result of the fingerprinting of an applicant shall be limited to the official
47 use of the Board of Law Examiners in determining the character and general fitness of the
48 applicant.

49 The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide a
50 criminal record check to the Board of Law Examiners for a person who has applied for a license
51 through the Board. The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along

1 with the request, the fingerprints of the applicant, any additional information required by the
2 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check
3 of the criminal record and to the use of the fingerprints and other identifying information required
4 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~
5 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~
6 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of
7 Investigation for a national criminal history check. The Board shall keep all information pursuant
8 to this subsection privileged, in accordance with applicable State law and federal guidelines, and
9 the information shall be confidential and shall not be a public record under Chapter 132 of the
10 General Statutes.

11 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
12 checks of criminal history records authorized by this section.

13 The Board of Law Examiners, subject to the approval of the Council, shall by majority vote,
14 from time to time, make, alter, and amend such rules and regulations for admission to the Bar as
15 in their judgment shall promote the welfare of the State and the profession: Provided, that no
16 change in the educational requirements for admission to the Bar that establishes an additional or
17 greater requirement shall become effective until two years after the date of the adoption of the
18 change.

19 All rules and regulations, and modifications, alterations and amendments thereof, shall be
20 recorded and promulgated as provided in G.S. 84-21 in relation to the certificate of organization
21 and the rules and regulations of the Council.

22 Whenever the Council shall order the restoration of license to any person as authorized by
23 G.S. 84-32, it shall be the duty of the Board of Law Examiners to issue a written license to the
24 person, noting thereon that the license is issued in compliance with an order of the Council,
25 whether the license to practice law was issued by the Board of Law Examiners or the Supreme
26 Court in the first instance.

27 Appeals from the Board shall be had in accordance with rules or procedures as may be
28 approved by the Supreme Court as may be submitted under G.S. 84-21 or as may be promulgated
29 by the Supreme Court."

30 **SECTION 20.3.(e)** G.S. 90D-7(c) reads as rewritten:

31 "(c) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide
32 a criminal record check to the Board for a person who has applied for a new, provisional, or
33 renewal license through the Board. The Board shall provide to the ~~Department of Public Safety,~~
34 ~~Bureau,~~ along with the request, the fingerprints of the applicant, any additional information
35 required by the ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant
36 consenting to the check of the criminal record and to the use of the fingerprints and other
37 identifying information required by the State or national repositories. The applicant's fingerprints
38 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal
39 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of the fingerprints to
40 the Federal Bureau of Investigation for a national criminal history check. The Board shall keep
41 all information pursuant to this subdivision privileged, in accordance with applicable State law
42 and federal guidelines, and the information shall be confidential and shall not be a public record
43 under Chapter 132 of the General Statutes.

44 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
45 checks of criminal history records authorized by this subsection."

46 **SECTION 20.3.(f)** G.S. 90-11(b) reads as rewritten:

47 "(b) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide
48 a criminal record check to the Board for a person who has applied for a license through the Board.
49 The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the
50 fingerprints of the applicant, any additional information required by the ~~Department of Public~~
51 ~~Safety, Bureau,~~ and a form signed by the applicant consenting to the check of the criminal record

1 and to the use of the fingerprints and other identifying information required by the State or
2 national repositories. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~
3 ~~Investigation used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~
4 ~~Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of Investigation for a
5 national criminal history check. The Board shall keep all information pursuant to this subsection
6 privileged, in accordance with applicable State law and federal guidelines, and the information
7 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

8 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
9 checks of criminal history records authorized by this subsection. The Board has the authority to
10 collect this fee from each applicant and remit it to the ~~Department of Public Safety Bureau.~~"

11 **SECTION 20.3.(g)** G.S. 90-30(b) reads as rewritten:

12 "(b) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide
13 a criminal record check to the North Carolina State Board of Dental Examiners for a person who
14 has applied for a license through the Board. The Board shall provide to the ~~Department of Public~~
15 ~~Safety, Bureau,~~ along with the request, the fingerprints of the applicant, any additional
16 information required by the ~~Department of Public Safety, Bureau,~~ and a form signed by the
17 applicant consenting to the check of the criminal record and to the use of the fingerprints and
18 other identifying information required by the State or national repositories. The applicant's
19 fingerprints shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's
20 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of the
21 fingerprints to the Federal Bureau of Investigation for a national criminal history check. The
22 Board shall keep all information pursuant to this subsection privileged, in accordance with
23 applicable State law and federal guidelines, and the information shall be confidential and shall
24 not be a public record under Chapter 132 of the General Statutes.

25 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
26 checks of criminal history records authorized by this subsection."

27 **SECTION 20.3.(h)** G.S. 90-102.1(d) reads as rewritten:

28 "(d) Criminal Record Check. – The ~~Department of Public Safety State Bureau of~~
29 ~~Investigation (Bureau)~~ may provide a criminal record check to the Department of Health and
30 Human Services for a person who has applied for a new or renewal registration. The Department
31 of Health and Human Services shall provide to the ~~Department of Public Safety, Bureau,~~ along
32 with the request, the fingerprints of the applicant, any additional information required by the
33 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check
34 of the criminal record and to the use of the fingerprints and other identifying information required
35 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~
36 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~
37 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of
38 Investigation for a national criminal history check. The Department of Health and Human
39 Services shall keep all information pursuant to this subsection privileged, in accordance with
40 applicable State law and federal guidelines, and the information shall be confidential and shall
41 not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public~~
42 ~~Safety Bureau~~ may charge each applicant a fee for conducting the checks of criminal history
43 records authorized by this subsection."

44 **SECTION 20.3.(i)** G.S. 90-210.25(a)(5)h. reads as rewritten:

45 "h. The ~~Department of Public Safety State Bureau of Investigation~~
46 ~~(Bureau)~~ may provide a criminal record check to the Board for a
47 person who has applied for a new or renewal license, or certification
48 through the Board. The Board shall provide to the ~~Department of~~
49 ~~Public Safety, Bureau,~~ along with the request, the fingerprints of the
50 applicant, any additional information required by the ~~Department of~~
51 ~~Public Safety, Bureau,~~ and a form signed by the applicant consenting

1 to the check of the criminal record and to the use of the fingerprints
2 and other identifying information required by the State or national
3 repositories. The applicant's fingerprints shall be ~~forwarded to the~~
4 ~~State Bureau of Investigation used~~ for a search of the State's criminal
5 history record file, and the ~~State Bureau of Investigation~~ shall forward
6 a set of the fingerprints to the Federal Bureau of Investigation for a
7 national criminal history check. The Board shall keep all information
8 pursuant to this subdivision privileged, in accordance with applicable
9 State law and federal guidelines, and the information shall be
10 confidential and shall not be a public record under Chapter 132 of the
11 General Statutes.

12 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee
13 for conducting the checks of criminal history records authorized by this
14 subdivision."

15 **SECTION 20.3.(j)** G.S. 90-224(c) reads as rewritten:

16 "(c) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide
17 a criminal record check to the Board for a person who has applied for a new or renewal license
18 through the Board. The Board shall provide to the ~~Department of Public Safety, Bureau,~~ along
19 with the request, the fingerprints of the applicant, any additional information required by the
20 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the check
21 of the criminal record and to the use of the fingerprints and other identifying information required
22 by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to the State~~
23 ~~Bureau of Investigation used~~ for a search of the State's criminal history record file, and the ~~State~~
24 ~~Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of
25 Investigation for a national criminal history check. The Board shall keep all information pursuant
26 to this subsection privileged, in accordance with applicable State law and federal guidelines, and
27 the information shall be confidential and shall not be a public record under Chapter 132 of the
28 General Statutes.

29 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
30 checks of criminal history records authorized by this subsection."

31 **SECTION 20.3.(k)** G.S. 93A-4(b1) reads as rewritten:

32 "(b1) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may provide
33 a criminal record check to the Commission for a person who has applied for a license through
34 the Commission. The Commission shall provide to the ~~Department of Public Safety, Bureau,~~
35 along with the request, the fingerprints of the applicant, any additional information required by
36 the ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant consenting to the
37 check of the criminal record and to the use of the fingerprints and other identifying information
38 required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~
39 ~~the State Bureau of Investigation used~~ for a search of the State's criminal history record file, and
40 the ~~State Bureau of Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of
41 Investigation for a national criminal history check. The Commission shall keep all information
42 pursuant to this subsection privileged, in accordance with applicable State law and federal
43 guidelines, and the information shall be confidential and shall not be a public record under
44 Chapter 132 of the General Statutes.

45 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
46 checks of criminal history records authorized by this subsection."

47 **SECTION 20.3.(l)** G.S. 95-47.2(d)(2a) reads as rewritten:

48 "(2a) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ may
49 provide a criminal record check to the Commissioner for a person or agency
50 who has applied for a license through the Commissioner. The Commissioner
51 shall provide to the ~~Department of Public Safety, Bureau,~~ along with the

1 request, the fingerprints of all applicants, any additional information required
2 by the ~~Department of Public Safety, Bureau,~~ and a form signed by the
3 applicants consenting to the check of the criminal record and to the use of the
4 fingerprints and other identifying information required by the State or national
5 repositories. The applicants' fingerprints shall be ~~forwarded to the State~~
6 ~~Bureau of Investigation used~~ for a search of the State's criminal history record
7 file, and the ~~State Bureau of Investigation~~ shall forward a set of the
8 fingerprints to the Federal Bureau of Investigation for a national criminal
9 history check. The Commissioner shall keep all information pursuant to this
10 subdivision privileged, in accordance with applicable State law and federal
11 guidelines, and the information shall be confidential and shall not be a public
12 record under Chapter 132 of the General Statutes.

13 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee
14 for conducting the checks of criminal history records authorized by this
15 subdivision."

16 **SECTION 20.3.(m)** G.S. 110-90.2(c) reads as rewritten:

17 "(c) The ~~Department of Public Safety State Bureau of Investigation~~ shall provide to the
18 Division of Child Development, Department of Health and Human Services, the criminal history
19 from the State and National Repositories of Criminal Histories of any child care provider as
20 requested by the Division.

21 The Division shall provide to the ~~Department of Public Safety, State Bureau of Investigation,~~
22 along with the request, the fingerprints of the provider to be checked, any additional information
23 required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a form
24 consenting to the check of the criminal record and to the use of fingerprints and other identifying
25 information required by the repositories signed by the child care provider to be checked. The
26 fingerprints of the provider shall be ~~forwarded to the State Bureau of Investigation used~~ for a
27 search of their criminal history record file and the State Bureau of Investigation shall forward a
28 set of fingerprints to the Federal Bureau of Investigation for a federal criminal history record
29 check.

30 At the time of application the child care provider whose criminal history is to be checked
31 shall be furnished with a statement substantially similar to the following:

32 "NOTICE

33
34
35 **CHILD CARE PROVIDER MANDATORY CRIMINAL HISTORY CHECK**

36
37 **NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY RECORD**
38 **CHECK BE CONDUCTED ON ALL PERSONS WHO PROVIDE CHILD CARE IN A**
39 **LICENSED CHILD CARE FACILITY, AND ALL PERSONS PROVIDING CHILD CARE IN**
40 **NONLICENSED CHILD CARE HOMES THAT RECEIVE STATE OR FEDERAL FUNDS.**

41 "Criminal history" means a county, state, or federal criminal history of conviction,
42 pending indictment of a crime, or criminal charge, whether a misdemeanor or a felony, that bears
43 on an individual's fitness to have responsibility for the safety and well-being of children. Such
44 crimes include, but are not limited to, the following North Carolina crimes contained in any of
45 the following Articles of Chapter 14 of the General Statutes: Article 6, Homicide; Article 7B,
46 Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article
47 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article
48 14, Burglary; Article 16, Larceny; Article 17, Robbery; Article 19, False Pretenses and Cheats;
49 Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other
50 Means; Article 19C, Identity Theft; Article 26, Offenses Against Public Morality and Decency;
51 Article 27, Prostitution; Article 29, Bribery; Article 35, Offenses Against the Public Peace;

1 Article 36A, Riots and Civil Disorders; Article 39, Protection of Minors; Article 40, Protection
2 of the Family; and Article 59, Public Intoxication. Such crimes also include cruelty to animals in
3 violation of Article 3 of Chapter 19A of the General Statutes, violation of the North Carolina
4 Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related
5 offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired
6 in violation of G.S. 20-138.1 through G.S. 20-138.5. In addition to the North Carolina crimes
7 listed in this notice, such crimes also include similar crimes under federal law or under the laws
8 of other states. Your fingerprints will be used to check the criminal history records of the State
9 Bureau of Investigation (SBI) and the Federal Bureau of Investigation (FBI).

10 If it is determined, based on your criminal history, that you are unfit to have responsibility
11 for the safety and well-being of children, you shall have the opportunity to complete, or challenge
12 the accuracy of, the information contained in the SBI or FBI identification records.

13 If you disagree with the determination of the North Carolina Department of Health and
14 Human Services on your fitness to provide child care, you may file a civil lawsuit within 60 days
15 after receiving written notification of disqualification in the district court in the county where
16 you live.

17 Any child care provider who intentionally falsifies any information required to be
18 furnished to conduct the criminal history record check shall be guilty of a Class 2 misdemeanor."

19 Refusal to consent to a criminal history record check or intentional falsification of any
20 information required to be furnished to conduct a criminal history record check is grounds for
21 the Department to prohibit the child care provider from providing child care. Any child care
22 provider who intentionally falsifies any information required to be furnished to conduct the
23 criminal history shall be guilty of a Class 2 misdemeanor."

24 **SECTION 20.3.(n)** G.S. 160A-304(a) reads as rewritten:

25 "(a) A city may by ordinance license and regulate all vehicles operated for hire in the city.
26 The ordinance may require that the drivers and operators of taxicabs engaged in the business of
27 transporting passengers for hire over the public streets shall obtain a license or permit from the
28 city; provided, however, that the license or permit fee for taxicab drivers shall not exceed fifteen
29 dollars (\$15.00). As a condition of licensure, the city may require an applicant for licensure to
30 pass a controlled substance examination. The ordinances may also specify the types of taxicab
31 services that are legal in the municipality; provided, that in all cases shared-ride services as well
32 as exclusive-ride services shall be legal. Shared-ride service is defined as a taxi service in which
33 two or more persons with either different origins or with different destinations, or both, occupy
34 a taxicab at one time. Exclusive-ride service is defined as a taxi service in which the first
35 passenger or party requests exclusive use of the taxicab. In the event the applicant is to be
36 subjected to a national criminal history background check, the ordinance shall specifically
37 authorize the use of FBI records. The ordinance shall require any applicant who is subjected to a
38 national criminal history background check to be fingerprinted.

39 The ~~Department of Public Safety~~ State Bureau of Investigation (Bureau) may provide a
40 criminal record check to the city for a person who has applied for a license or permit through the
41 city. The city shall provide to the ~~Department of Public Safety, Bureau,~~ along with the request,
42 the fingerprints of the applicant, any additional information required by the ~~Department of Public~~
43 ~~Safety, Bureau,~~ and a form signed by the applicant consenting to the check of the criminal record
44 and to the use of the fingerprints and other identifying information required by the State or
45 national repositories. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~
46 ~~Investigation used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~
47 ~~Investigation~~ shall forward a set of the fingerprints to the Federal Bureau of Investigation for a
48 national criminal history check. The city shall keep all information pursuant to this subsection
49 privileged, in accordance with applicable State law and federal guidelines, and the information
50 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

1 The ~~Department of Public Safety Bureau~~ may charge each applicant a fee for conducting the
2 checks of criminal history records authorized by this subsection.

3 ~~The Any of the~~ following factors shall be deemed sufficient grounds for refusing to issue a
4 permit or for revoking a permit already issued:

- 5 (1) Conviction of a felony against this State, or conviction of any offense against
6 another state which would have been a felony if committed in this ~~State; State.~~
- 7 (2) Violation of any federal or State law relating to the use, possession, or sale of
8 alcoholic beverages or narcotic or barbiturate ~~drugs; drugs.~~
- 9 (3) Addiction to or habitual use of alcoholic beverages or narcotic or barbiturate
10 ~~drugs; drugs.~~
- 11 (4) Violation of any federal or State law relating to ~~prostitution; prostitution.~~
- 12 (5) Noncitizenship in the United ~~States; States.~~
- 13 (6) Habitual violation of traffic laws or ordinances.

14 The ordinance may also require operators and drivers of taxicabs to display prominently in each
15 taxicab, so as to be visible to the passengers, the city taxi permit, the schedule of fares, a
16 photograph of the driver, and any other identifying matter that the council may deem proper and
17 advisable. The ordinance may also establish rates that may be charged by taxicab operators, may
18 limit the number of taxis that may operate in the city, and may grant franchises to taxicab
19 operators on any terms that the council may deem advisable."

20 **SECTION 20.3.(o)** Article 27A of Chapter 14 of the General Statutes reads as
21 rewritten:

22 "Article 27A.

23 "Sex Offender and Public Protection Registration Programs.

24 "Part 1. Registration Programs, Purpose and Definitions Generally.

25 ...

26 **"§ 14-208.6. Definitions.**

27 The following definitions apply in this Article:

- 28 (1a) Aggravated offense. – Any criminal offense that includes either of the
29 following: (i) engaging in a sexual act involving vaginal, anal, or oral
30 penetration with a victim of any age through the use of force or the threat of
31 serious violence; or (ii) engaging in a sexual act involving vaginal, anal, or
32 oral penetration with a victim who is less than 12 years old.

33 (1b) Bureau. – The State Bureau of Investigation.

34 ~~(1b)~~(1c) County registry. – The information compiled by the sheriff of a county in
35 compliance with this Article.

36 ~~(1c)~~ Department. – ~~The Department of Public Safety.~~

37 ...

38 (8) Statewide registry. – The central registry compiled by the ~~Department~~ Bureau
39 in accordance with G.S. 14-208.14.

40 (9) Student. – A person who is enrolled on a full-time or part-time basis, in any
41 postsecondary public or private educational institution, including any trade or
42 professional institution, or other institution of higher education.

43 ...

44 **"§ 14-208.7. Registration.**

45 ...

46 (b) The ~~Department of Public Safety Bureau~~ shall provide each sheriff with forms for
47 registering persons as required by this Article. The registration form shall require all of the
48 following:

- 49 (1) The person's full name, each alias, date of birth, sex, race, height, weight, eye
50 color, hair color, drivers license number, and home address.

- 1 (1a) A statement indicating what the person's name was at the time of the
2 conviction for the offense that requires registration; what alias, if any, the
3 person was using at the time of the conviction of that offense; and the name
4 of the person as it appears on the judgment imposing the sentence on the
5 person for the conviction of the offense.
- 6 (2) The type of offense for which the person was convicted, the date of conviction,
7 and the sentence imposed.
- 8 (3) A current photograph taken by the sheriff, without charge, at the time of
9 registration.
- 10 (4) The person's fingerprints taken by the sheriff, without charge, at the time of
11 registration.
- 12 (5) A statement indicating whether the person is a student or expects to enroll as
13 a student within a year of registering. If the person is a student or expects to
14 enroll as a student within a year of registration, then the registration form shall
15 also require the name and address of the educational institution at which the
16 person is a student or expects to enroll as a student.
- 17 (6) A statement indicating whether the person is employed or expects to be
18 employed at an institution of higher education within a year of registering. If
19 the person is employed or expects to be employed at an institution of higher
20 education within a year of registration, then the registration form shall also
21 require the name and address of the educational institution at which the person
22 is or expects to be employed.
- 23 (7) Any online identifier that the person uses or intends to use.
- 24 (c) When a person registers, the sheriff with whom the person registered shall
25 immediately send the registration information to the ~~Department of Public Safety-Bureau~~ in a
26 manner determined by the ~~Department of Public Safety-Bureau~~. The sheriff shall retain the
27 original registration form and other information collected and shall compile the information that
28 is a public record under this Part into a county registry.

29 ...
30 **"§ 14-208.8. Prerelease notification.**

- 31 (a) At least 10 days, but not earlier than 30 days, before a person who will be subject to
32 registration under this Article is due to be released from a penal institution, an official of the
33 penal institution shall do all of the following:
- 34 (1) Inform the person of the person's duty to register under this Article and require
35 the person to sign a written statement that the person was so informed or, if
36 the person refuses to sign the statement, certify that the person was so
37 informed.
- 38 (2) Obtain the registration information required under G.S. 14-208.7(b)(1), (2),
39 (5), (6), and (7), as well as the address where the person expects to reside upon
40 the person's release.
- 41 (3) Send the ~~Department of Public Safety-Bureau~~ and the sheriff of the county in
42 which the person expects to reside the information collected in accordance
43 with subdivision (2) of this subsection.

44 ...
45 **"§ 14-208.8A. Notification requirement for out-of-county employment if temporary
46 residence established.**

- 47 ...
48 (c) Notice to ~~Department of Public Safety-the Bureau~~. – Upon receiving the notice
49 required under subsection (a) of this section, the sheriff shall immediately forward the
50 information to the ~~Department of Public Safety-Bureau~~. The ~~Department of Public Safety-Bureau~~

1 shall notify the sheriff of the county where the person is working and maintaining a temporary
2 residence of the person's place of employment and temporary address in that county.

3 **"§ 14-208.9. Change of address; change of academic status or educational employment**
4 **status; change of online identifier; change of name.**

5 (a) If a person required to register changes address, the person shall report in person and
6 provide written notice of the new address not later than the third business day after the change to
7 the sheriff of the county with whom the person had last registered. If the person moves to another
8 county, the person shall also report in person to the sheriff of the new county and provide written
9 notice of the person's address not later than the tenth day after the change of address. Upon receipt
10 of the notice, the sheriff shall immediately forward this information to the ~~Department of Public~~
11 ~~Safety Bureau.~~ When the ~~Department of Public Safety Bureau~~ receives notice from a sheriff that
12 a person required to register is moving to another county in the State, the ~~Department of Public~~
13 ~~Safety Bureau~~ shall inform the sheriff of the new county of the person's new residence.

14 (b) If a person required to register intends to move to another state, the person shall report
15 in person to the sheriff of the county of current residence at least three business days before the
16 date the person intends to leave this State to establish residence in another state or jurisdiction.
17 The person shall provide to the sheriff a written notification that includes all of the following
18 information: the address, municipality, county, and state of intended residence.

19 (1) If it appears to the sheriff that the record photograph of the sex offender no
20 longer provides a true and accurate likeness of the sex offender, then the
21 sheriff shall take a photograph of the offender to update the registration.

22 (2) The sheriff shall inform the person that the person must comply with the
23 registration requirements in the new state of residence. The sheriff shall also
24 immediately forward the information included in the notification to the
25 ~~Department of Public Safety Bureau,~~ and the ~~Department of Public Safety~~
26 ~~Bureau~~ shall inform the appropriate state official in the state to which the
27 registrant moves of the person's notification and new address.

28 (b1) A person who indicates his or her intent to reside in another state or jurisdiction and
29 later decides to remain in this State shall, within three business days after the date upon which
30 the person indicated he or she would leave this State, report in person to the sheriff's office to
31 which the person reported the intended change of residence, of his or her intent to remain in this
32 State. If the sheriff is notified by the sexual offender that he or she intends to remain in this State,
33 the sheriff shall promptly report this information to the ~~Department of Public Safety Bureau.~~

34 (c) If a person required to register changes his or her academic status either by enrolling
35 as a student or by terminating enrollment as a student, then the person shall, within three business
36 days, report in person to the sheriff of the county with whom the person registered and provide
37 written notice of the person's new status. The written notice shall include the name and address
38 of the institution of higher education at which the student is or was enrolled. The sheriff shall
39 immediately forward this information to the ~~Department of Public Safety Bureau.~~

40 (d) If a person required to register changes his or her employment status either by
41 obtaining employment at an institution of higher education or by terminating employment at an
42 institution of higher education, then the person shall, within three business days, report in person
43 to the sheriff of the county with whom the person registered and provide written notice of the
44 person's new status not later than the tenth day after the change to the sheriff of the county with
45 whom the person registered. The written notice shall include the name and address of the
46 institution of higher education at which the person is or was employed. The sheriff shall
47 immediately forward this information to the ~~Department of Public Safety Bureau.~~

48 (e) If a person required to register changes an online identifier, or obtains a new online
49 identifier, then the person shall, within 10 days, report in person to the sheriff of the county with
50 whom the person registered to provide the new or changed online identifier information to the

1 sheriff. The sheriff shall immediately forward this information to the ~~Department of Public~~
2 ~~Safety Bureau.~~

3 (f) If a person required to register changes his or her name pursuant to Chapter 101 of
4 the General Statutes or by any other method, then the person shall, within three business days,
5 report in person to the sheriff of the county with whom the person registered to provide the name
6 change to the sheriff. The sheriff shall immediately forward this information to the ~~Department~~
7 ~~of Public Safety Bureau.~~

8 **"§ 14-208.9A. Verification of registration information.**

9 (a) The information in the county registry shall be verified semiannually for each
10 registrant as follows:

- 11 (1) Every year on the anniversary of a person's initial registration date, and again
12 six months after that date, the ~~Department of Public Safety Bureau~~ shall mail
13 a nonforwardable verification form to the last reported address of the person.
14 ...

15 **"§ 14-208.12A. Request for termination of registration requirement.**

16 ...
17 (a3) If the court denies the petition, the person may again petition the court for relief in
18 accordance with this section one year from the date of the denial of the original petition to
19 terminate the registration requirement. If the court grants the petition to terminate the registration
20 requirement, the clerk of court shall forward a certified copy of the order to the ~~Department of~~
21 ~~Public Safety Bureau~~ to have the person's name removed from the registry.
22 ...

23 **"§ 14-208.12B. Registration requirement review.**

24 ...
25 (i) No sheriff, or employee of a sheriffs' office, district attorney's office, or the ~~North~~
26 ~~Carolina State Bureau of Investigation~~ shall incur any civil or criminal liability under North
27 Carolina law as the result of the performance of official duties under this Article.

28 **"§ 14-208.13. File with Criminal Information Network.**

29 (a) The ~~Department of Public Safety Bureau~~ shall include the registration information in
30 the ~~Criminal Information Network~~ Division of Criminal Information as set forth in
31 G.S. 143B-905.G.S. 143B-1208.19.

32 (b) The ~~Department of Public Safety Bureau~~ shall maintain the registration information
33 permanently even after the registrant's reporting requirement expires.

34 **"§ 14-208.14. Statewide registry; ~~Department of Public Safety~~ State Bureau of**
35 **Investigation designated custodian of statewide registry.**

36 (a) The ~~Department of Public Safety Bureau~~ shall compile and keep current a central
37 statewide sex offender registry. The ~~Department Bureau~~ is the State agency designated as the
38 custodian of the statewide registry. As custodian the ~~Department Bureau~~ has the following
39 responsibilities:

- 40 (1) To receive from the sheriff or any other law enforcement agency or penal
41 institution all sex offender registrations, changes of address, changes of
42 academic or educational employment status, and prerelease notifications
43 required under this Article or under federal law. The ~~Department Bureau~~ shall
44 also receive notices of any violation of this Article, including a failure to
45 register or a failure to report a change of address.
- 46 (2) To provide all need-to-know law enforcement agencies (local, State, campus,
47 federal, and those located in other states) immediately upon receipt by the
48 ~~Department Bureau~~ of any of the following: registration information, a
49 prerelease notification, a change of address, a change of academic or
50 educational employment status, or notice of a violation of this Article.

1 (2a) To notify the appropriate law enforcement unit at an institution of higher
2 education as soon as possible upon receipt by the ~~Department-Bureau~~ of
3 relevant information based on registration information or notice of a change
4 of academic or educational employment status. If an institution of higher
5 education does not have a law enforcement unit, then the ~~Department-Bureau~~
6 shall provide the information to the local law enforcement agency that has
7 jurisdiction for the campus.

8 ...

9 **"§ 14-208.15. Certain statewide registry information is public record: access to statewide**
10 **registry.**

11 (a) The information in the statewide registry that is public record is the same as in
12 G.S. 14-208.10. The ~~Department of Public Safety-Bureau~~ shall release any other relevant
13 information that is necessary to protect the public concerning a specific person, but shall not
14 release the identity of the victim of the offense that required registration under this Article.

15 (b) The ~~Department of Public Safety-Bureau~~ shall provide free public access to automated
16 data from the statewide registry, including photographs provided by the registering sheriffs, via
17 the Internet. The public will be able to access the statewide registry to view an individual
18 registration record, a part of the statewide registry, or all of the statewide registry. The
19 ~~Department of Public Safety-Bureau~~ may also provide copies of registry information to the public
20 upon written request and may charge a reasonable fee for duplicating costs and mailings costs.

21 (c) Upon request of an institution of higher education, the Sheriff of the county in which
22 the educational institution is located shall provide a report containing the registry information for
23 any registrant who has stated that the registrant is a student or employee, or expects to become a
24 student or employee, of that institution of higher education. The ~~Department of Public Safety~~
25 ~~Bureau~~ shall provide each sheriff with the ability to generate the report from the statewide
26 registry. The report shall be provided electronically without charge. The institution of higher
27 education may receive a written report upon payment of reasonable duplicating costs and mailing
28 costs.

29 **"§ 14-208.15A. Release of online identifiers to entity; fee.**

30 (a) The ~~Department of Public Safety-Bureau~~ may release registry information regarding
31 a registered offender's online identifier to an entity for the purpose of allowing the entity to
32 prescreen users or to compare the online identifier information with information held by the entity
33 as provided by this section.

34 (b) An entity desiring to prescreen its users or compare its database of registered users to
35 the list of online identifiers of persons in the statewide registry may apply to the ~~Department of~~
36 ~~Public Safety-Bureau~~ to access the information. An entity that complies with the criteria
37 developed by the ~~Department of Public Safety-Bureau~~ regarding the release and use of the online
38 identifier information and pays the fee may screen new users or compare its database of registered
39 users to the list of online identifiers of persons in the statewide registry as frequently as the
40 ~~Department of Public Safety-Bureau~~ may allow for the purpose of identifying a registered user
41 associated with an online identifier contained in the statewide registry.

42 (c) The ~~Department of Public Safety-Bureau~~ may charge an entity that submits a request
43 for the online identifiers of persons in the statewide registry an annual fee of one hundred dollars
44 (\$100.00). Fees collected under this section shall be credited to the ~~Department of Public Safety~~
45 ~~Bureau~~ and applied to the cost of providing this service.

46 (d) The ~~Department of Public Safety-Bureau~~ shall develop standards regarding the release
47 and use of online identifier information. The standards shall include a requirement that the
48 information obtained from the statewide registry shall not be disclosed for any purpose other than
49 for prescreening its users or comparing the database of registered users of the entity against the
50 list of online identifiers of persons in the statewide registry.

51 ...

1 **"§ 14-208.22. Additional registration information required.**

2 ...
 3 (b) The ~~Department of Public Safety Bureau~~ shall provide each sheriff with forms for
 4 registering persons as required by this Article.

5 ...
 6 **"§ 14-208.27. Change of address.**

7 If a juvenile who is adjudicated delinquent and required to register changes address, the
 8 juvenile court counselor for the juvenile shall provide written notice of the new address not later
 9 than the third business day after the change to the sheriff of the county with whom the juvenile
 10 had last registered. Upon receipt of the notice, the sheriff shall immediately forward this
 11 information to the ~~Department of Public Safety Bureau~~. If the juvenile moves to another county
 12 in this State, the ~~Department of Public Safety Bureau~~ shall inform the sheriff of the new county
 13 of the juvenile's new residence.

14 ...
 15 **"§ 14-208.31. File with Criminal Information Network.**

16 (a) The ~~Department of Public Safety Bureau~~ shall include the registration information in
 17 the ~~Criminal Information Network Division of Criminal Information~~ as set forth in
 18 ~~G.S. 143B-905.G.S. 143B-1208.19~~.

19 (b) The ~~Department of Public Safety Bureau~~ shall maintain the registration information
 20 permanently even after the registrant's reporting requirement expires; however, the records shall
 21 remain confidential in accordance with Article 32 of Chapter 7B of the General Statutes.
 22"

23 **SECTION 20.3.(p)** The following sections of the General Statutes are recodified as
 24 follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
25 143B-901	143B-1208.15
26 143B-902	143B-1208.16
27 143B-903	143B-1208.17
28 143B-904	143B-1208.18
29 143B-905	143B-1208.19

30
 31 **SECTION 20.3.(q)** G.S. 143B-1208.15, as recodified under subsection (p) of this
 32 section, reads as rewritten:

33 **"§ 143B-1208.15. Reporting system and database on certain domestic-violence-related**
 34 **homicides; reports by law enforcement agencies required; annual report to the**
 35 **General Assembly.**

36 The ~~Department of Public Safety, State Bureau of Investigation (Bureau)~~, in consultation
 37 with the North Carolina Council for Women/Domestic Violence Commission, the North Carolina
 38 Sheriffs' Association, and the North Carolina Association of Chiefs of Police, shall develop a
 39 reporting system and database that reflects the number of homicides in the State where the
 40 offender and the victim had a personal relationship, as defined by G.S. 50B-1(b). The information
 41 in the database shall also include the type of personal relationship that existed between the
 42 offender and the victim, whether the victim had obtained an order pursuant to G.S. 50B-3, and
 43 whether there was a pending charge for which the offender was on pretrial release pursuant to
 44 G.S. 15A-534.1. All State and local law enforcement agencies shall report information to the
 45 ~~Department of Public Safety Bureau~~ upon making a determination that a homicide meets the
 46 reporting system's criteria. The report shall be made in the format adopted by the ~~Department of~~
 47 ~~Public Safety Bureau~~. The ~~Department of Public Safety Bureau~~ shall report to the chairs of the
 48 Joint Legislative Oversight Committee on Justice and Public Safety, no later than April 1 of each
 49 year, with the data collected for the previous calendar year."

50 **SECTION 20.3.(r)** G.S. 143B-1208.16, as recodified under subsection (p) of this
 51 section, reads as rewritten:

1 **"§ 143B-1208.16. Powers and duties of the ~~Department of Public Safety~~ State Bureau of**
2 **Investigation with respect to criminal information.**

3 In addition to its other duties, it shall be the duty of the ~~Department of Public Safety~~ State
4 Bureau of Investigation (Bureau) to do all of the following:

5 ...

6 (2) To collect, correlate, and maintain access to information that will assist in the
7 performance of duties required in the administration of criminal justice
8 throughout the State. This information may include, but is not limited to,
9 motor vehicle registration, drivers' licenses, wanted and missing persons,
10 stolen property, warrants, stolen vehicles, firearms registration, sexual
11 offender registration as provided under Article 27A of Chapter 14 of the
12 General Statutes, drugs, drug users and parole and probation histories. In
13 performing this function, the ~~Division~~ Bureau may arrange to use information
14 available in other agencies and units of State, local and federal government,
15 but shall provide security measures to insure that such information shall be
16 made available only to those whose duties, relating to the administration of
17 justice, require such information.

18 ...

19 (4) To perform all the duties heretofore imposed by law upon the ~~Attorney~~
20 ~~General~~ Bureau with respect to criminal statistics.

21 ...

22 (6) To promulgate rules and regulations for the administration of ~~this Article~~ the
23 duties set forth in this section."

24 **SECTION 20.3.(s)** G.S. 143B-1208.17, as recodified under subsection (p) of this
25 section, reads as rewritten:

26 **"§ 143B-1208.17. Collection of traffic law enforcement statistics.**

27 (a) In addition to its other duties, the ~~Department of Public Safety~~ State Bureau of
28 Investigation (Bureau) shall collect, correlate, and maintain the following information regarding
29 traffic law enforcement by law enforcement officers:

30 ...

31 (d) Each law enforcement officer making a stop covered by subdivision (1) of subsection
32 (a) of this section shall be assigned an anonymous identification number by the officer's
33 employing agency. The anonymous identifying number shall be public record and shall be
34 reported to the ~~Department~~ Bureau to be correlated along with the data collected under subsection
35 (a) of this section. The correlation between the identification numbers and the names of the
36 officers shall not be a public record, and shall not be disclosed by the agency except when
37 required by order of a court of competent jurisdiction to resolve a claim or defense properly
38 before the court.

39 (e) Any agency subject to the requirements of this section shall submit information
40 collected under subsection (a) of this section to the ~~Department~~ Bureau within 60 days of the
41 close of each month. Any agency that does not submit the information as required by this
42 subsection shall be ineligible to receive any law enforcement grants available by or through the
43 State until the information which is reasonably available is submitted.

44 (f) The ~~Department~~ Bureau shall publish and distribute by December 1 of each year a list
45 indicating the law enforcement officers that will be subject to the provisions of this section during
46 the calendar year commencing on the following January 1."

47 **SECTION 20.3.(t)** G.S. 143B-1208.18, as recodified under subsection (p) of this
48 section, reads as rewritten:

49 **"§ 143B-1208.18. Collection of statistics on the use of deadly force by law enforcement**
50 **officers.**

1 (a) In addition to its other duties, the ~~Department of Public Safety State Bureau of~~
2 Investigation shall collect, maintain, and annually publish the number of deaths, by law
3 enforcement agency, resulting from the use of deadly force by law enforcement officers in the
4 course and scope of their official duties.

5"

6 **SECTION 20.3.(u)** G.S. 143B-1208.19, as recodified under subsection (p) of this
7 section, reads as rewritten:

8 "**§ 143B-1208.19. ~~Criminal Information Network.~~Division of Criminal Information.**

9 (a) The ~~Department of Public Safety State Bureau of Investigation (Bureau)~~ is authorized
10 to establish, devise, maintain and operate a system for receiving and disseminating to
11 participating agencies information collected, maintained and correlated under authority of
12 ~~G.S. 143B-902.~~ G.S. 143B-1208.16. The system shall be known as the ~~Criminal Information~~
13 Network.~~Division of Criminal Information (DCI).~~

14 (b) The ~~Department of Public Safety Bureau~~ is authorized to cooperate with the Division
15 of Motor Vehicles, Department of Administration, and other State, local and federal agencies and
16 organizations in carrying out the purpose and intent of this section, and to utilize, in cooperation
17 with other State agencies and to the extent as may be practical, computers and related equipment
18 as may be operated by other State agencies.

19 (c) The ~~Department of Public Safety, Bureau,~~ after consultation with participating
20 agencies, shall adopt rules and regulations governing the organization and administration of the
21 ~~Criminal Information Network, DCI,~~ including rules and regulations governing the types of
22 information relating to the administration of criminal justice to be entered into the system, and
23 who shall have access to such information. The rules and regulations governing access to the
24 ~~Criminal Information Network DCI~~ shall not prohibit an attorney who has entered a criminal
25 proceeding in accordance with G.S. 15A-141 from obtaining information relevant to that
26 criminal proceeding. The rules and regulations governing access to the ~~Criminal Information~~
27 Network DCI shall not prohibit an attorney who represents a person in adjudicatory or
28 dispositional proceedings for an infraction from obtaining the person's driving record or criminal
29 history.

30 (d) The ~~Department Bureau~~ may impose monthly fees on participating agencies. The
31 monthly fees collected under this subsection shall be used to offset the cost of operating and
32 maintaining the ~~Criminal Information Network DCI.~~ The fee amount varies depending upon the
33 type of device. For a desktop device, the monthly fee is twenty-five dollars (\$25.00) per device.
34 For a mobile device, the fee is twelve dollars (\$12.00) per device.

35 (1) ~~The Department may impose a monthly circuit fee on agencies that access the~~
36 ~~Criminal Information Network through a circuit maintained and operated by~~
37 ~~the Department of Public Safety. The amount of the monthly fee is three~~
38 ~~hundred dollars (\$300.00) plus an additional fee amount for each device~~
39 ~~linked to the Network. The additional fee amount varies depending upon the~~
40 ~~type of device. For a desktop device after the first seven desktop devices, the~~
41 ~~additional monthly fee is twenty five dollars (\$25.00) per device. For a mobile~~
42 ~~device, the additional monthly fee is twelve dollars (\$12.00) per device.~~

43 (2) ~~The Department may impose a monthly device fee on agencies that access the~~
44 ~~Criminal Information Network through some other approved means. The~~
45 ~~amount of the monthly device fee varies depending upon the type of device.~~
46 ~~For a desktop device, the monthly fee is twenty five dollars (\$25.00) per~~
47 ~~device. For a mobile device, the fee is twelve dollars (\$12.00) per device."~~

48 **SECTION 20.3.(v)** G.S. 143B-393(a)(9) reads as rewritten:

49 "(9) Consult with the Department of Public Safety on a reporting system and
50 database on certain domestic violence-related homicides, as provided in
51 G.S. 143B-903.G.S. 143B-1208.17."

1 **SECTION 20.3.(w)** G.S. 14-415.27 reads as rewritten:

2 "**§ 14-415.27. Expanded permit scope for certain persons.**

3 Notwithstanding G.S. 14-415.11(c), any of the following persons who has a concealed
4 handgun permit issued pursuant to this Article or that is considered valid under G.S. 14-415.24
5 is not subject to the area prohibitions set out in G.S. 14-415.11(c) and may carry a concealed
6 handgun in the areas listed in G.S. 14-415.11(c) unless otherwise prohibited by federal law:

7 ...

8 (8) A person employed by the Department of Public Safety who has been
9 designated in writing by the Secretary of the Department and who has in the
10 person's possession written proof of the designation.

11 (8a) A person employed by the State Bureau of Investigation who has been
12 designated in writing by the Director of the Bureau and who has in the person's
13 possession written proof of the designation.

14 "

15 **SECTION 20.3.(x)** Section 38.4(a) of S.L. 2023-134, as amended by Section 7.1 of
16 S.L. 2024-1 and Section 3E.1 of S.L. 2024-57, reads as rewritten:

17 "**SECTION 38.4.(a)** In accordance with G.S. 143B-1325(c)(13), and notwithstanding any
18 other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State
19 Highway Patrol, ~~the State Bureau of Investigation, Patrol~~ and the Division of Emergency
20 Management within the Department of Public Safety shall continue to be entirely exempt from
21 any and all information technology oversight by the Department of Public Safety and the
22 Department of Information Technology. The State Highway Patrol, ~~the State Bureau of~~
23 ~~Investigation, Patrol~~ and the Division of Emergency Management shall initiate a pilot project
24 where those agencies shall be deemed as separate, stand-alone entities in all matters related to
25 information technology, and each shall autonomously manage their own respective information
26 technology infrastructure and all associated services without oversight from the Department of
27 Information Technology or the Department of Public Safety. Exemption from information
28 technology oversight includes, but is not limited to, the following:

29 "

30 **SECTION 20.3.(y)** G.S. 20-49 reads as rewritten:

31 "**§ 20-49. Police authority of Division.**

32 All members of the Highway Patrol and law enforcement officers of the Department of Public
33 Safety and the State Bureau of Investigation shall have the power:

34 "

35 **SECTION 20.3.(z)** G.S. 148-37.3(c) reads as rewritten:

36 "(c) Any private corporation described in subsection (a) of this section shall reimburse the
37 State and any county or other law enforcement agency for the full cost of any additional expenses
38 incurred by the State or the county or other law enforcement agency in connection with the
39 pursuit and apprehension of an escaped inmate from the facility.

40 In the event of an escape from the facility, any private corporation described in subsection
41 (a) of this section shall immediately notify the sheriff in the county in which the facility is located,
42 who shall cause an immediate entry into the ~~Department of Public Safety's Criminal Information~~
43 ~~Network~~ Division of Criminal Information established under G.S. 143B-1208.19. The sheriff of
44 the county in which the facility is located shall be the lead law enforcement officer in connection
45 with the pursuit and apprehension of an escaped inmate from the facility."

46 **SECTION 20.3.(aa)** This section is effective when it becomes law and applies to
47 reports submitted, applications and requests received, and fees collected on or after that date.

49 **SBI/WORKERS' COMPENSATION FOR RESERVE LAW ENFORCEMENT**
50 **OFFICERS**

51 **SECTION 20.4.** G.S. 143B-1208.13 reads as rewritten:

1 **"§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

2 The Director of the State Bureau of Investigation may appoint a sufficient number of
3 assistants who shall be competent and qualified to do the work of the Bureau. The Director shall
4 be responsible for making all hiring and personnel decisions of the Bureau. Persons serving as
5 reserve law enforcement officers of the Bureau are considered employees of the Bureau for
6 workers' compensation purposes while performing duties assigned or approved by the Director
7 of the Bureau or the Director's designee."

8
9 **EXTEND REVERSION DATE OF SCHOOL SAFETY FUNDS**

10 **SECTION 20.5.(a)** Section 7.36 of S.L. 2023-134, as amended by Sections 3J.12
11 and 3J.17(h) of S.L. 2024-57, reads as rewritten:

12 "...

13 **"SECTION 7.36.(l)** Nonrevert. – Notwithstanding any provision of law to the contrary, the
14 nonrecurring funds appropriated to the Department of Public Instruction in the 2022-2023 fiscal
15 year for the 2021-2023 School Safety Grants Program under Section 7.19 of S.L. 2021-180 and
16 the nonrecurring funds appropriated by this act for the 2023-2025 School Safety Grants Program
17 shall not revert to the General Fund but shall remain available for the purposes for which they
18 were appropriated until June 30, ~~2025~~2027.

19"

20 **SECTION 20.5.(b)** This section becomes effective June 30, 2025.

21
22 **ADJUST USER FEE FOR DIVISION OF CRIMINAL INFORMATION**

23 **SECTION 20.6.(a)** G.S. 143B-1208.19(d), as recodified and amended under Section
24 20.3 of this act, reads as rewritten:

25 "(d) The Bureau may impose monthly fees on participating agencies. The monthly fees
26 collected under this subsection shall be used to offset the cost of operating and maintaining the
27 DCI. The fee amount varies depending upon the type of device. For a desktop device, the monthly
28 fee is ~~twenty-five~~ ~~thirty-three~~ dollars ~~(\$25.00)~~ ~~(\$33.00)~~ per device. For a mobile device, the fee
29 is ~~twelve~~ ~~twenty~~ dollars ~~(\$12.00)~~ ~~(\$20.00)~~ per device."

30 **SECTION 20.6.(b)** This section becomes effective July 1, 2025, and applies to fees
31 levied on or after that date.

32
33 **SCHOOL SAFETY GRANTS**

34 **SECTION 20.7.(a)** Section 7.36(f) of S.L. 2023-134, as amended by Section 3J.17
35 of S.L. 2024-57, reads as rewritten:

36 **"SECTION 7.36.(f)** Grants for Training to Increase School Safety. – Of the funds
37 appropriated by this act for the grants provided in this section, the Executive Director of the
38 Center for Safer Schools, in consultation with the Department of Health and Human Services,
39 shall award grants to public school units to contract with community partners to address school
40 safety by providing training to help students develop healthy responses to trauma and stress. The
41 training shall be targeted and evidence-based and shall include any of the following services:

- 42 (1) Counseling on Access to Lethal Means (CALM) training for school health
43 support personnel, local first responders, and teachers on the topics of suicide
44 prevention and reducing access by students to lethal means.
- 45 (2) Training for school health support personnel on comprehensive and
46 evidence-based clinical treatments for students and their parents or guardians,
47 including any of the following:
 - 48 a. Parent-child interaction therapy.
 - 49 b. Trauma-focused cognitive behavioral therapy.
 - 50 c. Behavioral therapy.
 - 51 d. Dialectical behavior therapy.

- 1 e. Child-parent psychotherapy.
- 2 (3) Training for students and school employees on community resilience ~~models~~
- 3 ~~to models, violence prevention, and developing personal and interpersonal~~
- 4 ~~skills to (i) enhance individual level protective factors, (ii) mitigate or reduce~~
- 5 ~~risk taking or harmful behavior, and (iii) improve understanding and responses~~
- 6 ~~to trauma and significant stress.~~
- 7 (4) Training for school health support personnel on Modular Approach to
- 8 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
- 9 problems (MATCH-ADTC), including any of the following components:
- 10 a. Trauma-focused cognitive behavioral therapy.
- 11 b. Parent and student coping skills.
- 12 c. Problem solving.
- 13 d. Safety planning.
- 14 (5) ~~Any other training, including the training on the facilitation of peer to peer~~
- 15 ~~mentoring, training or education programming that is likely to increase school~~
- 16 ~~safety. The training or education programming authorized in this subdivision~~
- 17 ~~includes training on the facilitation of peer-to-peer mentoring, education on~~
- 18 ~~personal and interpersonal skills or character education, and education or~~
- 19 ~~training addressing violence prevention and suicide prevention. Of the funds~~
- 20 ~~appropriated by this act for the grants provided in this section, the Executive~~
- 21 ~~Director shall use no more than three hundred fifty thousand dollars~~
- 22 ~~(\$350,000) in the 2024-2025 fiscal year for the services identified in this~~
- 23 ~~subdivision."~~

24 **SECTION 20.7.(b)** Definitions. – For the purposes of subsections (b) through (m)

25 of this section, the following definitions shall apply:

- 26 (1) Community partner. – A public or private entity, including, but not limited to,
- 27 a nonprofit corporation or a local management entity/managed care
- 28 organization (LME/MCO), that partners with a public school unit to provide
- 29 services or pay for the provision of services for the unit.
- 30 (2) School health support personnel. – School psychologists, school counselors,
- 31 school nurses, and school social workers.

32 **SECTION 20.7.(c)** Program; Purpose. – The Executive Director of the Center for

33 Safer Schools shall establish the School Safety Grants Program (Program) for the 2025-2027

34 fiscal biennium. The purpose of the Program shall be to improve safety in public school units by

35 providing grants in each fiscal year of the 2025-2027 fiscal biennium for (i) services for students

36 in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the

37 School Resource Officer Grants Program.

38 **SECTION 20.7.(d)** Grant Applications. – A public school unit may submit an

39 application to the Executive Director of the Center for Safer Schools for one or more grants

40 pursuant to this section in each year of the 2025-2027 fiscal biennium. The application shall

41 include an assessment, to be performed in conjunction with a local law enforcement agency, of

42 the need for improving school safety within the public school unit that would receive the funding

43 or services. The application shall identify current and ongoing needs and estimated costs

44 associated with those needs.

45 **SECTION 20.7.(e)** Criteria and Guidelines. – The Executive Director of the Center

46 for Safer Schools shall develop criteria and guidelines for the administration and use of the grants

47 pursuant to this section, including any documentation required to be submitted by applicants. In

48 assessing grant applications, the Executive Director shall consider at least all of the following

49 factors:

- 50 (1) The level of resources available to the public school unit that would receive
- 51 the funding.

- 1 (2) Whether the public school unit has received other grants for school safety.
2 (3) The overall impact on student safety in the public school unit if the identified
3 needs are funded.

4 **SECTION 20.7.(f)** Grants for Students in Crisis. – Of the funds appropriated by this
5 act for the grants provided in this section, the Executive Director of the Center for Safer Schools,
6 in consultation with the Department of Health and Human Services, shall award grants to public
7 school units to contract with community partners to provide or pay for the provision of any of
8 the following crisis services:

- 9 (1) Crisis respite services for parents or guardians of an individual student to
10 prevent more intensive or costly levels of care.
11 (2) Training and expanded services for therapeutic foster care families and
12 licensed child placement agencies that provide services to students who (i)
13 need support to manage their health, welfare, and safety and (ii) have any of
14 the following:
15 a. Cognitive or behavioral problems.
16 b. Developmental delays.
17 c. Aggressive behavior.
18 (3) Evidence-based therapy services aligned with targeted training for students
19 and their parents or guardians, including any of the following:
20 a. Parent-child interaction therapy.
21 b. Trauma-focused cognitive behavioral therapy.
22 c. Dialectical behavior therapy.
23 d. Child-parent psychotherapy.
24 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
25 increase school safety. Of the funds appropriated by this act for the grants
26 provided in this section, the Executive Director shall use no more than three
27 hundred fifty thousand dollars (\$350,000) in each fiscal year of the 2025-2027
28 fiscal biennium for the services identified in this subdivision.

29 **SECTION 20.7.(g)** Grants for Training to Increase School Safety. – Of the funds
30 appropriated by this act for the grants provided in this section, the Executive Director of the
31 Center for Safer Schools, in consultation with the Department of Health and Human Services,
32 shall award grants to public school units to contract with community partners to address school
33 safety by providing training to help students develop healthy responses to trauma and stress. The
34 training shall be targeted and evidence-based and shall include any of the following services:

- 35 (1) Counseling on Access to Lethal Means (CALM) training for school health
36 support personnel, local first responders, and teachers on the topics of suicide
37 prevention and reducing access by students to lethal means.
38 (2) Training for school health support personnel on comprehensive and
39 evidence-based clinical treatments for students and their parents or guardians,
40 including any of the following:
41 a. Parent-child interaction therapy.
42 b. Trauma-focused cognitive behavioral therapy.
43 c. Behavioral therapy.
44 d. Dialectical behavior therapy.
45 e. Child-parent psychotherapy.
46 (3) Training for students and school employees on community resilience models,
47 violence prevention, and developing personal and interpersonal skills to (i)
48 enhance individual level protective factors, (ii) mitigate or reduce risk taking
49 or harmful behavior, and (iii) improve understanding and responses to trauma
50 and significant stress.

- 1 (4) Training for school health support personnel on Modular Approach to
2 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
3 problems (MATCH-ADTC), including any of the following components:
4 a. Trauma-focused cognitive behavioral therapy.
5 b. Parent and student coping skills.
6 c. Problem solving.
7 d. Safety planning.
- 8 (5) Any other training or education programming that is likely to increase school
9 safety. The training or education programming authorized in this subdivision
10 includes training on the facilitation of peer-to-peer mentoring, education on
11 personal and interpersonal skills or character education, and education or
12 training addressing violence prevention and suicide prevention. Of the funds
13 appropriated by this act for the grants provided in this section, the Executive
14 Director shall use no more than three hundred fifty thousand dollars
15 (\$350,000) in each year of the 2025-2027 fiscal biennium for the services
16 identified in this subdivision.

17 **SECTION 20.7.(h)** Grants for Safety Equipment. – Of the funds appropriated by
18 this act for the grants provided in this section, the Executive Director of the Center for Safer
19 Schools shall award grants to public school units for (i) the purchase of safety equipment for
20 school buildings and (ii) training associated with the use of safety equipment purchased pursuant
21 to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants
22 for school safety equipment pursuant to this subsection.

23 **SECTION 20.7.(i)** Subsidizing School Resource Officer Grants Program. – If the
24 Executive Director of the Center for Safer Schools receives applications for grants for school
25 resource officers under G.S. 143B-1209.101 in excess of the amount of funding appropriated for
26 school resource officer grants in the 2025-2027 fiscal biennium, the Executive Director may use
27 the funds appropriated for the grants provided for in this section to cover the unmet need for
28 school resource officer grants.

29 **SECTION 20.7.(j)** Supplement Not Supplant. – Grants provided to public school
30 units pursuant to the Program shall be used to supplement and not to supplant State or non-State
31 funds already provided for these services.

32 **SECTION 20.7.(k)** Administrative Costs. – Of the funds appropriated to the Center
33 for Safer Schools by this act for the grants provided in this section, the Executive Director of the
34 Center for Safer Schools may retain a total of up to one hundred thousand dollars (\$100,000) in
35 each fiscal year of the 2025-2027 fiscal biennium for administrative costs associated with the
36 Program.

37 **SECTION 20.7.(l)** Disbursement. – The Executive Director of the Center for Safer
38 Schools may enter into a memorandum of understanding with the Department of Public
39 Instruction to disburse grants awarded under this section.

40 **SECTION 20.7.(m)** Program Report. – No later than April 1 of each fiscal year in
41 which funds are awarded pursuant to this section, the Executive Director of the Center for Safer
42 Schools shall report on the Program to the Joint Legislative Education Oversight Committee, the
43 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative
44 Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on
45 Governmental Operations, the Senate Appropriations/Base Budget Committee, the House
46 Committee on Appropriations, and the Fiscal Research Division. The report shall include at least
47 the following information:

- 48 (1) The identity of each public school unit and community partner that received
49 grant funds through the Program.
50 (2) The amount of funding received by each entity identified pursuant to
51 subdivision (1) of this subsection.

- 1 (3) The services, training, and equipment purchased with grant funds by each
 2 entity that received a grant.
 3 (4) Recommendations for the implementation of additional effective school
 4 safety measures.
 5

6 **ADD THE STATE BUREAU OF INVESTIGATION AND THE STATE HIGHWAY**
 7 **PATROL TO THE STATE VACANT POSITIONS REPORT**

8 **SECTION 20.8.** G.S. 120-12.1 reads as rewritten:

9 **"§ 120-12.1. Reports on vacant positions in various departments.**

10 (a) ~~The Judicial Department, the Department of Justice, the Department of Adult~~
 11 ~~Correction, and the Department of Public Safety shall each report by~~ No later than February 1 of
 12 each ~~year~~ year, the following entities shall report to the Chairs of the House and Senate
 13 Appropriations Committees and the Chairs of the House and Senate Appropriations
 14 Subcommittees on Justice and Public Safety on all positions within that department that have
 15 remained vacant for 12 months or ~~more~~ more:

- 16 (1) The Administrative Office of the Courts.
 17 (2) The Department of Justice.
 18 (3) The Department of Adult Correction.
 19 (4) The Department of Public Safety.
 20 (5) The State Bureau of Investigation.
 21 (6) The State Highway Patrol.

22 (b) The report required by this section shall include the original position vacancy dates,
 23 the dates of any postings or repostings of the positions, and an explanation for the length of the
 24 vacancies."
 25

26 **AMEND REPORT ON GANG PREVENTION RECOMMENDATIONS**

27 **SECTION 20.9.** G.S. 143B-1730 is recodified as G.S. 143B-1208.11A and reads as
 28 rewritten:

29 **"§ 143B-1208.11A. Report on gang prevention recommendations.**

30 ~~The State Highway Patrol, in conjunction with the State Bureau of Investigation and~~
 31 ~~Investigation, in conjunction with the Division of Juvenile Justice of the Department of Public~~
 32 ~~Safety and~~ the Governor's Crime Commission, shall develop recommendations concerning the
 33 establishment of priorities and needed improvements with respect to gang prevention and shall
 34 report those recommendations to the chairs of the House of Representatives and Senate
 35 Appropriations Committees on Justice and Public Safety and to the chairs of the Joint Legislative
 36 Oversight Committee on Justice and Public Safety on or before March 1 of each year."
 37

38 **PART XXI. STATE HIGHWAY PATROL**

39 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

40 **SECTION 21.1.(a)** Creation of Receipt-Supported Positions Authorized. – The State
 41 Capitol Police may contract with State agencies for the creation of receipt-supported positions to
 42 provide security services to the buildings occupied by those agencies.
 43

44 **SECTION 21.1.(b)** Annual Report Required. – No later than September 1 of each
 45 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
 46 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 47 (1) A list of all positions in the State Capitol Police. For each position listed, the
 48 report shall include at least the following information:
 49 a. The position type.
 50 b. The agency to which the position is assigned.
 51 c. The source of funding for the position.

- 1 (2) For each receipt-supported position listed, the contract and any other terms of
2 the contract.

3 **SECTION 21.1.(c)** Additional Reporting Required Upon Creation of
4 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,
5 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this
6 section to the chairs of the House of Representatives Appropriations Committee on Justice and
7 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
8 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant
9 to this section shall include at least all of the following information:

- 10 (1) The position type.
11 (2) The agency to which the position is being assigned.
12 (3) The position salary.
13 (4) The total amount of the contract.
14 (5) The terms of the contract.

15 **SECTION 21.1.(d)** Format of Reports. – Reports submitted pursuant to this section
16 shall be submitted electronically and in accordance with any applicable General Assembly
17 standards.

18 **USE OF SEIZED AND FORFEITED PROPERTY**

19 **SECTION 21.2.(a)** Seized and forfeited assets transferred to the State Highway
20 Patrol during the 2025-2027 fiscal biennium pursuant to applicable federal law shall be credited
21 to the budget of the State Highway Patrol and shall result in an increase of law enforcement
22 resources for the State Highway Patrol. The State Highway Patrol shall make the following
23 reports to the chairs of the House of Representatives Appropriations Committee on Justice and
24 Public Safety and the Senate Appropriations Committee on Justice and Public Safety:

- 25 (1) A report upon receipt of any assets.
26 (2) A report that shall be made prior to use of the assets on their intended use and
27 the departmental priorities on which the assets may be expended.
28 (3) A report on receipts, expenditures, encumbrances, and availability of these
29 assets for the previous fiscal year, which shall be made no later than
30 September 1 of each year.

31 **SECTION 21.2.(b)** The General Assembly finds that the use of seized and forfeited
32 assets transferred pursuant to federal law for new personnel positions, new projects, acquisition
33 of real property, repair of buildings where the repair includes structural change, and construction
34 of or additions to buildings may result in additional expenses for the State in future fiscal periods.
35 Therefore, the State Highway Patrol is prohibited from using these assets for such purposes
36 without the prior approval of the General Assembly.

37 **SECTION 21.2.(c)** Nothing in this section prohibits State law enforcement agencies
38 from receiving funds from the United States Department of Justice, the United States Department
39 of the Treasury, and the United States Department of Health and Human Services.

40 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

41 **SECTION 21.3.(a)** Notwithstanding any other provision of law, and except as
42 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
43 shall not transfer any positions, personnel, or funds from the State Highway Patrol to any other
44 State agency during the 2025-2027 fiscal biennium unless the transfer was included in the base
45 budget for one or both fiscal years of the biennium.

46 **SECTION 21.3.(b)** This section shall not apply to consolidation of information
47 technology positions into the Department of Information Technology pursuant to
48 G.S. 143B-1325.

1 **CREATE NEW BUDGET FUND FOR TRANSFER OF FUNDS TO SUPPORT LICENSE**
2 **AND THEFT PERSONNEL TRANSFERRED TO THE STATE HIGHWAY PATROL**

3 **SECTION 21.6.** The Office of State Budget and Management and the State
4 Controller shall create a new budget fund for all funds transferred in accordance with Section
5 3E.3(b) of S.L. 2024-57.

6
7 **MODIFY GOVERNOR'S CRIME COMMISSION TO ADD COMMANDER OF THE**
8 **STATE HIGHWAY PATROL**

9 **SECTION 21.7.(a)** G.S. 143B-1100 reads as rewritten:

10 **"§ 143B-1100. Governor's Crime Commission – creation; composition; terms; meetings,**
11 **etc.**

12 (a) There is hereby created the Governor's Crime Commission of the Department of
13 Public Safety. The Commission shall consist of 38 voting members and ~~five~~six nonvoting
14 members. The composition of the Commission shall be as follows:

15 (1) The voting members shall be:

- 16 a. The Governor, the Chief Justice of the Supreme Court of North
17 Carolina (or the Chief Justice's designee), the Attorney General, the
18 Director of the Administrative Office of the Courts, the Secretary of
19 the Department of Health and Human Services, the Secretary of Public
20 Safety (or the Secretary's designee), the Secretary of the Department
21 of Adult Correction (or the Secretary's designee), and the
22 Superintendent of Public Instruction;
- 23 b. A judge of superior court, a judge of district court specializing in
24 juvenile matters, a chief district court judge, a clerk of superior court,
25 and a district attorney;
- 26 c. A defense attorney, three sheriffs (one of whom shall be from a "high
27 crime area"), three police executives (one of whom shall be from a
28 "high crime area"), eight citizens (two with knowledge of juvenile
29 delinquency and the public school system, two of whom shall be under
30 the age of 21 at the time of their appointment, one advocate for victims
31 of all crimes, one representative from a domestic violence or sexual
32 assault program, one representative of a "private juvenile delinquency
33 program," and one in the discretion of the Governor), three county
34 commissioners or county officials, and three mayors or municipal
35 officials;
- 36 d. Four public members.

37 (2) The nonvoting members shall be the Director of the State Bureau of
38 Investigation, the Commander of the State Highway Patrol, the Deputy
39 Director of the Division of Juvenile Justice of the Department of Public Safety
40 who is responsible for Intervention/Prevention programs, the Deputy Director
41 of the Division of Juvenile Justice of the Department of Public Safety who is
42 responsible for Youth Development programs, the Director of the Division of
43 Prisons of the Department of Adult Correction, and the Director of the
44 Division of Community Supervision and Reentry of the Department of Adult
45 Correction.

46 (b) The membership of the Commission shall be selected as follows:

- 47 (1) The following members shall serve by virtue of their office: the Governor, the
48 Chief Justice of the Supreme Court, the Attorney General, the Director of the
49 Administrative Office of the Courts, the Secretary of the Department of Health
50 and Human Services, the Secretary of Public Safety, the Secretary of the
51 Department of Adult Correction, the Director of the State Bureau of

Investigation, the Commander of the State Highway Patrol, the Director of the Division of Prisons of the Department of Adult Correction, the Director of the Division of Community Supervision and Reentry of the Department of Adult Correction, the Deputy Director who is responsible for Intervention/Prevention of the Juvenile Justice Division of the Department of Public Safety, the Deputy Director who is responsible for Youth Development of the Division of Juvenile Justice of the Department of Public Safety, and the Superintendent of Public Instruction. Should the Chief Justice of the Supreme Court choose not to serve, his alternate shall be selected by the Governor from a list submitted by the Chief Justice which list must contain no less than three nominees from the membership of the Supreme Court.

...."

SECTION 21.7.(b) This section is effective when it becomes law.

PART XXII. ADMINISTRATION

ADDITIONAL SUPPORT FOR DOMESTIC VIOLENCE CENTER GRANTS

SECTION 22.1.(a) G.S. 7A-305(a2) reads as rewritten:

"(a2) In every action for absolute divorce filed in the district court, a cost of ~~seventy five dollars (\$75.00)~~ one hundred twenty-five dollars (\$125.00) shall be assessed against the person filing the divorce action. Costs collected by the clerk pursuant to this subsection shall be remitted to the State Treasurer, who shall deposit ~~seventy five dollars (\$75.00)~~ one hundred twenty-five dollars (\$125.00) to the Domestic Violence Center Fund established under G.S. 50B-9. Costs assessed under this subsection shall be in addition to any other costs assessed under this section."

SECTION 22.1.(b) G.S. 161-10 reads as rewritten:

"§ 161-10. Uniform fees of registers of deeds.

(a) Except as otherwise provided in this Article, all fees collected under this section shall be deposited into the county general fund. While performing the duties of the office, the register of deeds shall collect the following fees which shall be uniform throughout the State:

...

(2) Marriage Licenses. – For issuing a license ~~sixty dollars (\$60.00)~~; one hundred dollars (\$100.00); for issuing a delayed certificate with one certified copy twenty dollars (\$20.00); and for a proceeding for correction of an application, license or certificate, with one certified copy ten dollars (\$10.00).

...."

SECTION 22.1.(c) G.S. 161-11.2 reads as rewritten:

"§ 161-11.2. Fees for domestic violence centers.

~~Thirty dollars (\$30.00)~~ Seventy dollars (\$70.00) of each fee collected by a register of deeds for issuance of a marriage license pursuant to G.S. 161-10(a)(2) shall be forwarded by the register of deeds to the county finance officer, who shall forward the funds to the Department of Administration to be credited to the Domestic Violence Center Fund established under G.S. 50B-9. The register of deeds shall forward the fees to the county finance officer as soon as practical. The county finance officer shall forward the fees to the Department of Administration within 60 days after receiving the fees. The Register of Deeds shall inform the applicants that ~~thirty dollars (\$30.00)~~ seventy dollars (\$70.00) of the fee for a marriage license shall be used for Domestic Violence programs."

MORATORIUM ON PURCHASE OF MOTOR VEHICLES/RATE INFORMATION

SECTION 22.2.(a) Notwithstanding any other provision of law, the Department of Administration, Division of Motor Fleet Management, shall not purchase any motor vehicles of any type in the 2025-2026 fiscal year.

SECTION 22.2.(b) G.S. 143-341 reads as rewritten:

"§ 143-341. Powers and duties of Department.

The Department of Administration has the following powers and duties:

...
 (8) General Services:

i. To establish and operate a central motor fleet and such subsidiary related facilities as the Secretary may deem necessary, and to that end:

2. To acquire passenger motor vehicles by transfer from other State agencies and by purchase. All motor vehicles transferred to or purchased by the Department shall become part of a central motor fleet. When purchasing motor vehicles, the Department shall not pay more than thirty thousand dollars (\$30,000) per car and not more than fifty-five thousand dollars (\$55,000) per pickup truck, sport utility vehicle, or van, unless authorized to do so by the General Assembly; provided, however, these amounts may be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for the type of vehicle purchased.

6. To allocate and charge against each State agency to which transportation is furnished its proportionate part of the cost of maintenance and operation of the motor fleet.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall take into account all of the following: (i) vehicle replacement cost, (ii) maintenance cost, (iii) insurance, (iv) use of telematics devices, and (v) the Department's administration cost. The base monthly lease rate and the monthly per mile rate charged to each State agency for a motor fleet vehicle shall be increased every two years by an amount equal to the percentage increase in the automotive component of the Consumer Price Index for All Urban Consumers for that type of vehicle, such as "new," "used," or "leased."

11. To report ~~annually~~ not later than February 1 of each year to the Joint Legislative Oversight Committee on General ~~Government~~ Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on any rules adopted, amended or repealed under sub-sub-subdivisions 3., 7., or 7a. of this sub-subdivision. The report shall also include all of the following:

I. An inventory of all motor vehicles in the motor vehicle fleet, including vehicle usage, by vehicle class, such as sedan, light duty pickup truck, or SUV-compact, vehicle type (gas, electric, or hybrid), and vehicle model.

- II. The current base monthly lease rate by vehicle class and vehicle model, and when the next vehicle class rate increase will become effective.
- III. The monthly per mile rate for every mile over 1,050 miles per month, and when the next monthly per mile rate will become effective.
- IV. A telematics summary by vehicle class and vehicle model.

...."

OFFICE FOR HISTORICALLY UNDERUTILIZED BUSINESSES

SECTION 22.3.(a) The Office for Historically Underutilized Businesses in the Department of Administration is hereby abolished. Any advisory committees established by the Secretary of the Department of Administration to develop recommendations to improve the recruitment and utilization of minority businesses are hereby abolished.

SECTION 22.3.(b) The North Carolina Small Business Enterprise Program shall be administered by the Office of Purchase & Contract in the Department of Administration.

SECTION 22.3.(c) G.S. 113-315.36 reads as rewritten:

"§ 113-315.36. Building contracts.

(a) The following general laws, to the extent provided below, do not apply to the North Carolina Marine Industrial Park Authority:

- ...
- (2) ~~Except for G.S. 143-128.2,~~ Article 8 of Chapter 143 of the General Statutes does not apply to public building contracts of the Authority that require the estimated expenditure of public money in an amount less than two hundred fifty thousand dollars (\$250,000). With respect to a contract that is exempted from certain provisions of Article 8 under this subdivision, the powers and duties set out in Article 8 shall be exercised by the Authority, and the Secretary of Administration and other State officers, employees, or agencies shall have no duties or responsibilities concerning the contract.

...."

SECTION 22.3.(d) Chapter 63A of the General Statutes is amended by adding a new section to read:

"§ 63A-19.1. Compliance with federal nondiscrimination laws.

Nothing in this Chapter or any other provision of the General Statutes shall be construed as interfering with the Authority's ability to comply with 14 C.F.R. Part 152, Subpart E, Nondiscrimination in Airport Aid Program."

SECTION 22.3.(e) G.S. 115D-9 reads as rewritten:

"§ 115D-9. Powers of State Board regarding certain fee negotiations, contracts, and capital improvements.

...

(g) For projects two million dollars (\$2,000,000) or more, funded with public money, the Community Colleges System Office shall report no later than October 1 of each year to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person awarded a contract under this section.
- (4) ~~Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g).~~

...."

1 SECTION 22.3.(f) G.S. 116-31.11 reads as rewritten:

2 "§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital
3 improvements.

4 ...

5 (f) The Board of Governors shall annually report to the State Building Commission the
6 following:

- 7 (1) A list of projects governed by this section.
8 (2) The estimated cost of each project along with the actual cost.
9 (3) The name of each person awarded a contract under this section.
10 (4) ~~Whether the person or business awarded a contract under this section meets~~
11 ~~the definition of "minority business" or "minority person" as defined in~~
12 ~~G.S. 143-128.2(g)."~~

13 SECTION 22.3.(g) G.S. 143-48 reads as rewritten:

14 "§ 143-48. State policy; cooperation in promoting the use of small contractors, minority
15 contractors, physically handicapped contractors, and women contractors;
16 ~~purpose; contractors; required annual reports.~~

17 (a) Policy. – It is the policy of this State to encourage and promote the use of small
18 ~~contractors, minority contractors, physically handicapped contractors, and women~~ business
19 ~~contractors~~ in State purchasing of goods and services. All State agencies, institutions and political
20 subdivisions shall cooperate with the Department of Administration and all other State agencies,
21 institutions and political subdivisions in efforts to encourage the use of small ~~contractors,~~
22 ~~minority contractors, physically handicapped contractors, and women~~ business contractors in
23 achieving the purpose of this Article, which is to provide for the effective and economical
24 acquisition, management and disposition of goods and services by and through the Department
25 of Administration.

26 (b) ~~Reporting. – Every governmental entity required by statute to use the services of the~~
27 ~~Department of Administration in the purchase of goods and services, every local school~~
28 ~~administrative unit, and every private, nonprofit corporation other than an institution of higher~~
29 ~~education or a hospital that receives an appropriation of five hundred thousand dollars (\$500,000)~~
30 ~~or more during a fiscal year from the General Assembly shall report to the department of~~
31 ~~Administration annually on what percentage of its contract purchases of goods and services,~~
32 ~~through term contracts and open market contracts, were from minority-owned businesses, what~~
33 ~~percentage from female-owned businesses, what percentage from disabled-owned businesses,~~
34 ~~what percentage from disabled business enterprises and what percentage from nonprofit work~~
35 ~~centers for the blind and the severely disabled. The same governmental entities shall include in~~
36 ~~their reports what percentages of the contract bids for such purchases were from such businesses.~~
37 ~~The Department of Administration shall provide instructions to the reporting entities concerning~~
38 ~~the manner of reporting and the definitions of the businesses referred to in this act, provided that,~~
39 ~~for the purposes of this act:~~

- 40 (1) ~~Except as provided in subdivision (1a) of this subsection, a business in one of~~
41 ~~the categories above means one:~~
42 a. ~~In which at least fifty one percent (51%) of the business, or of the~~
43 ~~stock in the case of a corporation, is owned by one or more persons in~~
44 ~~the category; and~~
45 b. ~~Of which the management and daily business operations are controlled~~
46 ~~by one or more persons in the category who own it.~~

47 (1a) ~~A "disabled business enterprise" means a nonprofit entity whose main purpose~~
48 ~~is to provide ongoing habilitation, rehabilitation, independent living, and~~
49 ~~competitive employment for persons who are handicapped through supported~~
50 ~~employment sites or business operated to provide training and employment~~
51 ~~and competitive wages.~~

- 1 (1b) ~~A "nonprofit work center for the blind and the severely disabled" means an~~
 2 ~~agency:~~
 3 ~~a. Organized under the laws of the United States or this State, operated~~
 4 ~~in the interest of the blind and the severely disabled, the net income of~~
 5 ~~which agency does not inure in whole or in part to the benefit of any~~
 6 ~~shareholder or other individual;~~
 7 ~~b. In compliance with any applicable health and safety standard~~
 8 ~~prescribed by the United States Secretary of Labor; and~~
 9 ~~e. In the production of all commodities or provision of services, employs~~
 10 ~~during the current fiscal year severely handicapped individuals for (i)~~
 11 ~~a minimum of seventy five percent (75%) of the hours of direct labor~~
 12 ~~required for the production of commodities or provision of services,~~
 13 ~~or (ii) in accordance with the percentage of direct labor required under~~
 14 ~~the terms and conditions of Public Law 92-28 (41 U.S.C. § 46, et seq.)~~
 15 ~~for the production of commodities or provision of services, whichever~~
 16 ~~is less.~~
- 17 (2) ~~A female or a disabled person is not a minority, unless the female or disabled~~
 18 ~~person is also a member of one of the minority groups described in~~
 19 ~~G.S. 143-128(2)a. through d.~~
- 20 (3) ~~A disabled person means a person with a handicapping condition as defined~~
 21 ~~in G.S. 168-1 or G.S. 168A-3.~~

22 (c) ~~The Department of Administration shall compile information on small and~~
 23 ~~medium-sized business participation in State contracts subject to this Article and report the~~
 24 ~~information as provided in subsection (d) of this section. The report shall analyze (i) contract~~
 25 ~~awards by business size category, awards, (ii) historical trends in small and medium-sized~~
 26 ~~business participation in these contracts, and (iii) to the extent feasible, participation by small~~
 27 ~~and medium-sized businesses in the State procurement process as dealers, service companies,~~
 28 ~~and other indirect forms of participation. The Department may require reports on contracting by~~
 29 ~~business size in the same manner as reports are required under subsection (b) of this section. shall~~
 30 ~~provide instructions to the reporting entities concerning the manner of reporting and the~~
 31 ~~definitions of a small business, which shall be the same as that used to certify businesses under~~
 32 ~~the North Carolina Small Business Enterprise Program.~~

33 (d) The Department of Administration shall collect and compile the data described in this
 34 section and report it annually to the Joint Legislative Oversight Committee on General
 35 Government.

36 (d1) Repealed by Session Laws 2007-392, s. 1, effective October 1, 2007.

37 (e) ~~In seeking contracts with the State, a disabled business enterprise must provide~~
 38 ~~assurances to the Secretary of Administration that the payments that would be received from the~~
 39 ~~State under these contracts are directed to the training and employment of and payment of~~
 40 ~~competitive wages to handicapped employees."~~

41 **SECTION 22.3.(h)** G.S. 143-128 reads as rewritten:

42 **"§ 143-128. Requirements for certain building contracts.**

43 ...

44 (b) Separate-prime contracts. – When the State, county, municipality, or other public
 45 body uses the separate-prime contract system, it shall accept bids for each subdivision of work
 46 for which specifications are required to be prepared under subsection (a) of this section and shall
 47 award the respective work specified separately to responsible and reliable persons, firms or
 48 corporations regularly engaged in their respective lines of work. When the estimated cost of work
 49 to be performed in any single subdivision or branch for which separate bids are required by this
 50 subsection is less than twenty-five thousand dollars (\$25,000), the same may be included in the
 51 contract for one of the other subdivisions or branches of the work, irrespective of total project

1 cost. The contracts shall be awarded to the lowest responsible, responsive bidders, taking into
2 consideration quality, performance, and the time specified in the bids for performance of the
3 ~~contract, and compliance with G.S. 143-128.2.~~ contract. Bids may also be accepted from and
4 awards made to separate contractors for other categories of work.

5 ...

6 (d) Single-prime contracts. – All bidders in a single-prime project shall identify on their
7 bid the contractors they have selected for the subdivisions or branches of work for:

8 ...

9 The contract shall be awarded to the lowest responsible, responsive bidder, taking into
10 consideration quality, performance, and the time specified in the bids for performance of the
11 ~~contract, and compliance with G.S. 143-128.2.~~ contract. A contractor whose bid is accepted shall
12 not substitute any person as subcontractor in the place of the subcontractor listed in the original
13 bid, except (i) if the listed subcontractor's bid is later determined by the contractor to be
14 nonresponsible or nonresponsive or the listed subcontractor refuses to enter into a contract for
15 the complete performance of the bid work, or (ii) with the approval of the awarding authority for
16 good cause shown by the contractor. The terms, conditions, and requirements of each contract
17 between the contractor and a subcontractor performing work under a subdivision or branch of
18 work listed in this subsection shall incorporate by reference the terms, conditions, and
19 requirements of the contract between the contractor and the State, county, municipality, or other
20 public body.

21 When contracts are awarded pursuant to this section, the public body shall make available to
22 subcontractors the dispute resolution process as provided for in subsection (f1) of this section.

23 (d1) Dual bidding. – The State, a county, municipality, or other public entity may accept
24 bids to erect, construct, alter, or repair a building under both the single-prime and separate-prime
25 contracting systems and shall award the contract to the lowest responsible, responsive bidder
26 under the single-prime system or to the lowest responsible, responsive bidder under the
27 separate-prime system, taking into consideration quality, performance, ~~compliance with~~
28 ~~G.S. 143-128.2,~~ and time specified in the bids to perform the contract. In determining the system
29 under which the contract will be awarded to the lowest responsible, responsive bidder, the public
30 entity may consider cost of construction oversight, time for completion, and other factors it
31 considers appropriate. The bids received as separate-prime bids shall be received, but not opened,
32 one hour prior to the deadline for the submission of single-prime bids. The amount of a bid
33 submitted by a subcontractor to the general contractor under the single-prime system shall not
34 exceed the amount bid, if any, for the same work by that subcontractor to the public entity under
35 the separate-prime system. The provisions of subsection (b) of this section shall apply to
36 separate-prime contracts awarded pursuant to this section and the provisions of subsection (d) of
37 this section shall apply to single-prime contracts awarded pursuant to this section.

38"

39 **SECTION 22.3.(i)** G.S. 143-128.1 reads as rewritten:

40 "**§ 143-128.1. Construction management at risk contracts.**

41 ...

42 (b) The construction manager at risk shall be selected in accordance with Article 3D of
43 this Chapter. Design services for a project shall be performed by a licensed architect or engineer.
44 The public owner shall contract directly with the architect or engineer. The public owner shall
45 make a good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select
46 small business entities when selecting a construction manager at risk.

47 (c) The construction manager at risk shall contract directly with the public entity for all
48 construction; shall publicly advertise as prescribed in G.S. 143-129; and shall prequalify and
49 accept bids from first-tier subcontractors for all construction work under this section. The
50 construction manager at risk shall use the prequalification process determined by the public entity
51 in accordance with G.S. 143-135.8, provided that public entity and the construction manager at

1 risk shall jointly develop the assessment tool and criteria for that specific project, which must
 2 include the prequalification scoring values and minimum required score for prequalification on
 3 that project. ~~The public entity shall require the construction manager at risk to submit its plan for~~
 4 ~~compliance with G.S. 143-128.2 for approval by the public entity prior to soliciting bids for the~~
 5 ~~project's first tier subcontractors.~~ A construction manager at risk and first-tier subcontractors
 6 shall make a good faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and
 7 select small business entities. A construction manager at risk may perform a portion of the work
 8 only if (i) bidding produces no responsible, responsive bidder for that portion of the work, the
 9 lowest responsible, responsive bidder will not execute a contract for the bid portion of the work,
 10 or the subcontractor defaults and a prequalified replacement cannot be obtained in a timely
 11 manner, and (ii) the public entity approves of the construction manager at risk's performance of
 12 the work. All bids shall be opened publicly, and once they are opened, shall be public records
 13 under Chapter 132 of the General Statutes. The construction manager at risk shall act as the
 14 fiduciary of the public entity in handling and opening bids. The construction manager at risk shall
 15 award the contract to the lowest responsible, responsive bidder, taking into consideration quality,
 16 performance, the time specified in the bids for performance of the contract, the cost of
 17 construction oversight, time for completion, ~~compliance with G.S. 143-128.2,~~ and other factors
 18 deemed appropriate by the public entity and advertised as part of the bid solicitation. The public
 19 entity may require the selection of a different first-tier subcontractor for any portion of the work,
 20 consistent with this section, provided that the construction manager at risk is compensated for
 21 any additional cost incurred.

22 When contracts are awarded pursuant to this section, the public entity shall provide for a
 23 dispute resolution procedure as provided in G.S. 143-128(f1).

24"

25 **SECTION 22.3.(j)** G.S. 143-128.1A reads as rewritten:

26 "**§ 143-128.1A. Design-build contracts.**

27 ...

28 (b) A governmental entity shall establish in writing the criteria used for determining the
 29 circumstances under which the design-build method is appropriate for a project, and such criteria
 30 shall, at a minimum, address all of the following:

31 ...

32 (5) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
 33 recruit and select small business entities. The governmental entity shall not
 34 limit or otherwise preclude any respondent from submitting a response so long
 35 as the respondent, itself or through its proposed team, is properly licensed and
 36 qualified to perform the work defined by the public notice issued under
 37 subsection (c) of this section.

38 ...

39 (c) A governmental entity shall issue a public notice of the request for qualifications that
 40 includes, at a minimum, general information on each of the following:

41 ...

42 (6) Notice of any rules, ordinances, or goals established by the governmental
 43 entity, including goals for ~~minority- and women-owned business participation~~
 44 ~~and small business participation.~~ A governmental entity shall not establish or
 45 require compliance with any goals for minority- and/or women-owned
 46 business participation.

47"

48 **SECTION 22.3.(k)** G.S. 143-128.1B reads as rewritten:

49 "**§ 143-128.1B. Design-build bridging contracts.**

50 ...

1 (b) A governmental entity shall establish in writing the criteria used for determining the
 2 circumstances under which engaging a design criteria design professional is appropriate for a
 3 project, and such criteria shall, at a minimum, address all of the following:

4 ...

5 (5) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
 6 recruit and select small business entities. The governmental entity shall not
 7 limit or otherwise preclude any respondent from submitting a response so long
 8 as the respondent, itself or through its proposed team, is properly licensed and
 9 qualified to perform the work defined by the public notice issued under
 10 subsection (d) of this section.

11 ...

12 (c) On or before entering into a contract for design-build services under this section, the
 13 governmental entity shall select or designate a staff design professional, or a design professional
 14 who is independent of the design-builder, to act as its design criteria design professional as its
 15 representative for the procurement process and for the duration of the design and construction. If
 16 the design professional is not a full-time employee of the governmental entity, the governmental
 17 entity shall select the design professional on the basis of demonstrated competence and
 18 qualifications as provided by G.S. 143-64.31. The design criteria design professional shall
 19 develop design criteria in consultation with the governmental entity. The design criteria design
 20 professional shall not be eligible to submit a response to the request for proposals nor provide
 21 design input to a design-build response to the request for proposals. The design criteria design
 22 professional shall prepare a design criteria package equal to thirty-five percent (35%) of the
 23 completed design documentation for the entire construction project. The design criteria package
 24 shall not require the design-builder to include the costs of the subcontractor work in its response
 25 and shall include all of the following:

26 ...

27 (12) ~~A statement directing each design-builder to submit in its response to the~~
 28 ~~request for qualifications an explanation of its proposed plan for its good-faith~~
 29 ~~compliance with G.S. 143-128.2.~~

30 (d) A governmental entity shall issue a public notice of the request for proposals that
 31 includes, at a minimum, general information on each of the following:

32 ...

33 (6) Notice of any rules, ordinances, or goals established by the governmental
 34 entity, including goals for ~~minority- and women-owned business participation~~
 35 ~~and small business entities participation.~~ A governmental entity shall not
 36 establish or require compliance with any goals for minority- and/or
 37 women-owned business participation.

38"

39 **SECTION 22.3.(I)** G.S. 143-128.1C reads as rewritten:

40 "**§ 143-128.1C. Public-private partnership construction contracts.**

41 ...

42 (b) If the governmental entity determines in writing that it has a critical need for a capital
 43 improvement project, the governmental entity may acquire, construct, own, lease as lessor or
 44 lessee, and operate or participate in the acquisition, construction, ownership, leasing, and
 45 operation of a public-private project, or of specific facilities within such a project, including the
 46 making of loans and grants from funds available to the governmental entity for these purposes.
 47 If the governmental entity is a public body under Article 33C of this Chapter, the determination
 48 shall occur during an open meeting of that public body. The governmental entity may enter into
 49 development contracts with private developers with respect to acquiring, constructing, owning,
 50 leasing, or operating a project under this section. If the development contract is entered into by a
 51 governmental entity that is a unit of local government as defined in G.S. 159-7, and the unit must

1 finance all or part of its portion of the cost of the project, then the amount financed by the unit is
 2 subject to approval by the Local Government Commission as provided in Chapter 159 of the
 3 General Statutes. Approval must be secured prior to the execution of the development contract.
 4 The development contract shall specify the following:

5 ...

6 (4) The responsibilities to put forth a good-faith effort to ~~comply with~~
 7 ~~G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select small business
 8 entities.

9 (c) The development contract may provide that the private developer shall be responsible
 10 for any or all of the following:

11 ...

12 (6) A good-faith effort to ~~comply with G.S. 143-128.2, G.S. 143-128.4, and to~~
 13 recruit and select small business entities.

14 ...

15 (e) A private developer and its contractors shall make a good-faith effort to ~~comply with~~
 16 ~~G.S. 143-128.2, G.S. 143-128.4, and to~~ recruit and select small business entities.

17"

18 **SECTION 22.3.(m)** G.S. 143-129.4 reads as rewritten:

19 **"§ 143-129.4. Guaranteed energy savings contracts.**

20 The solicitation and evaluation of proposals for guaranteed energy savings contracts, as
 21 defined in Part 2 of Article 3B of this Chapter, and the letting of contracts for these proposals are
 22 not governed by this Article but instead are governed by the provisions of that Part; except that
 23 guaranteed energy savings contracts are subject to the requirements of ~~G.S. 143-128.2 and~~
 24 G.S. 143-135.3."

25 **SECTION 22.3.(n)** G.S. 143-135.5 reads as rewritten:

26 **"§ 143-135.5. State policy; cooperation in promoting the use of ~~small, minority, physically~~
 27 ~~handicapped and women contractors; contractors; purpose.~~**

28 (a) It is the policy of this State to encourage and promote the use of ~~small, minority,~~
 29 ~~physically handicapped and women~~ small business contractors in State construction projects. All
 30 State agencies, ~~institutions~~ institutions, and political subdivisions shall cooperate with the
 31 Department of Administration and all other State agencies, ~~institutions~~ institutions, and political
 32 subdivisions in efforts to encourage and promote the use of ~~small, minority, physically~~
 33 ~~handicapped and women~~ business contractors in achieving the purpose of this Article, which is
 34 the effective and economical construction of public buildings.

35 (b) It is the policy of this State not to accept bids or proposals from, nor to engage in
 36 business with, any business that, within the last two years, has been finally found by a court or
 37 an administrative agency of competent jurisdiction to have unlawfully discriminated on the basis
 38 of race, gender, religion, national origin, age, physical disability, or any other unlawful basis in
 39 its solicitation, selection, hiring, or treatment of another business."

40 **SECTION 22.3.(o)** G.S. 143-135.26 reads as rewritten:

41 **"§ 143-135.26. Powers and duties of the Commission.**

42 The State Building Commission shall have the following powers and duties with regard to
 43 the State's capital facilities development and management program:

44 ...

45 (9) To authorize a State agency, a local governmental unit, or any other entity
 46 subject to the provisions of G.S. 143-129 to use a method of contracting not
 47 authorized under G.S. 143-128. An authorization under this subdivision for an
 48 alternative contracting method shall be granted only under the following
 49 conditions:

50 ...

~~b1. The entity includes in its bid or proposal requirements that the contractor will file a plan for making a good faith effort to reach the minority participation goal set out in G.S. 143-128.2.~~

...."

SECTION 22.3.(p) G.S. 143-254.6 reads as rewritten:

"§ 143-254.6. Powers of the Commission regarding certain fee negotiations, contracts, and capital improvements.

...

(e) The Commission shall annually report the following to the State Building Commission:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person or business awarded a contract under this section.
- (4) ~~Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g)."~~

SECTION 22.3.(q) G.S. 143B-135.214 reads as rewritten:

"§ 143B-135.214. Powers of Department regarding certain fee negotiations, contracts, and capital improvements.

...

(f) The Department shall annually report to the State Building Commission the following:

- (1) A list of projects governed by this section.
- (2) The estimated cost of each project along with the actual cost.
- (3) The name of each person awarded a contract under this section.
- (4) ~~Whether the person or business awarded a contract under this section meets the definition of "minority business" or "minority person" as defined in G.S. 143-128.2(g)."~~

...."

SECTION 22.3.(r) G.S. 143B-434.01 reads as rewritten:

"§ 143B-434.01. Comprehensive Strategic Economic Development Plan.

...

(e) Environmental Scan. – The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the Secretary shall gather the information required in this subsection and ensure that the information is updated periodically. The updated information may be provided in whatever format and through whatever means is most efficient. The information required to prepare the scan includes all of the following:

...

- (2) Compilation of the latest data on the strength of the business environment by State, Region, and county with emphasis on the following dynamics of job creation: start-ups, expansions, locations, contractions, and failures. Special assessments are to be made of rural, small, and minority rural and small business components of overall activity.

...."

SECTION 22.3.(s) G.S. 143B-437.57 reads as rewritten:

"§ 143B-437.57. Community economic development agreement.

(a) Terms. – Each community economic development agreement shall include at least the following:

...

(16) A provision requiring that the business engage in fair employment practices as required by State and federal law and a provision encouraging the business to use ~~small contractors, minority contractors, physically handicapped contractors, and women~~ business contractors whenever practicable in the conduct of its business.

...."

SECTION 22.3.(t) G.S. 143B-1361 reads as rewritten:

"§ **143B-1361. Information technology procurement ~~policy;~~ ~~reporting requirements, disclosure.~~**

(a) Policy. – In order to further the policy of the State to encourage and promote the use of ~~small, minority, physically handicapped, and women~~ small business contractors in State purchasing of goods and services, all State agencies shall cooperate with the Department in efforts to encourage the use of ~~small, minority, physically handicapped, and women~~ small business contractors in achieving the purposes of this Article, which is to provide for the effective and economical acquisition, management, and disposition of information technology.

(b) Bids. – A vendor submitting a bid shall disclose in a statement, provided contemporaneously with the bid, where services will be performed under the contract sought, including any subcontracts and whether any services under that contract, including any subcontracts, are anticipated to be performed outside the United States. Nothing in this section is intended to contravene any existing treaty, law, agreement, or regulation of the United States. The State CIO shall retain the statements required by this subsection regardless of the State entity that awards the contract and shall report annually to the Secretary of Administration on the number of contracts which are anticipated to be performed outside the United States.

(c) Reporting. – Every State agency that makes a direct purchase of information technology using the services of the Department shall report directly to the Department of Administration all information required by ~~G.S. 143-48(b).~~ G.S. 143-48(c).

(d) Data from Department of Administration. – The Department of Administration shall collect and compile the data described in this section and report it annually to the Department of Information Technology, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division."

SECTION 22.3.(u) Any local act authorizing a local government unit to establish, agree to, or comply with minority- or women-owned business enterprise participation requirements is hereby repealed unless compliance with such requirements is required by the federal government and its agencies in projects financed by federal grants-in-aid or loans as provided in G.S. 160A-17.1(a)(3a).

SECTION 22.3.(v) G.S. 18C-151(a)(4), 63A-19, 116D-4, 143-48.4, 143-128.2, 143-128.3, 143-128.4, and 143-131(b) are repealed.

INVENTORY OF STATE LAND AND BUILDINGS

SECTION 22.4.(a) Not later than November 15, 2025, the Department of Administration shall submit a report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division detailing a current and accurate inventory of all land owned or leased by the State or by any State agency and a current and accurate inventory of all buildings owned or leased, in whole or in part, by the State or by any State agency. The report shall include all of the information required by G.S. 143-341(4)a. and G.S. 143-341(4)b.

SECTION 22.4.(b) G.S. 143-341 reads as rewritten:

"§ **143-341. Powers and duties of Department.**

The Department of Administration has the following powers and duties:

...

(4) Real Property Control:

...

b. To prepare and keep current a complete and accurate database of all buildings owned or leased (in whole or in part) by the State or by any State agency. This database shall serve as the State inventory and shall include all of the following information and floor plans of every such building shall be prepared or copies obtained where such floor plans are available, where needed for use in the allocation of space therein:

...

3. The agency or agencies that occupy the ~~building~~ building or, if the building is vacant, the number of months the vacancy has existed.

...."

STUDY NONPUBLIC EDUCATION

SECTION 22.5.(a) The Joint Legislative Oversight Committee on General Government shall study the duties and responsibilities of the Department of Administration, Division of Nonpublic Education, including the following:

- (1) Whether all of the Division's statutory duties are currently being performed.
- (2) The manner in which the statutory duties are being performed, such as online posting of information or in-person interaction, and the overall effectiveness of the different approaches used to provide information and other assistance to nonpublic students and their families.
- (3) If the statutory duties should be amended in any way to better serve nonpublic school students and their families.
- (4) Whether other State or local government agencies are able to assume some or all of the statutory duties in a way that does not unnecessarily disrupt the provision of services to nonpublic school students and their families.
- (5) Any other matters deemed relevant to the purpose of the study.

SECTION 22.5.(b) The Division of Nonpublic Education shall provide any information requested by the Committee to conduct the study. By May 15, 2026, the Committee shall make recommendations on its findings and conclusions, including proposed legislation, to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division.

DOA ASSIGN OFFICE SPACE IN ALBEMARLE BUILDING TO STATE BOARD OF ELECTIONS

SECTION 22.6. The Department of Administration shall assign the sixth and seventh floors of the Albemarle Building located in Raleigh, North Carolina, to the State Board of Elections. The State Board of Elections shall complete its move to the Albemarle Building not later than October 31, 2025. All State-owned equipment, furnishings, and other fixtures on the sixth and seventh floors of the Albemarle Building on the date this section becomes effective shall remain on those floors for use by the State Board of Elections. Nothing in this section shall be construed as prohibiting the disposal, removal, or replacement of the equipment, furnishings, and other fixtures described in this section after the State Board of Elections has moved into the space described in this section.

NEW DHHS FACILITY BUILDING RESERVE

SECTION 22.7. The Department of Administration shall use available maintenance, operations, and utility funding intended for the old Dorothea Dix campus to support maintenance, operations, and utilities for the new Department of Health and Human Services facility.

MODIFY BID REQUIREMENTS FOR WATER AND SEWER PROJECTS

SECTION 22.8.(a) G.S. 143-132 is amended by adding a new subsection to read:

"(a1) Notwithstanding the provisions of subsection (a) of this section, no contract to which G.S. 143-129 applies for construction of water systems or facilities, or sewage disposal systems or facilities, shall be awarded by any board or governing board of the State, or any political subdivision of the State, unless two competitive bids have been received from reputable and qualified contractors regularly engaged in their respective lines of endeavor. Except as provided in this subsection, all requirements of subsection (a) of this section apply to the receipt of bids and the award of construction contracts. For purposes of this subsection, the following definitions shall apply:

- (1) Sewage disposal systems or facilities. – Sewage disposal systems or facilities, including all plants, works, instrumentalities, and properties used or useful in the collection, treatment, purification, or disposal of sewage.
- (2) Water systems or facilities. – Water systems or facilities, including all plants, works, instrumentalities, and properties used or useful in obtaining, conserving, treating, and distributing water for domestic or industrial use, irrigation, sanitation, fire protection, or any other public or private use."

SECTION 22.8.(b) This section is effective when it becomes law and applies to contracts entered into on or before December 31, 2030.

PART XXIII. ADMINISTRATIVE HEARINGS**OAH/REDUCE DUTIES OF THE NORTH CAROLINA HUMAN RELATIONS COMMISSION**

SECTION 23.1. G.S. 7A-761 reads as rewritten:

"§ 7A-761. North Carolina Human Relations Commission.

(a) There is hereby created the North Carolina Human Relations Commission of the Civil Rights Division of the Office of Administrative Hearings. The North Carolina Human Relations Commission shall have the following functions and duties:

- ~~(1) To study problems concerning human relations;~~
- ~~(2) To promote equality of opportunity for all citizens;~~
- ~~(3) To promote understanding, respect, and goodwill among all citizens;~~
- ~~(4) To provide channels of communication among the races;~~
- ~~(5) To encourage the employment of qualified people without regard to race;~~
- ~~(6) To encourage youths to become better trained and qualified for employment;~~
- ~~(7) To receive on behalf of the Civil Rights Division of the Office of Administrative Hearings and to recommend expenditure of gifts and grants from public and private donors;~~
- ~~(8) To enlist the cooperation and assistance of all State and local government officials in the attainment of the objectives of the Commission;~~
- ~~(9) To assist local good neighborhood councils and biracial human relations committees in promoting activities related to the functions of the Commission enumerated above;~~
- (10) To advise the Chief Administrative Law Judge upon any matter the Chief Administrative Law Judge may refer to it;
- (11) To administer the provisions of the State Fair Housing Act as outlined in Chapter 41A of the General Statutes;
- (12) To administer the provisions of the Civil Rights Act as outlined in Chapter 99D of the General Statutes.

...."

OAH/EMPLOYMENT DISCRIMINATION DIVISION & EEOC COMPLAINTS

SECTION 23.2.(a) G.S. 7A-759 is repealed.

SECTION 23.2.(b) G.S. 143-422.3 is repealed.

SECTION 23.2.(c) Any State or local government employee covered under Chapter 126 of the General Statutes may file a complaint alleging employment discrimination with the United States Equal Employment Opportunity Commission in the manner provided by federal law, and nothing in this section shall be construed as limiting or impeding that right.

SECTION 23.2.(d) This section shall not apply to any actions or complaints filed pursuant to G.S. 7A-759 or G.S. 143-422.3 that are pending on the date this act becomes law.

PART XXIV. OFFICE OF STATE AUDITOR [RESERVED]**PART XXV. BUDGET AND MANAGEMENT****FUTURE CITY COMPETITION**

SECTION 25.1. Of the funds appropriated in this act to the Office of State Budget and Management, the sum of two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium shall be used to provide a directed grant to the Professional Engineers of North Carolina Educational Foundation (Foundation), a nonprofit organization, to support the NC Future City competition, a statewide program for sixth, seventh, and eighth grade students that engages students in a hands-on future challenge to foster engineering skills and create interest in S.T.E.M. careers. Funds appropriated for the purposes described in this section shall not be used to fund any portion of the salary for any employee of the Foundation.

RURAL HEALTHCARE GRANTS

SECTION 25.2. Notwithstanding the provisions of G.S. 131A-32, the sum of twelve million five hundred thousand dollars (\$12,500,000) in nonrecurring funds for the 2025-2026 fiscal year shall be transferred from the Rural Health Care Sustainability Fund to the Division of Mental Health, Developmental Disabilities, and Substance Use Services (Budget Code 14460-131010) in the Department of Health and Human Services to provide a directed grant to each of the following entities:

(1) Twelve million dollars (\$12,000,000) to Iredell Health Foundation, a nonprofit organization, for capital needs and renovations related to behavioral health beds at Davis Regional Psychiatric Hospital.

(2) Five hundred thousand dollars (\$500,000) to Blue Ridge Healthcare System, Inc., a nonprofit organization, to plan for behavioral health beds.

PART XXVI. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**PURPLE HEART HOMES**

SECTION 26.1. Of the funds appropriated in this act to the Office of State Budget and Management – Special Appropriations, the sum of one million ninety-two thousand four hundred seventy-seven dollars (\$1,092,477) in nonrecurring funds for the 2025-2026 fiscal year and one hundred forty thousand four hundred two dollars (\$140,402) for the 2026-2027 fiscal year shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide personalized housing solutions for service-connected disabled and aging veterans and their families across the State. Purple Heart Homes, Inc., may use not more than nine percent (9%) of the grant funds in each fiscal year for administrative costs. By September 1, 2026, Purple Heart Homes, Inc., shall provide a report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations

1 Committee on General Government, the Joint Legislative Oversight Committee on General
2 Government, and the Fiscal Research Division on the use of these funds, including the number
3 of individuals or families served, the types of services provided to those individuals or families,
4 and the outcomes.

6 REGISTER OF DEEDS GRANT PROGRAM

7 SECTION 26.2. Of the funds appropriated in this act to the Office of State Budget
8 and Management – Special Appropriations for each fiscal year of the 2025-2027 fiscal biennium,
9 the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds shall be used to
10 create a grant program for county register of deeds offices. The Office of State Budget and
11 Management (OSBM) shall administer the program and disburse grant funds as follows:

- 12 (1) County register of deeds offices shall apply for the funds in the manner
13 prescribed by the OSBM.
- 14 (2) Applicants shall use grant funds for the preservation of historic records and
15 files. Allowable uses of the funds include, but are not limited to, document
16 restoration, reparation, deacidification, and placement in protected archival
17 binders.
- 18 (3) Funds may be used for document digitization only if the original documents
19 will continue to be maintained and preserved.
- 20 (4) The maximum grant amount to each office shall be two thousand five hundred
21 dollars (\$2,500) in each fiscal year of the 2025-2027 fiscal biennium.
22 Additional grant funds shall be disbursed in a second round of applications
23 based on availability of funds in each fiscal year. The maximum amount of
24 the second-round grants shall be determined by the OSBM. The provisions of
25 this section shall apply if a second round of grants is administered.
- 26 (5) Grantees must provide a one hundred percent (100%) match for all grant funds
27 awarded.

29 HARNETT COUNTY FUNDS

30 SECTION 26.3. Notwithstanding any provision of S.L. 2023-134 or the Committee
31 Report described in Section 43.2 of that act, the directed grant to Harnett County to be used for
32 land acquisition activities or capital improvements related to Johnson Farm shall not be used for
33 that purpose, but shall instead be used by Harnett County for renovations of existing parks,
34 improvements in park safety and accessibility, and development of green spaces, trails, and
35 greenways.

37 PART XXVII. OFFICE OF STATE CONTROLLER

39 OSC/CODIFY USE OF RECOVERED AUDIT FUNDS

40 SECTION 27.1. G.S. 147-86.22(c) reads as rewritten:

41 "(c) Collection Techniques. – The State Controller, in conjunction with the Office of the
42 Attorney General, shall establish policies and procedures to govern techniques for collection of
43 accounts receivable. These techniques may include use of credit reporting bureaus, judicial
44 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to
45 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another
46 payment, other than payroll, due from the State to a person to reduce or eliminate an account
47 receivable that the person owes the State.

48 The State Controller shall negotiate a contract with a third party to perform an audit and
49 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing
50 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,
51 erroneously paid excise taxes, and related errors. The third party shall be compensated only from

1 funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred
2 from the agency to the Office of State Budget and Management and placed in a special reserve
3 account for future direction by the General Assembly. Any disputed savings shall be settled by
4 the State Controller. Subject to availability and appropriation by the General Assembly, the State
5 Controller may use recovered audit funds for computer systems maintenance and improvements,
6 financial reporting, governmental accounting training, debt collection, and e-commerce costs.
7 This paragraph does not apply to the purchase of medical services by State agencies or payments
8 used to reimburse or otherwise pay for health care services."
9

10 STATE AGENCIES/ELECTRONIC PAYMENTS

11 SECTION 27.2.(a) G.S. 66-58.12 reads as rewritten:

12 "§ 66-58.12. Agencies may provide access to services through electronic and digital
13 transactions; fees authorized.

14 (a) Public agencies are encouraged to maximize citizen and business access to their
15 services through the use of electronic and digital transactions. A public agency may determine,
16 through program and transaction analysis, which of its services may be made available to the
17 public through electronic means, including the Internet. The agency shall identify any inhibitors
18 to electronic transactions between the agency and the public, including legal, policy, financial,
19 or privacy concerns and specific inhibitors unique to the agency or type of transaction. An agency
20 shall not provide a transaction through the Internet that is impractical, unreasonable, or not
21 permitted by laws pertaining to privacy or security.

22 (b) An agency may charge a fee to cover its costs of permitting a person to complete a
23 transaction through the ~~World Wide Web internet~~ or other means of electronic access. The
24 transaction fee may be applied on a per transaction basis and may be calculated either as a flat
25 fee or a percentage fee, as determined under an agreement between a person and a public agency.
26 The fee may be collected by the agency or by its third party agent fee. Neither the flat fee nor the
27 percentage fee shall exceed two percent (2%) of the total amount of each transaction. An agency
28 shall not charge a surcharge for accepting electronic payments. For purposes of this subsection,
29 the following definitions apply:

30 (1) Surcharge. – A fee added to a payment by charge card, credit card, debit card,
31 or by electronic funds transfer for the convenience of making the electronic
32 payment or for any other purpose not authorized by law.

33 (2) Transaction fee. – A fee charged by a payment processor to a State agency for
34 processing a charge card, credit card, or debit card payment.

35 (c) ~~The fee flat fee or percentage fee~~ imposed under subsection (b) of this section must
36 be approved by the State Chief Information Officer. The revenue derived from the fee must be
37 credited to a nonreverting agency reserve account. The funds in the account may be expended
38 only for e-commerce initiatives and projects approved by the State Chief Information Officer.
39 For purposes of this subsection, the term "public agencies" does not include a county, unit, special
40 district, or other political subdivision of government. The State Chief Information Officer shall
41 report any fees imposed under subsection (b) of this section and expenditures for e-commerce
42 initiatives and projects to the Joint Legislative Commission on Governmental Operations and the
43 Joint Legislative Oversight Committee on Information Technology.

44 (d) This section does not apply to the Judicial Department."

45 SECTION 27.2.(b) Article 6A of Chapter 147 of the General Statutes reads as
46 rewritten:

47 "Article 6A.

48 "Cash Management.

49 "§ 147-86.10. Statement of policy.

50 It is the policy of the State of North Carolina that all agencies, institutions, departments,
51 bureaus, boards, commissions, and officers of the State, whether or not subject to the State

1 Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for
2 the receipt, deposit, and disbursement of moneys coming into their control and custody which
3 are designed to maximize interest-bearing investment of cash, and to minimize idle and
4 nonproductive cash balances. This policy shall apply to the General Court of Justice as defined
5 in Article IV of the North Carolina Constitution, the public school units as defined in
6 G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and
7 disbursement of moneys required by law to be deposited with the State Treasurer and with respect
8 to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This
9 policy shall include the acceptance of electronic payments in accordance with ~~G.S. 147-86.22 to~~
10 ~~the maximum extent possible consistent with sound business practices.~~ the provisions of
11 G.S. 66-58.12 and the policies established by the State Controller under G.S. 147-86.22.

12 **"§ 147-86.11. Cash management for the State.**

13 ...

14 (e) Elements of Plan. – For moneys received or to be received, the statewide cash
15 management plan shall provide at a minimum that:

16 ...

17 (6) State agencies shall accept payment by electronic payment in accordance with
18 ~~G.S. 147-86.22 to the maximum extent possible consistent with sound~~
19 ~~business practices.~~ the provisions of G.S. 66-58.12 and the policies established
20 by the State Controller under G.S. 147-86.22.

21 ...

22 **"§ 147-86.22. Statewide accounts receivable program.**

23 (a) Program. – The State Controller shall implement a statewide accounts receivable
24 program. As part of this program, the State Controller shall do all of the following:

25 (1) Monitor the State's accounts receivable collection efforts.

26 (2) Coordinate information, systems, and procedures between State agencies to
27 maximize the collection of past-due accounts receivable.

28 (3) Adopt policies and procedures for the management and collection of accounts
29 receivable by State agencies.

30 (3a) In consultation and coordination with the Department of Administration and
31 the State Chief Information Officer, enter into a statewide term contract for
32 electronic payment processing services.

33 (4) Establish procedures for writing off accounts receivable.

34 (b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and
35 G.S. 147-86.21, this subsection applies to debts owed a community college, a local school
36 administrative unit, an area mental health, developmental disabilities, and substance abuse
37 authority, and the Administrative Office of the Courts, and to debts payable to or through the
38 office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies
39 as defined in G.S. 147-86.20.

40 (b1) Policies Established. – The State Controller shall establish policies that allow
41 accounts receivable to be payable under certain conditions by electronic payment. The policies
42 shall provide that transaction fees for electronic payments may be imposed as provided in
43 G.S. 66-58.12, unless otherwise provided for by law. These policies shall be established with the
44 concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or
45 through the office of a clerk of superior court or a magistrate shall be established with the
46 concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts
47 may also establish policies otherwise authorized by law that apply to these debts as long as those
48 policies are not inconsistent with the Controller's policies. State agencies shall use the vendor or
49 vendors under the statewide term contract for electronic payments allowed under the policies
50 established under this subsection, unless explicitly exempted by the State Controller, in
51 concurrence with the State Treasurer or the Administrative Officer of the Courts, as applicable.

1 ~~A condition of payment by electronic payment is receipt by the appropriate State agency of~~
2 ~~the full amount of the account receivable owed to the State agency. A debtor who pays by~~
3 ~~electronic payment may be required to pay any fee or charge associated with the use of electronic~~
4 ~~payment.~~

5 (b2) Payment Processor Fees. – The policies established by the State Controller under
6 subsection (b1) of this section and the terms of the statewide term contract executed pursuant to
7 subdivision (3a) of subsection (a) of this section may authorize a vendor providing payment
8 processing services to retain their transaction fee at the time each transaction is made instead of
9 submitting the full amount of the account receivable owed to the State agency; provided,
10 however, the transaction fee shall not exceed two percent (2%) of the total amount of each
11 transaction. The State Controller may also establish policies and authorize contracts that provide
12 a State agency may require a vendor to pay the full amount of the account receivable owed to the
13 State agency, on a schedule agreed to by the agency and vendor, and thereafter the vendor shall
14 be reimbursed for the transaction fees owed to it by the State. In the case of reimbursement, the
15 transaction fee owed to the vendor shall not exceed two percent (2%) of the full amount of the
16 account receivable owed to the State agency. Fees associated with processing electronic
17 payments may be paid out of the General Fund and Highway Fund if the payment of the fee by
18 the State is economically beneficial to the State and the payment of the fee by the State has been
19 approved by the State Controller and State Treasurer.

20 (b3) Consult General Assembly. – The State Controller and State Treasurer shall consult
21 with the Joint Legislative Commission on Governmental Operations before establishing policies
22 that allow accounts receivable to be payable by electronic payment and before authorizing fees
23 associated with electronic payment to be paid out of the General Fund and Highway Fund.

24 (b4) Payments Not Honored. – A payment of an account receivable that is made by
25 electronic payment and is not honored by the issuer of the card or the financial institution offering
26 electronic funds transfer does not relieve the debtor of the obligation to pay the account
27 receivable.

28 (c) Collection Techniques. – The State Controller, in conjunction with the Office of the
29 Attorney General, shall establish policies and procedures to govern techniques for collection of
30 accounts receivable. These techniques may include use of credit reporting bureaus, judicial
31 remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to
32 the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another
33 payment, other than payroll, due from the State to a person to reduce or eliminate an account
34 receivable that the person owes the State.

35 The State Controller shall negotiate a contract with a third party to perform an audit and
36 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing
37 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,
38 erroneously paid excise taxes, and related errors. The third party shall be compensated only from
39 funds recovered as a result of the audit. Savings realized in excess of costs shall be transferred
40 from the agency to the Office of State Budget and Management and placed in a special reserve
41 account for future direction by the General Assembly. Any disputed savings shall be settled by
42 the State Controller. This paragraph does not apply to the purchase of medical services by State
43 agencies or payments used to reimburse or otherwise pay for health care services.

44 (d) Annual Report. – The State Controller shall report annually to the Joint Legislative
45 Commission on Governmental Operations and the Fiscal Research Division on the revenue
46 deposited into Special Reserve Account 24172 and the disbursement of that revenue."

47 **SECTION 27.2.(c)** The State Controller, in concurrence with the State Treasurer and
48 the Administrative Officer of the Courts, and any State agency subject to a contract with a vendor
49 to provide electronic payment processing services shall make every effort allowed by law to
50 amend the terms of those contracts to include a provision that the transaction fee paid to the
51 vendor shall not exceed two percent (2%) of the total amount of each transaction or two percent

(2%) of the full amount of the account receivable owed to the State. Upon the expiration, amendment, or renewal of the contract for electronic payment processing services, the State Controller, in concurrence with the State Treasurer and the Administrative Officer of the Courts, and any State agency shall include, as part of the new, amended, or renewed contract, a provision which explicitly states that the amount of the transaction fee to be paid by the State or the State agency shall not exceed two percent (2%) of the total amount of each transaction or two percent (2%) of the full amount of the account receivable owed to the State.

SECTION 27.2.(d) G.S. 18B-404 reads as rewritten:

"§ 18B-404. Additional provisions for purchase and transportation by mixed beverage permittees.

...

(e) **Electronic Payment.** – A local board shall accept electronic payments for any spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a transaction fee for accepting electronic payments under this subsection. subsection and shall not charge a surcharge for accepting electronic payments. For purposes of this subsection, the ~~term "electronic payment"~~ means payment following definitions apply:

(1) Electronic payment. – Payment by debit card or by electronic funds transfer as defined in G.S. 105-228.90, but does G.S. 105-228.90. The term does not include mean payment by charge card or credit card.

(2) Surcharge. – As defined in G.S. 66-58.12(b).

(3) Transaction fee. – As defined in G.S. 66-58.12(b).

(f) **Delivery Service.** – A local board shall offer delivery service to mixed beverage permittees. In providing delivery of purchased products to mixed beverage permittees, the local board may use its employees or contract with one or more independent contractors and may charge a fee to the permittee. A local board in a Tier 1 or Tier 2 county, as defined in G.S. 143B-472.35(a2)(18), may request an exemption to this requirement from the ABC Commission. The Commission shall grant the request if the local board can show evidence of unreasonable hardship or difficulty incurred by implementing delivery service."

SECTION 27.2.(e) G.S. 18B-907 reads as rewritten:

"§ 18B-907. Allow electronic submission of payments and forms.

(a) **Forms.** – The Commission shall make all forms required by the Commission to apply for and receive a permit available on the Commission's Web site, and the Commission shall, to the extent practicable, allow for the electronic submission of these forms. Any form required by the Commission to apply for and receive a permit that requires a signature may be submitted with an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes.

(b) **Payments.** – The Commission shall accept electronic payments for any fee required under this Chapter to receive a permit. Any person who makes an electronic payment may be charged a transaction fee to cover the costs incurred in accepting the payment electronically. The transaction fee may be either a flat fee or a percentage fee. Neither the flat fee nor the percentage fee shall exceed two percent (2%) of the total amount of each transaction. The Commission shall not charge a surcharge for accepting electronic payments. For purposes of this subsection, the term "electronic payment" means payment by charge card, credit card, debit card, or by electronic funds transfer as defined in ~~G.S. 105-228.90.~~ G.S. 105-228.90, and the terms "surcharge" and "transaction fee" mean the same as in G.S. 66-58.12(b).

~~(c) **Fee.** – The Commission may charge a fee to be used to cover costs incurred by the Commission in processing forms electronically and accepting payments electronically. The fee authorized under this subsection may not exceed five dollars (\$5.00).~~"

SECTION 27.2.(f) G.S. 20-4.05 reads as rewritten:

"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.

(a) When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division

1 may add a transaction fee to each electronic payment transaction to ~~offset the service charge the~~
 2 ~~Division pays for electronic payment service, cover the costs incurred in accepting the payment~~
 3 electronically. The Division's transaction fee may be either a flat fee or a percentage fee. Neither
 4 the flat fee nor the percentage fee shall not exceed two percent (2%) of the electronic
 5 payment total amount of each transaction. The Division shall not charge a surcharge for accepting
 6 electronic payments. For purposes of this subsection, the terms "surcharge" and "transaction fee"
 7 have the same meanings as in G.S. 66-58.12(b).

8 (a1) When the Division accepts electronic payment for any taxes or fees on behalf of a
 9 county or city, the Division may add a transaction fee to each electronic payment transaction as
 10 provided in subsection (a) of this section. The Division shall not charge a person, county, or city
 11 a surcharge for accepting electronic payments.

12 (b) Notwithstanding G.S. 66-58.12, this section applies to transactions completed in
 13 person, through the World Wide Web, or through any other means of electronic access."
 14

15 PART XXVIII. ELECTIONS

16 SBE/HAVA FUNDS

17 **SECTION 28.1.** The State Board of Elections shall use federal Help America Vote
 18 Act (HAVA) funds appropriated in this act for the 2025-2027 fiscal biennium for the following
 19 purposes:
 20

- 21 (1) To continue funding for equipment and software for critical information
 22 technology operations.
- 23 (2) To continue funding information technology and regional support positions,
 24 including the Information Technology Security and Compliance Manager.
 25

26 EXEMPT POSITIONS IN SBE

27 **SECTION 28.2.** G.S. 126-5 reads as rewritten:

28 "**§ 126-5. Employees subject to Chapter; exemptions.**

29 ...
 30 (c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State
 31 ~~agency and agency,~~ the Office of the State Controller-Controller, and the Executive Director of
 32 the State Board of Elections has the sole authority to set the salary of its exempt policymaking
 33 and exempt managerial positions within the minimum rates, and the maximum rates plus ten
 34 percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).
 35

36 (d)(1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is
 37 known as the North Carolina Human Resources Act, the Governor may designate a total of 425
 38 exempt positions throughout the following departments and offices:
 39

- 40 (2) ...
 41 Exempt Positions in Council of State Departments and ~~Offices and Offices,~~
 42 the Office of the State Controller-Controller, and the State Board of Elections.
 43 – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the
 44 Superintendent of Public Instruction, the Commissioner of Agriculture, the
 45 Commissioner of Insurance, the Labor Commissioner, ~~and the State~~
 46 Controller-Controller, and the Executive Director of the State Board of
 47 Elections may designate exempt positions. The number of exempt
 48 policymaking positions in each department headed by an elected department
 49 head listed in this subdivision is limited to 25 exempt policymaking positions
 50 or two percent (2%) of the total number of full-time positions in the
 51 department, whichever is greater. The number of exempt managerial positions
 is limited to 25 positions or two percent (2%) of the total number of full-time

positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction is limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction is limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The total number of exempt positions, policymaking and managerial, designated by the Office of the State Controller is limited to 10. The number of exempt positions designated by the Executive Director of the State Board of Elections is limited to the following seven: Agency Human Relations Director II, Agency General Counsel II, Assistant General Counsel II, Public Information Manager, Legislative Affairs Manager, Internal Auditor, and Administrative Officer III.

...
 (4)
"

Vacancies. – In the event of a vacancy in the Office of Governor, the office of a member of the Council of State, ~~or the Office of the State Controller, Controller, or the Executive Director of the State Board of Elections,~~ the person who succeeds to or is appointed or elected to fill the unexpired term shall make designations in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate within 180 days after the oath of office is administered to that person.

SBE RETAIN PRIVATE COUNSEL

SECTION 28.3. G.S. 163-25 reads as rewritten:

"§ 163-25. Authority of State Board to assist in litigation; county board litigation; retain private counsel for legal services.

(a) County Board Litigation. – The State Board shall possess authority to assist any county board of elections in any matter in which litigation is contemplated or has been initiated, provided, the county board of elections in such county petitions, by majority resolution, for such assistance from the State Board and, provided further, that the State Board determines, in its sole discretion by majority vote, to assist in any such matter. It is further stipulated that the State Board shall not be authorized under this provision to enter into any litigation in assistance to counties, except in those instances where the uniform administration of this Chapter has been, or would be threatened. Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal assistance in execution of its authority to assist county boards of election under this subsection. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may use funds available to the Board of Elections to employ or retain private counsel under this subsection.

~~(b) The Attorney General shall provide the State Board with legal assistance in execution of its authority under this section or, in the Attorney General's discretion, recommend that private counsel be employed.~~

~~(c) If the Attorney General recommends employment of private counsel, the State Board may employ counsel with the approval of the General Assembly.~~

(d) State Board Litigation. – Notwithstanding the provisions of G.S. 147-17 and G.S. 114-2.3, the State Board may retain private counsel to provide legal services, including litigation services, to the State Board or the Executive Director in any action or matter arising in the scope and course of the Board's or the Director's official duties. The State Board shall supervise and manage counsel employed or retained under this subsection. The State Board may

1 use funds available to the Board of Elections to employ or retain private counsel under this
2 subsection."

3
4 **PART XXIX. GENERAL ASSEMBLY**

5
6 **AMERICA'S SEMIQUINCENTENNIAL COMMITTEE**

7 **SECTION 29.1.(a)** Section 14.10 of S.L. 2023-134 reads as rewritten:

8 **"SECTION 14.10.(a)** There is created the America's Semiquincentennial Committee (the
9 Committee).

10 **"SECTION 14.10.(b)** Membership. – The Committee shall be composed of ~~seven~~nine
11 members, as follows:

- 12 (1) ~~Three~~Four members appointed by the President Pro Tempore of the Senate,
13 ~~one~~two of whom shall be ~~a member~~members of the Senate and the remainder
14 of whom shall be members of the public.
- 15 (2) ~~Three~~Four members appointed by the Speaker of the House of
16 Representatives, ~~one~~two of whom shall be ~~a member~~members of the House
17 of Representatives and the remainder of whom shall be members of the public.
- 18 (3) One member jointly appointed by the President Pro Tempore of the Senate
19 and the Speaker of the House of Representatives who shall be a noted historian
20 with expertise regarding the American Revolution.

21 **"SECTION 14.10.(c)** Terms; Chairs; Vacancies; Quorum. – Members appointed shall serve
22 until the Committee terminates. The Committee shall have two cochairs which shall be the
23 legislative member designated by the President Pro Tempore of the Senate and the legislative
24 member designated by the Speaker of the House of Representatives. The Committee shall meet
25 upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of
26 the Committee shall be a majority of the members.

27 **"SECTION 14.10.(d)** Duties. – ~~The~~Using funds available, the Committee shall ~~(i) study~~
28 have the following duties:

- 29 (1) Study means for the State to celebrate the two hundred fiftieth anniversary of
30 the founding of our ~~nation and (ii) report~~nation.
- 31 (2) Report the means and anticipated costs of the celebratory events to the General
32 Assembly.
- 33 (3) Plan, execute, and coordinate events and activities that celebrate the
34 semiquincentennial in any of the following ways:
- 35 a. Maintaining a website, social media, web-based or phone-based
36 application, or commercial advertising that provides information on
37 the semiquincentennial and events celebrating the semiquincentennial
38 throughout the State.
- 39 b. Creating and presenting educational materials and hosting educational
40 contests for elementary, secondary, and postsecondary schools.
- 41 c. Creating visual, auditory, or written content about the
42 semiquincentennial.
- 43 d. Partnering with any of the following on events, activities, or publicity
44 for the semiquincentennial:
- 45 1. State entities such as the North Carolina Symphony, the
46 University of North Carolina Center for Public Media, and the
47 Department of Natural and Cultural Resources.
- 48 2. America 250 NC federal, State, and county committees.
- 49 3. Nonprofits, historical, cultural, and business entities.
- 50 4. Any other entities the Committee deems appropriate.

1 "SECTION 14.10.(e) Compensation; Administration. – Members of the Committee shall
2 receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6,
3 as appropriate. The Committee may contract for consultants or hire employees in accordance
4 with G.S. 120-32.02. Using funds available, the Committee may contract to execute duties
5 specified under subdivision (3) of subsection (d) of this section. The Legislative Services
6 Commission, through the Legislative Services Officer, shall assign professional staff to assist the
7 Committee in its work. Upon the direction of the Legislative Services Commission, the Directors
8 of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical
9 staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

10 "SECTION 14.10.(f) Reports; Termination. – The Committee shall make ~~an~~ the following
11 reports to the General Assembly:

- 12 (1) An interim ~~report~~ report to the 2025 Regular Session of the 2025 General
13 Assembly and a final report to Assembly by July 1, 2025, on planned events
14 and expected costs for the semiquincentennial celebrations.
- 15 (2) An interim report to the 2026 Regular Session of the 2025 General Assembly
16 by March 31, 2026, on the outcome of any executed events or plans, as well
17 as further plans and expected costs for the semiquincentennial celebrations.
- 18 (3) An interim report to the 2027 Regular Session of the 2027 General Assembly
19 on the outcome of any executed events or plans, as well as further plans and
20 expected costs for the semiquincentennial celebrations.
- 21 (4) A final report to the 2028 Regular Session of the 2027 General Assembly no
22 later than ~~January 14, 2026.~~ January 15, 2028, on the outcome of any executed
23 events or plans.

24 The Committee shall terminate on ~~January 15, 2026.~~ January 15, 2028.

25 "SECTION 14.10.(g) This section is effective when it becomes law."

26 SECTION 29.1.(b) This section is effective when it becomes law.

27 28 PART XXX. GOVERNOR [RESERVED]

29 30 PART XXXI. HOUSING FINANCE AGENCY [RESERVED]

31 32 PART XXXI-A. OFFICE OF STATE HUMAN RESOURCES

33 34 MODERNIZE AND SIMPLIFY THE STATE HUMAN RESOURCES ACT

35 SECTION 31A.4. By March 15, 2026, the Office of State Human Resources
36 (OSHR) shall submit a report to the President Pro Tempore of the Senate, the Speaker of the
37 House of Representatives, and the Fiscal Research Division with recommended changes to
38 Chapter 126 of the General Statutes to modernize the North Carolina Human Resources Act,
39 simplify its provisions, and align it with contemporary human resources best practices. At a
40 minimum, the report shall address legislative changes needed to:

- 41 (1) Streamline hiring processes.
- 42 (2) Enhance recruitment strategies and increase the attractiveness of State
43 government employment.
- 44 (3) Develop and maintain a high-quality, well-trained State workforce.
- 45 (4) Improve State employee retention rates.

46 The OSHR shall collaborate with State agencies, local governments, and other
47 relevant stakeholders to develop these legislative proposals.

48 49 NEW PERFORMANCE MANAGEMENT AND EVALUATION SYSTEM

50 SECTION 31A.5.(a) The Office of State Human Resources shall submit to the State
51 Human Resources Commission, the Joint Legislative Oversight Committee on General

1 Government, and the Governor an improved process for performance management and
2 evaluation. The State Human Resources Commission, subject to the approval of the Governor,
3 shall adopt a new performance management and evaluation policy by March 15, 2026.

4 **SECTION 31A.5.(b)** This section is effective when it becomes law.
5

6 **PART XXXII. INSURANCE**

7 8 **DIRECT OSBM TO GIVE OSFM SEPARATE BUDGET CODE**

9 **SECTION 32.1.** The Office of State Budget and Management shall establish a new
10 budget code for the Office of the State Fire Marshal (OSFM) and create new budget funds for
11 each division of the OSFM.
12

13 **WORKERS' COMPENSATION FUND FOR CERTAIN SAFETY WORKERS**

14 **SECTION 32.2.(a)** Notwithstanding the provisions of G.S. 58-87-10, for the
15 2025-2026 fiscal year, the Office of the State Fire Marshal shall not set an amount to be paid by
16 every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects
17 to participate in the Workers' Compensation Fund created pursuant to G.S. 58-87-10(b). For the
18 2025-2026 fiscal year, no eligible unit or eligible entity shall be required to submit to the Office
19 of the State Fire Marshal any payment to participate in the Fund.

20 **SECTION 32.2.(b)** G.S. 58-87-10 reads as rewritten:

21 "**§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.**

22 ...

23 (f) Funding Study. – The Office of the State Fire Marshal shall annually conduct an
24 actuarial study that shall do all of the following:

25 ...

26 (3) Calculate how much revenue from the State and from member premiums
27 would be required to meet the needs of the Fund for each of the following
28 scenarios:

29 ...

30 d. Member premiums, by job classification, set at the lowest amount
31 necessary to maintain the cash balance in the Fund at the optimal
32 amount identified by the actuary.

33"
34

35 **CREATE PUBLIC PROPERTY INSURANCE ENTERPRISE FUND**

36 **SECTION 32.3.(a)** Effective May 1, 2026, Chapter 58 of the General Statutes is
37 amended by adding a new Article 31B to be entitled "Public Property Protection Against All
38 Perils."

39 **SECTION 32.3.(b)** Effective May 1, 2026, Article 31B of Chapter 58 of the General
40 Statutes, as enacted by subsection (a) of this section, is amended by adding a new Part 1 to be
41 entitled "Public Property Insurance Enterprise Fund."

42 **SECTION 32.3.(c)** Effective May 1, 2026, G.S. 58-31-2 is recodified as
43 G.S. 58-31B-40.

44 **SECTION 32.3.(d)** Effective May 1, 2026, Article 31B of Chapter 58 of the General
45 Statutes, as enacted by subsection (a) of this section and as amended by subsections (b) and (c)
46 of this section, reads as rewritten:

47 "Article 31B.

48 "Public Property Protection Against All Perils.

49 "Part 1. Public Property Insurance Enterprise Fund.

50 **"§ 58-31B-1. Definitions.**

51 For purposes of this Article, the following definitions apply:

- 1 (1) Reserved for future codification purposes.
- 2 (2) Enterprise Fund. – The Public Property Insurance Enterprise Fund established
3 under G.S. 58-31B-2.
- 4 (3) Insurance Fund. – The State Public Education Property Insurance Fund
5 established under G.S. 58-31A-20.
- 6 (4) Peril. – Any of the following perils, risks, or hazards:
- 7 a. Fire.
- 8 b. Lightning.
- 9 c. Hurricane, tornado, or other windstorm.
- 10 d. Hail.
- 11 e. Explosion.
- 12 f. Aircraft or other vehicle causing damage to property as a result of a
13 crash or other act.
- 14 g. Riot or other civil commotion.
- 15 h. Smoke.
- 16 i. Vandalism.
- 17 j. Sprinkler leakage or malfunction.
- 18 k. Sinkhole collapse.
- 19 l. Volcanic action or earthquake.
- 20 m. Falling object.
- 21 n. Weight of snow, ice, sleet, or other weather event.
- 22 o. Mudslide.
- 23 p. Flood.
- 24 q. Water damage.
- 25 (5) Reserved for future codification purposes.
- 26 (6) Self-insurance Fund. – The State Property Self-insurance Fund established
27 under G.S. 58-31B-20.
- 28 (7) State property. – Real property, and any fixtures or appurtenances found in or
29 attached to that real property, owned by the State or a department, agency, or
30 institution of the State.

31 **§ 58-31B-2. Public Property Insurance Enterprise Fund.**

32 (a) Creation. – The Public Property Insurance Enterprise Fund is created as a
33 nonreverting enterprise fund, as defined in G.S. 143C-1-3, in the Department of Insurance and
34 to which funds, receipts, transfers, appropriations, contributions, investment earnings, and other
35 income, except for amounts necessary to pay any allowable administration costs or costs
36 associated with payable claims under this Article or Part 1 of Article 31A of this Chapter
37 belonging to the Self-insurance Fund and the Insurance Fund shall be deposited.

38 (b) Investments. – The assets of the Enterprise Fund shall be invested in accordance with
39 the provisions of G.S. 147-69.2 and G.S. 147-69.3.

40 (c) Purpose of Enterprise Fund. – All funds held in the Enterprise Fund are for the
41 purpose of paying claims for damage or loss as a result of any perils for which the Insurance
42 Fund or the Self-insurance Fund is liable. No funds in the Enterprise Fund shall be utilized to
43 purchase any commercial insurance or reinsurance product.

44 (d) Assets. – The assets of the Enterprise Fund shall be used only for the exclusive benefit
45 of the Insurance Fund, the Self-insurance Fund, and entities that have property that is protected
46 against damage or loss by the Insurance Fund or the Self-insurance Fund.

47 **§ 58-31B-5. Actuarial analysis of funds.**

48 (a) Annually, the Office of State Fire Marshal shall conduct an actuarial analysis of the
49 Enterprise Fund, the Insurance Fund, and the Self-insurance Fund for the purposes of setting
50 contribution amounts under G.S. 58-31B-30 and premium rates under G.S. 58-31A-40. The State

1 Fire Marshal may contract with a third party or enter into an agreement with another State
2 department, agency, or institution to conduct the actuarial analysis.

3 (b) No later than March 1, a copy of the actuarial analysis conducted under this section
4 shall be submitted to the Joint Legislative Oversight Committee on General Government and the
5 Fiscal Research Division. This analysis shall be provided upon request to any public education
6 board that participates in the Insurance Fund or any State department, agency, or institution that
7 participates in the Self-insurance Fund.

8 **"§ 58-31B-10. Transfers from the Enterprise Fund.**

9 Funds shall be transferred from the Public Property Insurance Enterprise Fund to either the
10 Insurance Fund or the Self-insurance Fund, as applicable, upon the processing of a claim in
11 accordance with this Article or Part 1 of Article 31A of this Chapter.

12 "Part 2. Requirements for State Property.

13 **"§ 58-31B-20. State Property Self-insurance Fund.**

14 (a) Self-Insurance Fund. – The State Property Self-insurance Fund is established as a
15 nonreverting special fund in the Department of Insurance.

16 (b) Source of Funds. – The State Property Self-insurance Fund shall consist of the
17 following funds:

18 (1) Contributions made by each State department, agency, and institution that is
19 required under this Article to contribute to the Self-insurance Fund.

20 (2) Transfers from the Enterprise Fund to the Self-insurance Fund for the purpose
21 of paying claims for damage or loss to State property resulting from any peril
22 that are submitted by a State department, agency, or institution in accordance
23 with this Part.

24 (3) Any funds appropriated to the Self-insurance Fund.

25 (c) Utilization of Funds. – The State Fire Marshal is authorized to utilize the funds in the
26 Self-insurance Fund solely for the following purposes:

27 (1) Administration of the Self-insurance Fund and the Enterprise Fund. – No more
28 than ten percent (10%) of the amount collected in contributions under this Part
29 in any State fiscal year may be used for the purposes of administering the
30 Self-insurance Fund and the Enterprise Fund and carrying out duties under
31 this Article.

32 (2) Payments to the Enterprise Fund. – Quarterly, any funds in the Self-insurance
33 Fund that are not to be utilized for the administrative purposes authorized
34 under this section or to pay out any claims that have been previously submitted
35 under this Part by a State department, agency, or institution shall be
36 transferred to the Enterprise Fund.

37 (d) Prohibited Use of Funds. – No funds in the Self-insurance Fund shall be utilized to
38 purchase any commercial insurance or reinsurance product.

39 **"§ 58-31B-25. Contributions to Self-insurance Fund required.**

40 (a) For the purposes of providing coverage of State property in the event of damage or
41 loss resulting from any peril, unless otherwise provided by this Article, every State department,
42 agency, and institution shall contribute to the State Property Self-insurance Fund in accordance
43 with this Article.

44 (b) Nothing in this Article shall prohibit a State department, agency, or institution from
45 purchasing any insurance product authorized under Article 31 of this Chapter. A State
46 department, agency, or institution shall not purchase commercial property insurance or
47 reinsurance for any State property covered under this Article.

48 **"§ 58-31B-30. Determination and adjustment of required contribution amount.**

49 (a) The Office of State Fire Marshal shall determine the contribution amount to be paid
50 by each State department, agency, and institution required to submit contributions to the
51 Self-insurance Fund under this Part. Contribution amounts shall be adjusted annually.

1 **(b) In setting the contribution amounts under this section, all of the following shall be**
2 **considered:**

3 **(1) The reasonable administrative expenses of the Self-insurance Fund and the**
4 **Enterprise Fund.**

5 **(2) The need to maintain adequate reserves in the Enterprise Fund to pay claims**
6 **under this Part for State property loss or damage resulting from perils.**

7 **(3) The results of the actuarial analysis conducted under G.S. 58-31B-5.**

8 **(c) If the balance of the assets held in the Enterprise Fund equals at least five percent**
9 **(5%) of the combined replacement value of all State property covered by the Self-insurance Fund**
10 **and all public education property, as that term is defined in G.S. 58-31A-1, insured in the**
11 **Insurance Fund, then the required contribution amounts shall be proportionately decreased to an**
12 **annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five percent**
13 **(5%) of the combined replacement value of all State property covered by the Self-insurance Fund**
14 **and all public education property insured in the Insurance Fund.**

15 **"§ 58-31B-35. Payment of contributions.**

16 **(a) The Office of State Fire Marshal shall set the intervals at which payment for the**
17 **contributions to the Self-insurance Fund under this Part shall be made by a State department,**
18 **agency, or institution. The Office of State Fire Marshal shall provide notification to each State**
19 **department, agency, or institution as to the contribution amount due at each interval. Within 30**
20 **days of notice of an amount due for contributions under this Part, the State department, agency,**
21 **or institution shall pay the contribution amount due.**

22 **(b) Any contributions not paid within the time period required under this section shall**
23 **bear interest at the rate of six percent (6%) per annum.**

24 **(c) Upon receipt of payment of the contribution amount due under this Part, the payment**
25 **shall be deposited in the Self-insurance Fund.**

26 **"§ 58-31B-40. ~~Certain buildings of North Carolina Global TransPark exempt~~ exemptions**
27 **to participation in Self-insurance Fund.**

28 **The following entities are exempt from the requirement to contribute to the Self-insurance**
29 **Fund and shall not submit claims under this Part for a loss or damage occurring as a result of any**
30 **peril:**

31 **(a)(1) A building located on State lands that is privately owned or privately leased,**
32 **and located within the North Carolina Global TransPark, ~~is exempt from~~**
33 **application of this Article provided that (i) the TransPark if all of the following**
34 **conditions are met:**

35 **a. The North Carolina Global TransPark Authority requires a private**
36 **owner or private lessee to obtain ~~adequate~~ insurance to cover fire**
37 **losses and damages to underlying and surrounding real property**
38 **owned by the State, (ii) State and the private owner or private lessee**
39 **obtains and maintains adequate insurance naming the Authority and**
40 **the Department of Transportation as an additional insured for fire**
41 **losses, and (iii) the losses and damages. The minimum amount of**
42 **insurance required under this sub-subdivision is one million dollars**
43 **(\$1,000,000) per occurrence and two million dollars (\$2,000,000)**
44 **aggregate per occurrence.**

45 **b. The North Carolina Global TransPark Authority discloses to the**
46 **private owner or private lessee that the State of North Carolina shall**
47 **not reinsure that building and the building is exempt from the State**
48 **Property Fire Insurance Fund coverage for fires losses. Self-insurance**
49 **Fund and is not authorized to submit claims under this Part for any**
50 **losses or damages occurring as a result of any peril.**

1 (b) ~~The minimum amount of insurance that will be required under subsection (a) of this~~
2 ~~section is one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000)~~
3 ~~aggregate per occurrence.~~

4 (e)c. The North Carolina Global TransPark Authority ~~shall notify~~ has
5 notified the Office of State Fire Marshal in writing that the Authority
6 is entering into a contract or modifying a contract for which the
7 exemption under this section would apply at least 30 days prior to
8 entering into or modifying that contract. The Authority shall consult
9 with the Office of State Fire Marshal regarding the adequacy of
10 insurance for fire losses and damages required by this ~~section~~
11 subdivision during this period.

12 (2) Reserved for future codification purposes.

13 **"§ 58-31B-45. Claims submission and adjudication.**

14 (a) A State department, agency, or institution required under this Part to make
15 contributions to the Self-insurance Fund shall submit a claim to the Self-insurance Fund when
16 that department, agency, or institution experiences loss or damage to State property as a result of
17 a peril. The Self-insurance Fund shall process all claims submitted under this Part. The
18 Self-insurance Fund shall pay claims associated with loss or damage in an amount not exceeding
19 the amount that it would cost to repair or replace the property with material of like kind and
20 quality within a reasonable time after the loss or damage.

21 (b) The amount to be paid for a claim under this section is determined by the Office of
22 State Fire Marshal and the official designated by the State department, agency, or institution
23 controlling the State property for which the claim was submitted. If an agreement as to the extent
24 of the loss or damage related to that claim cannot be reached between these two parties, then the
25 amount of the loss or damage shall be determined by three appraisers and no claim amount in
26 dispute shall be paid until the completion of that determination. The three appraisers shall be
27 disinterested persons who are qualified from experience to appraise and value property and shall
28 be selected as follows:

29 (1) The State Fire Marshal shall select one appraiser.

30 (2) The official designated by the State department, agency, or institution
31 controlling the property for which the claim was submitted shall select one
32 appraiser.

33 (3) The two appraisers selected by the State Fire Marshal and the designated
34 official shall select a third appraiser. If the appraisers selected by the State Fire
35 Marshal and the designated office fail to agree upon a third appraiser within
36 15 days of their selection, then, on request of the State Fire Marshal or the
37 designated official, a third appraiser shall be selected by the Secretary of the
38 Department of Administration.

39 (c) The appraisers selected and required under this section shall file their written report
40 within 90 days of the selection of all three required appraisers detailing the loss or damage with
41 the Office of State Fire Marshal and with the State department, agency, or institution that
42 submitted the claim.

43 (d) The costs of any appraisal required under this section shall be paid by, and considered
44 an administrative expense of, the Self-insurance Fund.

45 (e) Upon the determination of the loss or damage to the State property made by the
46 appraisers selected and required under this section, the Self-insurance Fund shall pay the claim
47 in full to the applicable State department, agency, or institution.

48 (f) Notwithstanding G.S. 58-2-75 or any other provision of this Chapter to the contrary,
49 the determination of the loss or damage to State property by the appraisers under this section is
50 not appealable and not a contested case under Article 3 of Chapter 150B of the General Statutes."

1 percent (5%) of the total insurance in force, and in the event in the judgment of the State Fire
 2 Marshal the income from the investments of the Fund are sufficient to maintain the same at five
 3 percent (5%) of the total insurance in force, no premium shall be charged for the ensuing year.
 4 However, no public education board shall cease to pay premiums until five annual payments of
 5 premiums have been made on a building or property insured whether or not through such
 6 payments the Fund shall be increased beyond five percent (5%) of the total insurance in force,
 7 unless such building or property shall cease to be insurable under this Article within such
 8 five-year period.

9 (c) Source of Funds. – The Insurance Fund shall consist of the following funds:

10 (1) The premium payments made by each public education board that participates
 11 in the insurance program operated under this Part.

12 (2) Transfers from the Enterprise Fund to the Insurance Fund for the purpose of
 13 paying claims for damage or loss to public education property resulting from
 14 any insurable hazard that are submitted by a public education board in
 15 accordance with this Part.

16 (3) Any funds appropriated to the Insurance Fund.

17 (d) Utilization of Funds. – The Office of State Fire Marshal is authorized to utilize the
 18 funds in the Insurance Fund solely for the following purposes:

19 (1) Administration of the Insurance Fund and the Enterprise Fund. – No more
 20 than ten percent (10%) of the amount collected in premiums in any State fiscal
 21 year may be used for the purposes of administering the Insurance Fund and
 22 the Enterprise Fund and carrying out duties under this Part.

23 (2) Payments to the Enterprise Fund. – Quarterly, any funds in the Insurance Fund
 24 that are not to be utilized for the administrative purposes authorized under this
 25 section or to pay out any claims that have been previously submitted under
 26 this Part by a public education board shall be transferred to the Enterprise
 27 Fund.

28 (e) Prohibited Use of Funds. – No funds in the State Public Education Property Insurance
 29 Fund shall be utilized to purchase any commercial insurance or reinsurance product.

30 **"§ 58-31A-25. Insurance-Optional insurance of property by public education boards; notice**
 31 **of election to insure and information to be furnished; outstanding policies.**

32 (a) All public education boards may insure in the Insurance Fund as part of the program
 33 of insurance operated under this Part all public education property titled to that board against the
 34 direct loss or damage by insurable hazards ~~in public education buildings and other public~~
 35 ~~education properties in the Fund.~~ Any property covered by an insurance policy in effect on the
 36 date when the property of a public education board is insured in the Fund shall be insured by the
 37 Fund as of the expiration of the policy. hazards, subject to the requirements of this Part.

38 (b) Each public education board shall give notice of its election to insure public education
 39 property in the Insurance Fund under this Part at least 90 days prior to ~~such~~ insurance in the
 40 Insurance Fund becoming effective and effective. As part of the required notice, the public
 41 education board shall furnish to the Office of State Fire Marshal a full and complete list of all
 42 outstanding property insurance ~~policies, giving in complete detail the or~~ reinsurance policies.
 43 This list shall include all of the following information in complete detail:

44 (1) The name of the insurers, the insurer operating each commercial property
 45 insurance or reinsurance policy.

46 (2) The amount of the insurance and expirations thereof. While the said insurance
 47 policies remain in effect, the Fund shall act as coinsurer of the properties
 48 covered by such insurance to the same extent and in the same manner as is
 49 provided for coinsurance under the provisions of the standard form of property
 50 insurance as provided by law, and in the event of loss shall have the same

1 ~~rights and duties as required by participating insurance companies each~~
 2 ~~insurance or reinsurance policy.~~

3 (3) The date each insurance or reinsurance policy expires.

4 (c) No public education property shall be insured by the Insurance Fund if that property
 5 is covered by a commercial insurance or reinsurance policy. Both of the following shall apply:

6 (1) Any public education property covered by a commercial insurance or
 7 reinsurance policy that is in effect on the date when a public education board
 8 elects to insure property in the Insurance Fund as part of the program of
 9 insurance operated under this Part shall not be insured by the Insurance Fund
 10 until the expiration of the commercial insurance or reinsurance policy. On the
 11 date of the expiration of the applicable policy, the public education property
 12 shall be considered insured by the Insurance Fund.

13 (2) If a public education board obtains a commercial insurance or reinsurance
 14 policy for any public education property that is currently insured by the
 15 Insurance Fund, then, on the date the commercial insurance or reinsurance
 16 policy is to take effect, any property covered by that commercial insurance or
 17 reinsurance policy, to any degree, shall no longer be insured by the Insurance
 18 Fund and the certification of insurance issued under this Article shall be
 19 considered null and void on that date.

20 (d) A public education board that elects to not insure public education property in the
 21 Insurance Fund under this Part shall be ineligible to receive State funds as indemnification for
 22 any direct loss of, or damage to, public education property resulting from insurable hazards.

23 **"§ 58-31A-30. Inspections of insured public education properties.**

24 (a) ~~The~~ In addition to the inspections required under G.S. 115C-525(b), the Office of
 25 State Fire Marshal shall provide for periodic inspections of all public education properties in the
 26 State of North Carolina insured under the provisions of this Article, in addition to the inspections
 27 required by G.S. 115C-525(b). The person making inspections required under G.S. 115C-525(b)
 28 shall furnish a copy to the State Fire Marshal, and the local superintendent shall furnish to the
 29 State Fire Marshal their corrective action plan, in the Insurance Fund as part of the program of
 30 insurance operated under this Part. Each public education property shall be inspected under this
 31 section no less than every five years.

32 (b) The inspections required under this section shall be include inspections related to the
 33 prevention of insurable hazards and for safety of buildings and particularly buildings used to
 34 provide instruction to students. The inspections shall be the basis for offering such engineering
 35 advice as may be thought to be necessary making recommendations to safeguard students in
 36 public education buildings from death and injury from school fires or explosions and the
 37 insurable hazards and to protect the properties from loss, loss or damage from insurable hazards.
 38 The public education properties boards shall be required so far as possible, and reasonable, to
 39 carry out and put into effect any recommendations made by the State Fire Marshal-Marshal, in
 40 accordance with G.S. 115C-525, as a result of these inspections and as a condition of the
 41 applicable public education property remaining insured in the Insurance Fund.

42 **"§ 58-31A-35. Information to be furnished prior to insuring in Fund; providing for**
 43 **payment of premiums.Fund.**

44 ~~Public~~ At least 90 days prior to the date that the applicable public education property is
 45 insured in the Insurance Fund as part of the program of insurance operated under this Part, a
 46 public education boards shall, at least 90 days before insuring in the Fund, board shall furnish to
 47 the Office of State Fire Marshal a complete and detailed list of all public education buildings and
 48 contents of those buildings and other insurable public education property, together with property
 49 under that board's control and an estimate of the present value of the property. Valuation for
 50 purposes of insuring in the Fund shall be reached by agreement in accordance with the procedure
 51 established for adjustment of losses. Public education boards and the tax levying authority shall

1 be required to provide for the payment of premiums for insurance on the school properties of
2 each public education board, respectively, to the extent of not less than eighty percent (80%) of
3 the current insurable value of the said properties, including the insurance in property insurance
4 companies and the insurance provided by the Fund, that property provided by an appraiser
5 selected by the public education board.

6 "**§ 58-31A-40. Determination and adjustment of premium rates; certificate as to insurance**
7 **carried; no lapse; notice as to premiums required, and payments of**
8 **premiums rates.**

9 (a) The Office of State Fire Marshal shall determine the annual premium rate to be
10 charged for insurance of public education properties pursuant to this Article, and rates in the
11 Insurance Fund as part of the program of insurance operated under this Part. Premium rates shall
12 be adjusted from time to time so as to provide insurance against damage or loss resulting from
13 insurable hazards to public education buildings and properties of the public education boards at
14 the lowest cost possible in keeping with the payment of cost of administration under this Article,
15 and the creation of adequate reserves to pay losses which may be incurred. The State Fire Marshal
16 shall furnish to each public education board annually and, at such times as changes may require,
17 a certificate showing the amount of insurance carried on each item of insurable property. This
18 insurance shall not lapse but shall remain in force until the public education board requests that
19 the insurance be canceled or until such property becomes uninsurable in the manner set out in
20 G.S. 58-31A-45. From time to time, the public education board shall be notified as to the amount
21 of the premiums required to be paid for insurance and the amounts to be provided for in the
22 annual budget of the public education board. The tax-levying authorities shall provide by taxation
23 or otherwise a sum sufficient to pay the required premiums annually.

24 (b) The public education board shall, within 30 days from notice of the rate of the
25 premium, pay to the State Fire Marshal the amount of the premiums on the insurance, and in the
26 event that there are no funds available to make a payment on the premiums as required by this
27 subsection, the premium shall be paid out of the first funds available to the public education
28 board. Delayed payments shall bear interest at the rate of six percent (6%) per annum.

29 (c) In setting the premium rates under this section, all of the following shall be
30 considered:

- 31 (1) The duty to provide insurance against damage or loss resulting from insurable
32 hazards to public education property at a low cost while also ensuring the
33 solvency of the Insurance Fund and the Enterprise Fund.
- 34 (2) The reasonable administrative expenses of the Insurance Fund and the
35 Enterprise Fund.
- 36 (3) The need to maintain adequate reserves in the Enterprise Fund to pay claims
37 under this Part for public education property damage or loss resulting from
38 insurable hazards.
- 39 (4) The results of the actuarial analysis conducted under G.S. 58-31B-5.

40 (d) If the balance of the assets held in the Enterprise Fund equals at least five percent
41 (5%) of the combined replacement value of all public education property insured in the State
42 Insurance Fund and all State property, as that term is defined in G.S. 58-31B-1, covered by the
43 Self-insurance Fund, then the required contribution amounts shall be proportionately decreased
44 to an annual amount that is sufficient to maintain the assets held in the Enterprise Fund at five
45 percent (5%) of the combined replacement value of all public education property insured in the
46 Insurance Fund and all State property covered by the Self-insurance Fund.

47 "**§ 58-31A-41. Certificate of insurance.**

48 On no less than an annual basis, and as the need requires, the Office of State Fire Marshal
49 shall furnish to each public education board a certificate showing the amount of insurance carried
50 on each public education property insured as part of the program of insurance operated under this
51 Part. This insurance shall not lapse but shall remain in force unless the public education board

1 requests the insurance be canceled or the public education property becomes uninsurable, as
 2 determined by the appraisers under G.S. 58-31A-45 or by the State Fire Marshal.

3 **"§ 58-31A-43. Payment of premiums.**

4 (a) The Office of State Fire Marshal shall set the interval at which payments for premiums
 5 under this Part shall be made by a public education board. Intervals shall be set in a manner that
 6 takes into account the necessity of the amount due for premiums under this Part to be provided
 7 for in the annual budget of public education boards. The Office of State Fire Marshal shall
 8 provide notification to each public education board as to the premium amount due at each
 9 interval. Within 30 days of notice of an amount due for premiums under this Part, the public
 10 education board shall pay the amount due.

11 (b) The tax-levying authorities associated with a public education board shall provide by
 12 taxation or otherwise a sum sufficient to pay the required premiums due under this Part. If there
 13 are no funds available to a public education board to make a payment required by this section,
 14 then the amount due shall be paid out of the first funds available to the public education board.
 15 Delayed payments shall bear interest at the rate of six percent (6%) per annum.

16 (c) Upon receipt of a payment for any premium due under this Part, the payment shall be
 17 deposited in the State Public Education Property Insurance Fund.

18 **"§ 58-31A-45. Adjustment of losses; determination and report of appraisers; payment of**
 19 **amounts to treasurers of local school administrative units; disbursement of**
 20 **funds. Claims submission and adjudication.**

21 (a) In the event of loss or damage by insurable hazards to a public education buildings
 22 and properties for the public education boards, the property insured in the Insurance Fund as part
 23 of the program of insurance operated under this Part, a public education board shall submit a
 24 claim to the Insurance Fund. The Insurance Fund shall process all claims submitted under this
 25 Part. The Insurance Fund shall pay claims associated with the loss (i) in the same proportion as
 26 the amount of insurance carried bore to the valuation of the property at the time it was insured,
 27 but or damage in an amount not exceeding the amount which that it would cost to repair or replace
 28 the property with material of like kind and quality within a reasonable time after the loss, (ii) not
 29 in excess of the amount of insurance provided for the property, and (iii) not in excess of the
 30 amount of the loss that the Fund is required to pay in participation with property insurance
 31 companies having policies of insurance in force on the properties at the time of the loss or
 32 damage. The Fund shall not be liable for a greater proportion of any loss than the amount of
 33 insurance shall bear to the whole insurance covering the property against the peril involved. loss
 34 or damage.

35 (b) In the event of loss or damage by insurable hazards to public education buildings and
 36 properties of the public education boards, to the property insured, when The amount to be paid
 37 for a claim under this section is determined by the Office of State Fire Marshal and the public
 38 education board controlling the public education property for which the claim was submitted. If
 39 an agreement as to the extent of the loss or damage cannot be arrived at between the Office of
 40 State Fire Marshal and the public education board with control charge of the controlling the
 41 property, then the amount of the loss or damage shall be determined by three appraisers
 42 appraisers. The three appraisers shall be disinterested persons who are qualified from experience
 43 to appraise and value property and shall be selected as follows: the State Fire Marshal

44 (1) The State Fire Marshal shall select one appraiser, the appraiser.

45 (2) The public education board in control of controlling the property for which
 46 the claim was submitted shall select one appraiser, and the appraiser.

47 (3) The two appraisers selected by the State Fire Marshal and the public education
 48 board shall select a third appraiser. The selected appraisers shall be
 49 disinterested persons and shall be qualified from experience to appraise and
 50 value the property. If the appraisers appointed by the State Fire Marshal and
 51 the public education board shall fail to agree upon a third appraiser within 15

1 days of their selection, then, on request of the State Fire Marshal or the public
 2 education board, a third appraiser shall be selected by any regular resident
 3 superior court judge of the superior court district or set of districts as defined
 4 in G.S. 7A-41.1 in which the property is located.

5 (c) ~~The selected appraisers selected and required under this section shall file their written~~
 6 ~~report within 90 days of the selection of all three required appraisers detailing the damage or loss~~
 7 ~~with the State Fire Marshal and with the public education board. board that submitted the claim.~~
 8 ~~If the appraisers determine that, after the loss or damage, the public education property is no~~
 9 ~~longer insurable, then this determination shall be included in the report.~~

10 (d) ~~The costs of the any appraisal required under this section shall be paid from by, and~~
 11 ~~considered an administrative expense of, the State Education Public Property Insurance Fund.~~

12 (e) ~~Upon the determination of the loss or damage to the public education property made~~
 13 ~~by the appraisers, appraisers selected and required under this section, the State Fire Marshal~~
 14 ~~Insurance Fund shall pay the claim in the full amount of the loss or damage to the education~~
 15 ~~property to the finance officer of the public education board, upon proper warrant of the State~~
 16 ~~Fire Marshal. The funds shall be paid out by the finance officer for the disbursement of the funds~~
 17 ~~to the applicable public education board.~~

18 "**§ 58-31A-50. Maintenance of inspection and engineering service; cancellation and**
 19 **prohibition of insurance.**

20 (a) ~~The State Fire Marshal is authorized and empowered to may maintain an inspection~~
 21 ~~and engineering service deemed by it to be appropriate and necessary to reduce the risk of~~
 22 ~~insurable hazards of fire in public education buildings insured in the Fund and to expend for such~~
 23 ~~purpose not in excess of ten percent (10%) of the annual premiums collected from the public~~
 24 ~~education boards. Insurance Fund as part of the program of insurance operated under this Part.~~
 25 ~~This service shall be considered an administrative expense and subject to the fund utilization~~
 26 ~~limitations of G.S. 58-31A-20(d).~~

27 (b) ~~The State Fire Marshal is authorized and empowered to cancel any insurance on or~~
 28 ~~prohibit the insurance of any public education property when, in his or her opinion, in the~~
 29 ~~Insurance Fund if, because of dilapidation and depreciation of the property, the property is not~~
 30 ~~insurable or becomes no longer insurable.~~

31 (c) ~~The public education board shall be notified at least 30 days prior to cancellation, and~~
 32 ~~in the event any cancellation under this section. If the public education board demonstrates the~~
 33 ~~property can be subject to cancellation has been restored to insurable condition, then the State~~
 34 ~~Fire Marshal may continue insurance coverage, provided, that the findings and results of the~~
 35 ~~inspection of public education property by the agents of the State Fire Marshal shall be reported~~
 36 ~~to the public education board and to the tax levying authority for that public education board that~~
 37 ~~carry insurance with the Fund at least 30 days prior to finalization of a local budget for that fiscal~~
 38 ~~year to ensure that all public education property shall be properly taken care of and made safe~~
 39 ~~from fire hazards or resume insuring that property in the Insurance Fund in accordance with this~~
 40 ~~Part.~~

41"

42 **SECTION 32.3.(f)** G.S. 150B-1(d) reads as rewritten:

43 "(d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
 44 following:

45 ...

46 (35) The Office of State Fire Marshal with respect to Part 1 of Article 31A of
 47 Chapter 58 of the General Statutes."

48 **SECTION 32.3.(g)** Effective May 1, 2026, G.S. 150B-1(d)(35), as enacted by
 49 subsection (f) of this section, reads as rewritten:

50 "(35) The Office of State Fire Marshal with respect to Article 31B and Part 1 of
 51 Article 31A of Chapter 58 of the General Statutes."

1 **SECTION 32.3.(h)** Effective May 1, 2026, the following are repealed:

- 2 (1) G.S. 58-31-1.
3 (2) G.S. 58-31-5.
4 (3) G.S. 58-31-10.
5 (4) G.S. 58-31-12.
6 (5) G.S. 58-31-15.
7 (6) G.S. 58-31-35.
8 (7) G.S. 58-31-45.
9 (8) G.S. 58-31A-10.
10 (9) G.S. 58-31A-15.
11 (10) G.S. 58-31A-55.
12 (11) G.S. 147-69.2(a)(12).

13 **SECTION 32.3.(i)** The Department of Insurance and the Office of State Fire Marshal
14 shall not maintain any commercial insurance or reinsurance policy or coverage to protect the
15 State Property Fire Insurance Fund and State Public Education Property Insurance Fund beyond
16 May 1, 2026, or the earliest date that does not breach any current contract with any insurer or
17 reinsurer, whichever is later. The prorated refund, if any, on insurance or reinsurance premiums
18 shall be transferred to the Public Property Insurance Enterprise Fund, established under
19 G.S. 58-31B-2, as enacted by this section. Beginning May 1, 2026, no State property shall be
20 covered by the State Property Fire Insurance Fund and instead shall be covered by the State
21 Property Self-insurance Fund.

22 **SECTION 32.3.(j)** Effective July 1, 2025, there is appropriated from the State
23 Emergency Response and Disaster Relief Fund to the Public Property Insurance Enterprise Fund,
24 established under G.S. 58-31B-2, as enacted by this section, the sum of two hundred million
25 dollars (\$200,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be used for the
26 initial capitalization of the Enterprise Fund. Until May 1, 2027, up to the total of one million five
27 hundred thousand dollars (\$1,500,000) of these funds may be used for administrative purposes
28 to implement this section.

29 **SECTION 32.3.(k)** On May 1, 2026, the following funds shall be transferred to the
30 Public Property Insurance Enterprise Fund, established under G.S. 58-31B-2, as enacted by this
31 section:

- 32 (1) All funds in the State Public Education Property Insurance Fund as of April
33 30, 2026, that are not associated with a premium payment due for insurance
34 in the State Public Education Property Insurance Fund on or after May 1,
35 2026.
36 (2) All funds in State Property Fire Insurance Fund.

37 **SECTION 32.3.(l)** As efficiently as practicable, the Office of State Fire Marshal
38 shall develop policies and procedures related to the implementation of Article 31B of Chapter 58
39 of the General Statutes and the changes to Article 31A of Chapter 58 of the General Statutes, as
40 enacted by this section.

41 **SECTION 32.3.(m)** The Department of Administration and the Office of State Fire
42 Marshal shall enter into a memorandum of understanding for the transfer of funds from the State
43 Property Self-insurance Fund to be used to cover the costs to the Department of Administration
44 for two full-time positions to assist with the appraisal of State property in conjunction with the
45 Facilities Assessment Condition Program for State property. Funds transferred for this purpose
46 shall be considered an administrative expense of the State Property Self-insurance Fund.

47 **SECTION 32.3.(n)** Effective May 1, 2026, G.S. 115C-523.1 reads as rewritten:

48 "**§ 115C-523.1. Duty to insure public school property.**

- 49 (a) The local board of education of every local school administrative unit in the public
50 school system of this State, ~~in order to safeguard the investment made in public schools,~~
51 ~~shall~~ State shall do all of the following:

1 ...
 2 (3) Provide to the ~~Commissioner of Insurance~~ Office of State Fire Marshal a list
 3 of all of its insurable buildings, the equipment and contents of the buildings,
 4 and their insurable values by October 1 of each year.

5 ...
 6 (c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance
 7 requirements of subsection (a) of this section by doing either of the following, or some
 8 combination of the two:

9 (1) Purchasing insurance from companies duly licensed and authorized to sell
 10 insurance in this State or may obtain insurance in accordance with the
 11 provisions of Article 31A of Chapter 58 of the General Statutes, "State
 12 Insurance of Public Education Property." State. If a local board of education
 13 purchases insurance from a company duly licensed and authorized to sell
 14 insurance in this State for any insurable building, its equipment, or its
 15 contents, then the local board of education shall provide the Commissioner
 16 Office of State Fire Marshal with a copy of the policy of insurance. If the
 17 policy of insurance is cancelled, terminated, or changed for any reason, then
 18 the local board of education shall notify the Commissioner Office of State Fire
 19 Marshal within five days of the effective date of the cancellation, termination,
 20 or change.

21 (2) Insuring public education property against loss from all insurable hazards, as
 22 that term is defined in G.S. 58-31A-1, in the program of insurance operated
 23 under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a local
 24 board of education elects to not insure a local school administrative unit's
 25 public education property pursuant to this subdivision, the provisions of
 26 G.S. 58-31A-25(d) shall apply with respect to that unit's eligibility to receive
 27 State funds.

28 (d) If the ~~Commissioner of Insurance~~ State Fire Marshal determines that any person has
 29 willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the
 30 ~~Commissioner of Insurance~~ State Fire Marshal may order, for each separate violation, a civil
 31 penalty under ~~the procedures in G.S. 58-2-70(d)~~ Article 78A of Chapter 58 of the General
 32 Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes
 33 a separate violation."

34 **SECTION 32.3.(o)** Effective May 1, 2026, G.S. 115C-523.2 reads as rewritten:
 35 "**§ 115C-523.2. Flood insurance.**

36 (a) The local board of education of every local school administrative unit in the public
 37 school system of this State, in order to safeguard the investment made in public schools, shall
 38 insure and keep insured to the extent of not less than eighty percent (80%) of the current insurable
 39 value, as determined by the insurer and the insured, of each of its insurable buildings against
 40 flood when that property is located, or becomes located in, an area identified on the latest Flood
 41 Insurance Rate Map produced by the Federal Emergency Management Agency as area that will
 42 be inundated by the flood event having a one percent (1%) chance of being equaled or exceeded
 43 in any given year. The local board of education shall provide to the ~~Commissioner of Insurance~~
 44 Office of State Fire Marshal a list of all of its insurable buildings against flood and their insurable
 45 values by October 1 of each year.

46 ...
 47 (c) Local boards of education ~~may purchase~~ shall satisfy the minimum insurance
 48 requirements of subsection (a) of this section by doing either of the following, or some
 49 combination of the two:

50 (1) Purchasing insurance from companies duly licensed and authorized to sell
 51 insurance in this State or may obtain insurance in accordance with the

provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If a local board of education purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building against flood, then the local board of education shall provide the ~~Commissioner~~ Office of State Fire Marshal with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, then the local board of education shall notify the ~~Commissioner~~ Office of State Fire Marshal within five days of the effective date of the cancellation, termination, or change.

(2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a local board of education elects to not insure a local school administrative unit's public education property pursuant to this subdivision, the provisions of G.S. 58-31A-25(d) shall apply with respect to that unit's eligibility to receive State funds.

(d) If the ~~Commissioner of Insurance~~ State Fire Marshal determines that any person has willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the ~~Commissioner of Insurance~~ State Fire Marshal may order, for each separate violation, a civil penalty under ~~the procedures in G.S. 58-2-70(d)~~ Article 78A of Chapter 58 of the General Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes a separate violation."

SECTION 32.3.(p) Effective May 1, 2026, G.S. 115D-58.11 reads as rewritten:

"§ 115D-58.11. **Fire and casualty insurance on institutional buildings and contents.**

(a) The board of trustees of each ~~institution, in order to safeguard the investment in institutional buildings and their contents, shall:~~ institution shall do all of the following:

...

(3) Provide to the Commissioner of Insurance and the Office of State Fire Marshal a list of all of its institution's insurable buildings, the equipment and contents of the buildings, and their insurable values by October 1 of each year.

...

(c) Boards of trustees ~~may purchase~~ shall satisfy the minimum insurance requirements of subsection (a) of this section by doing either of the following, or some combination of the two:

(1) Purchasing insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 31A of Chapter 58 of the General Statutes, "State Insurance of Public Education Property." State. If the board of trustees of an institution purchases insurance from a company duly licensed and authorized to sell insurance in this State for any insurable building, its equipment, or its contents, then the board of trustees shall provide the Commissioner and the Office of State Fire Marshal with a copy of the policy of insurance. If the policy of insurance is cancelled, terminated, or changed for any reason, then the board of trustees shall notify the Commissioner and the Office of State Fire Marshal within five days of the effective date of the cancellation, termination, or change.

(2) Insuring public education property against loss from all insurable hazards, as that term is defined in G.S. 58-31A-1, in the program of insurance operated under Part 1 of Article 31A of Chapter 58 of the General Statutes. A local board of education that elects to not insure public education property pursuant to this subdivision is ineligible to receive state funds as indemnification

1 against the direct loss of or damage to public education property by insurable
2 hazards.

3 (d) ~~If the Commissioner of Insurance-State Fire Marshal determines that any person has~~
4 ~~willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the~~
5 ~~Commissioner of Insurance-State Fire Marshal may order, for each separate violation, a civil~~
6 ~~penalty under the procedures in G.S. 58-2-70(d). Article 78A of Chapter 58 of the General~~
7 ~~Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes~~
8 ~~a separate offense violation."~~

9 **SECTION 32.3.(q)** Effective May 1, 2026, G.S. 115D-58.11A reads as rewritten:

10 **"§ 115D-58.11A. Flood insurance.**

11 (a) The board of trustees of each institution, in order to safeguard the investment in
12 institutional buildings and their contents, shall insure and keep insured to the extent of not less
13 than eighty percent (80%) of the current insurable value, as determined by the insurer and the
14 insured, of each of its insurable buildings against flood when that property is located, or becomes
15 located in, an area identified on the latest Flood Insurance Rate Map produced by the Federal
16 Emergency Management Agency as area that will be inundated by the flood event having a one
17 percent (1%) chance of being equaled or exceeded in any given year. The board of trustees of
18 each institution shall provide to the Commissioner of Insurance and the Office of State Fire
19 Marshal a list of all of its institution's insurable buildings against flood and their insurable values
20 by October 1 of each year.

21 ...

22 (c) The board of trustees ~~may purchase~~ shall satisfy the minimum insurance requirements
23 of subsection (a) of this section by doing either of the following, or some combination of the two:

24 (1) Purchasing insurance from companies duly licensed and authorized to sell
25 insurance in this State or may obtain insurance in accordance with the
26 provisions of Article 31A of Chapter 58 of the General Statutes, "State
27 Insurance of Public Education Property." State. If the board of trustees of an
28 institution purchases insurance from a company duly licensed and authorized
29 to sell insurance in this State for any insurable building against flood, the
30 board of trustees shall provide the Commissioner and the Office of State Fire
31 Marshal with a copy of the policy of insurance. If the policy of insurance is
32 cancelled, terminated, or changed for any reason, the board of trustees shall
33 notify the Commissioner and the Office of State Fire Marshal within five days
34 of the effective date of the cancellation, termination, or change.

35 (2) Insuring public education property against loss from all insurable hazards, as
36 that term is defined in G.S. 58-31A-1, in the program of insurance operated
37 under Part 1 of Article 31A of Chapter 58 of the General Statutes. If a board
38 of trustees elects to not insure an institution's public education property
39 pursuant to this subdivision, the provisions of G.S. 58-31A-25(d) shall apply
40 with respect to that institution's eligibility to receive State funds.

41 (d) ~~If the Commissioner of Insurance-State Fire Marshal determines that any person has~~
42 ~~willfully failed to comply with the provisions of subsections (a), (b), and (c) of this section, the~~
43 ~~Commissioner of Insurance-State Fire Marshal may order, for each separate violation, a civil~~
44 ~~penalty under the procedures in G.S. 58-2-70(d). Article 78A of Chapter 58 of the General~~
45 ~~Statutes, notwithstanding G.S. 58-78A-6(a). Every 24 hours without such insurance constitutes~~
46 ~~a separate violation."~~

47 **SECTION 32.3.(r)** Effective May 1, 2026, G.S. 58-78A-1(b) is amended by adding
48 two new subdivisions to read:

49 "(22) Administration of the State Public Education Property Insurance Fund under
50 Part 1 of Article 31A of this Chapter.

(23) Administration of the Public Property Insurance Enterprise Fund and the State Property Self-insurance Fund under Article 31B of this Chapter."

SECTION 32.3.(s) Effective May 1, 2026, Article 31 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-31-16. Coverage for property not included in the State Property Self-insurance Fund.

(a) The State Fire Marshal is authorized to acquire coverage for any property under the control of a State department, agency, or institution that is either exempt from Part 2 of Article 31B of this Chapter or for which there is no coverage under Article 31B of this Chapter.

(b) The cost for any coverage acquired for a State department, agency, or institution under this section shall be paid in full by that State department, agency, or institution."

SECTION 32.3.(t) G.S. 58-31-20, as amended by Section 6.4(a) of S.L. 2024-1, reads as rewritten:

"§ 58-31-20. Use and occupancy and business interruption insurance.

(a) ~~Upon~~ The State Fire Marshal may acquire use and occupancy or business interruption insurance upon the request of any State department, agency, or institution, use and occupancy and business interruption insurance shall be provided on state-owned institution for specifically designated State-owned property of such that department, agency, or institution which is insured by the State Property Fire Insurance Fund. institution.

(b) ~~Premiums for such any use and occupancy or business interruption insurance coverage requested under this section shall be paid by each requesting department, agency, or institution in accordance with rates fixed by the State Fire Marshal. Losses covered by such insurance may be paid for out of the State Property Fire Insurance Fund in the same manner as fire losses. Office of State Fire Marshal that covers the costs of the insurance in full.~~

(c) ~~The State Fire Marshal, with the approval of the Governor and Council of State, is authorized and empowered to shall purchase from insurers admitted to do business in North Carolina such use and occupancy or business interruption insurance or reinsurance products as may be necessary to protect the State Property Fire Insurance Fund against loss with respect to such insurance coverage to meet the coverage requested by a State department, agency, or institution under this section.~~"

SECTION 32.3.(u) Effective May 1, 2026, G.S. 63A-24(a)(4) reads as rewritten:

"(4) ~~Article 31-31B~~ of Chapter 58 of the General Statutes shall not apply to a building located on State lands that is (i) privately owned or privately leased and (ii) located within the North Carolina Global TransPark, provided the requirements of ~~G.S. 58-31-2~~ G.S. 58-31B-40 are met."

SECTION 32.3.(v) Except as otherwise provided, this section is effective when it becomes law.

PART XXXIII. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXIV. LIEUTENANT GOVERNOR [RESERVED]

PART XXXV. MILITARY AND VETERANS AFFAIRS

CODIFY NORTH CAROLINA VETERANS CEMETERY TRUST FUND/VETERANS' CEMETERIES UPGRADE & MAINTENANCE

SECTION 35.1.(a) Article 8A of Chapter 65 of the General Statutes is amended by adding the following new sections to read:

"§ 65-45. North Carolina Veterans Cemetery Trust Fund.

There is hereby established the North Carolina Veterans Cemetery Trust Fund (hereinafter "Fund"), a special fund within the Department of Military and Veterans Affairs. The Fund shall be maintained as a special fund and shall be administered by the Department to carry out the

1 operations and maintenance of the State's veterans' cemeteries. Interest accruing from the monies
 2 in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of
 3 funding:

- 4 (1) All interest and investment earnings received on monies in the Fund.
 5 (2) Any other funds, as directed by the General Assembly.

6 **"§ 65-45.1. Veterans' cemeteries; reporting requirements.**

7 Not later than September 15 of each year, the Department of Military and Veterans Affairs
 8 shall submit a report to the Joint Legislative Oversight Committee on General Government, the
 9 House Appropriations Committee on General Government, the Senate Appropriations
 10 Committee on General Government and Information Technology, and the Fiscal Research
 11 Division on all of the following:

- 12 (1) The overall condition of each of the State's veterans' cemeteries, including any
 13 known issues that require maintenance and/or repair in the upcoming State
 14 fiscal year.
 15 (2) The total funds spent at each of the State's veterans' cemeteries for
 16 maintenance and/or repair and any other expenses in the prior State fiscal year
 17 and the source of the funds.
 18 (3) The number of full- and part-time employees assigned to work at each of the
 19 State's veterans' cemeteries in the prior State fiscal year.
 20 (4) The number of veterans and the legal spouses and eligible dependents of
 21 veterans who were interred at each of the State's veterans' cemeteries in the
 22 prior State fiscal year, and the type of interment for each veteran, legal spouse,
 23 and eligible dependent."

24 **SECTION 35.1.(b)** Section 17.4 of S.L. 2020-78 is repealed.

25 **SECTION 35.1.(c)** The Department of Military and Veterans Affairs may use up to
 26 four hundred thousand dollars (\$400,000) of the interest earned on the North Carolina Veterans
 27 Cemetery Trust Fund to create up to four positions to maintain and operate the existing State
 28 veterans' cemeteries.

29 **SECTION 35.1.(d)** G.S. 147-69.2 reads as rewritten:

30 **"§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

31 (a) This section applies to funds held by the State Treasurer to the credit of each of the
 32 following:

- 33 ...
 34 (25) North Carolina Veterans Cemetery Trust Fund.

35"

36 **SECTION 35.1.(e)** Using funds appropriated to the Department of Military and
 37 Veterans Affairs for the 2025-2027 fiscal biennium for capital improvements, the Department
 38 shall have installed in a prominent location on the grounds of each of the State's four veterans'
 39 cemeteries a plaque on which is inscribed President Abraham Lincoln's promise to veterans and
 40 their families made during his Second Inaugural Address, which is as follows: "To care for him
 41 who shall have borne the battle, and for his widow, and his orphan." The Department may spend
 42 up to forty thousand dollars (\$40,000) for all four plaques. Funds appropriated for capital
 43 improvements for the 2025-2027 fiscal biennium that remain after the Department has paid for
 44 the plaques shall be used for capital improvements.

45 **STATUTORY CHANGES**

46 **SECTION 35.2.** Article 14 of Chapter 143B of the General Statutes reads as
 47 rewritten:

48 "Article 14.

49 "Department of Military and Veterans Affairs

50 "Part 1. General Provisions.
 51

1 ...

2 **"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

3 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
4 following:

5 ...

6 (10) Manage and maintain the State's veterans nursing homes and cemeteries and
7 their associated assets to the standard befitting those who have worn the
8 uniform of the Armed Forces according to federal guidelines. Plan for
9 expansion and grow the capacity of these facilities and any new ~~facilities as~~
10 ~~required pending the availability of designated funds.~~ facilities. Funds to
11 perform the duties required by this subdivision shall be spent pursuant to
12 appropriation by the General Assembly; provided, however, the expenditure
13 of funds for the State's veterans nursing homes shall be in accordance with
14 G.S. 143B-1294(c). The Department may enter into contracts to perform the
15 duties required by this subdivision.

16 ...

17 **"§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and**
18 **reintegration services to veterans.**

19 (a) There is hereby established in the ~~Department of Military and Veterans Affairs Office~~
20 of State Budget and Management (hereinafter "OSBM") a challenge grant program for the
21 Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered
22 by the ~~Department-OSBM~~ as provided in this section. Funds appropriated by the General
23 Assembly for the challenge grant program shall be used to allocate funds to the Center for the
24 purpose of providing rehabilitation and reintegration services and support to veterans across the
25 State, and those funds shall not be used for any other purpose without the express authorization
26 of the General Assembly.

27 (b) The maximum amount of State funds that may be disbursed to the Center under this
28 section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The ~~Department~~
29 OSBM shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will
30 receive a State dollar for each non-State dollar raised by the Center each quarter, but in no case
31 shall the ~~Department-OSBM~~ disburse State funds to the Center if the Center has not raised
32 non-State funds in that quarter of the fiscal year. The Center shall demonstrate, to the satisfaction
33 of the ~~Department-OSBM~~, that it has raised the non-State funds required by this subsection prior
34 to the disbursement of State funds. The Center shall not supplant, shift, or reallocate Center funds
35 for the purpose of achieving the non-State dollars required by this subsection.

36 (b1) Notwithstanding the provisions of subsection (b) of this section, if the OSBM does
37 not disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not
38 satisfy the requirements of the grant contract between the OSBM and the Center on or before
39 June 30 of that fiscal year, the grant funds shall not revert on June 30 but shall remain available
40 to the OSBM to disburse to the Center in the following fiscal year as long as the Center satisfies
41 the grant contract requirements. In such a case, the OSBM is authorized to disburse grant funds
42 to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars
43 (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the
44 current fiscal year.

45 (c) Not later than July 1 of each year, the ~~Department-OSBM~~ shall submit a written report
46 to the Joint Legislative Oversight Committee on General Government and the Fiscal Research
47 Division on all of the following information, and the Center shall provide the information to the
48 ~~Department-OSBM~~ in the manner and time period requested by the ~~Department-OSBM~~ for
49 purposes of preparing the report:

50 ...

1 "Part 9. Priority in Employment Assistance for Veterans of the Armed Forces of the United
2 States.

3 ...
4 **"§ 143B-1285. Implementation and performance measures.**

5 ~~The North Carolina Commission on Workforce Preparedness~~ NC Works Commission shall:

6 ...

7 "Part 10. State Veterans Home.

8 ...
9 **"§ 143B-1291. ~~Establishment.~~ Establishment of State veterans homes; closing homes.**

10 (a) Establishment. – The State of North Carolina shall construct, maintain, and operate
11 veterans homes for the aged and infirm veterans resident in this State under the administrative
12 authority and control of the Department of Military and Veterans Affairs. There is vested in the
13 Department ~~any and all the~~ powers and authority ~~that may be~~ necessary to enable it to establish
14 and operate the ~~homes and to~~ homes; provided, however, funds to construct, maintain, and
15 operate the homes shall be pursuant to appropriation by the General Assembly except as provided
16 in G.S. 143B-1294(c). The Department shall issue rules necessary to operate the homes in
17 compliance with applicable State and federal statutes and regulations. The Department may enter
18 into contracts to construct and maintain veterans homes in accordance with the provisions of
19 Articles 3, 3C, 3D, and 8 of Chapter 143 of the General Statutes and procedures established by
20 the Division of Purchase and Contract and the Office of State Construction. The Department may
21 enter into contracts to operate veterans homes as provided in G.S. 143B-1295.

22 (b) Report Condition Assessment Results. – If the Department determines, based upon
23 an assessment conducted by the Office of State Construction, the Department, or an entity with
24 whom the Department has contracted to conduct the assessment, that a State veterans home
25 requires repair in order to maintain the home in a safe and habitable condition, the Department
26 shall, not later than 24 hours after receiving the assessment report, submit a report of the
27 assessment findings to the Joint Legislative Oversight Committee on General Government, the
28 House Appropriations Committee on General Government, the Senate Appropriations
29 Committee on General Government and Information Technology, and the Fiscal Research
30 Division. The report shall, at a minimum, include the name of the State agency or other entity
31 that conducted the assessment, the reason for the assessment, the dangerous conditions found,
32 the Department's recommendations for remedying the dangerous conditions, and the estimated
33 costs of remedying the dangerous conditions.

34 ...
35 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

36 ...
37 (c) Use of Fund. – The trust fund created in subsection (a) of this section shall be used
38 by the Department of Military and Veterans Affairs to do the following:

- 39 (1) To pay for the care of veterans in said State veterans homes;
40 (2) To pay the general operating expenses of the State veterans homes, including
41 the payment of salaries and wages of officials and employees of said homes;
42 and
43 (3) To pay the costs to remodel, repair, construct, modernize, or add
44 improvements to buildings and facilities at the homes.

45 ...
46 **"§ 143B-1294. Funding.**

47 ...
48 (c) All funds received by the Department shall be deposited in the North Carolina
49 Veterans Home Trust Fund, except for any funds deposited into special agency accounts
50 established pursuant to G.S. 143B-1293(d)(3). The Veterans' Affairs Commission shall authorize
51 the expenditure of all funds from the North Carolina Veterans Home Trust Fund. The Veterans'

1 Affairs Commission may delegate authority to the Assistant Secretary of Veterans Affairs for the
2 expenditure of funds from the North Carolina Veterans Home Trust Fund for operations of the
3 State Veterans Nursing Homes. The delegation of authority shall apply only to the person holding
4 the office of Secretary of the Department at the time the vote is undertaken, and a new vote to
5 delegate authority must be undertaken by the Commission each time a person is appointed to
6 serve as Secretary or designated to serve as chair of the Commission under G.S. 143B-1221.

7 **"§ 143B-1295. Contracted operation of homes.**

8 The Department of Military and Veterans Affairs, in consultation with the Veterans' Affairs
9 Commission-Commission, may contract with persons or other nongovernmental entities to
10 operate each State veterans home. Contracts for the procurement of services to manage,
11 administer, and operate any State veterans home shall be awarded on a competitive basis through
12 the solicitation of proposals and through the procedures established by statute and the Division
13 of Purchase and Contract. A contract may be awarded to the vendor whose proposal is most
14 advantageous to the State, taking into consideration cost, program suitability, management plan,
15 excellence of program design, key personnel, corporate or company resources, financial
16 condition of the vendor, experience and past performance, and any other qualities deemed
17 necessary by the ~~Veterans' Affairs Commission-Department~~ and set out in the solicitation for
18 proposals. Any contract awarded under this section shall not exceed five years in length. The
19 ~~Veterans' Affairs Commission-Department~~ is not required to select or recommend the vendor
20 offering the lowest cost proposal but shall select or recommend the vendor who, in the opinion
21 of the ~~Commission-Department,~~ offers the proposal most advantageous to the veterans and the
22 State of North Carolina.

23 **"§ 143B-1296. Program staff.**

24 The Department shall appoint and fix the salary of ~~an Administrative Officer~~ a Program
25 Director for the State veterans home program. The ~~Administrative Officer~~ Program Director shall
26 be an honorably discharged veteran who has served in active military service in the Armed Forces
27 of the United States for other than training purposes. The ~~Administrative Officer-Program~~
28 Director shall direct the establishment of the State veterans home program, coordinate the master
29 planning, land acquisition, and construction of all State veterans homes under the procedures ~~of~~
30 established by the Office of State Construction, and oversee the ongoing operation of said the
31 veterans homes. The ~~Division-Department~~ may hire any required additional administrative staff
32 to ~~help~~ assist with administrative and operational responsibilities at each established State
33 veterans home.

34 ...

35 **"§ 143B-1300. Report and budget.**

36 (a) ~~The Assistant Secretary for Veterans Affairs shall report annually to the Secretary of~~
37 ~~the Department of Military and Veterans Affairs and shall report annually to the Joint Legislative~~
38 Oversight Committee on General Government and the Fiscal Research Division on the activities
39 of the State Veterans Homes Program. This report shall contain an accounting of all monies
40 received and expended, statistics on residents in the homes during the year, recommendations to
41 ~~the Secretary, the Governor, Governor~~ and the General Assembly ~~as to the program, on ways to~~
42 improve the services provided by the homes, and such other matters as may be deemed pertinent.

43 ...

44 **"§ 143B-1301. Detailed annual report.**

45 By March 1 of odd-numbered years and September 1 of even-numbered years, the
46 Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight
47 Committee on General Government, the Senate Appropriations Committee on General
48 Government and Information Technology, the House of Representatives Appropriations
49 Committee on General Government, and the Fiscal Research Division on the status of the State
50 Veterans Homes program by providing a general overview of the State Veterans Homes and a
51 specific description of each facility which shall include, at a minimum, all of the following:

1 ...
 2 (1a) Facility condition assessment, including any structural, mechanical,
 3 plumbing, electrical, or other issue that affects the integrity of the facility that
 4 should be repaired or replaced within the 12 months immediately following
 5 submission of the report required by this section.

6 ...
 7 Part 11. North Carolina Military Affairs Commission.

8 ...
 9 **"§ 143B-1311. Membership.**

10 ...
 11 (b) The voting members of the Commission shall be appointed as follows:

12 (1) Thirteen members appointed by the Governor, consisting of:

13 ...
 14 h. One person who is a resident of North Carolina with a long-term
 15 connection to the State and who is a current or retired member of a
 16 reserve component of the United States Air Force, Army, Navy, Space
 17 Force, or Marines-Marine Corps and who is involved in a military
 18 affairs organization or involved in military issues through civic,
 19 commercial, or governmental relationships.

20 ...
 21 (h) The initial meeting of the Commission shall be within 30 days of the effective date of
 22 this act at a time and place to be determined by the Secretary of Commerce. The first order of
 23 business at the initial meeting of the Commission shall be the adoption of bylaws and
 24 establishment of committees, after which the Commission shall meet upon the call of the
 25 ~~Chairman or the Secretary of the Department of Military and Veterans Affairs.~~ chair. The
 26 members shall receive no compensation for attendance at meetings, except a per diem expense
 27 reimbursement. Members of the Commission who are not officers or employees of the State shall
 28 receive reimbursement for subsistence and travel expenses at rates set out in G.S. 138-5 from
 29 funds made available to the Commission. Members of the Commission who are officers or
 30 employees of the State shall be reimbursed for travel and subsistence at the rates set out in
 31 G.S. 138-6 from funds made available to the Commission. The Department of Military and
 32 Veterans Affairs shall use funds within its budget for the per diem, subsistence, and travel
 33 expenses authorized by this subsection.

34"

35
 36 **ARMED FORCES TO INCLUDE UNITED STATES SPACE FORCE**

37 **SECTION 35.3.(a)** G.S. 1-82 reads as rewritten:

38 **"§ 1-82. Venue in all other cases.**

39 In all other cases the action must be tried in the county in which the plaintiffs or the
 40 defendants, or any of them, reside at its commencement, or if none of the defendants reside in
 41 the State, then in the county in which the plaintiffs, or any of them, reside; and if none of the
 42 parties reside in the State, then the action may be tried in any county which the plaintiff designates
 43 in the plaintiff's summons and complaint, subject to the power of the court to change the place
 44 of trial, in the cases provided by statute; provided that any person who has resided on or been
 45 stationed in a United States Army, Navy, Marine Corps, Coast Guard, Space Force, or Air Force
 46 installation or reservation within this State for a period of one (1) year or more next preceding
 47 the institution of an action shall be deemed a resident of the county within which such installation
 48 or reservation, or part thereof, is situated and of any county adjacent to such county where such
 49 person stationed at such installation or reservation lives in such adjacent county, for the purposes
 50 of this section. The term person shall include military personnel and the spouses and dependents
 51 of such personnel."

1 **SECTION 35.3.(b)** G.S. 14-395 is repealed.

2 **SECTION 35.3.(c)** G.S. 17C-10.1 reads as rewritten:

3 "**§ 17C-10.1. Certification of military service members and veterans with law enforcement**
4 **training and experience.**

5 ...

6 (g) As used in this section, the following terms mean:

7 (1) Branches of military service. – The United States Armed Forces: Air Force;
8 Army; ~~Marine;~~ Marine Corps; Navy; Space Force; active, reserve, Air/Army
9 National Guard components; and the Coast Guard.

10 "

11 **SECTION 35.3.(d)** G.S. 45-21.12A reads as rewritten:

12 "**§ 45-21.12A. Power of sale barred during periods of military service.**

13 ...

14 (d) Definitions. – The following definitions apply in this section:

15 (1) Military service. –

16 a. In the case of a member of the United States Army, Navy, Air Force,
17 Marine Corps, Space Force, or Coast Guard:

18 "

19 **SECTION 35.3.(e)** G.S. 47-81.2 reads as rewritten:

20 "**§ 47-81.2. Before United States Army, etc., officers, and other service members.**

21 In all cases where instruments and writings have been proved or acknowledged before any
22 commissioned officer of the United States Army, Navy, Air Force, Marine Corps, Space Force,
23 or Coast Guard or any officer of the United States Merchant Marine having the rank of lieutenant,
24 senior grade, or higher, such proofs or acknowledgments, where valid in other respects, are
25 hereby ratified, confirmed and declared valid. All proofs or acknowledgments made by any
26 military personnel authorized by the Congress of the United States are hereby ratified, confirmed,
27 and declared valid and shall not require the affixation of a seal where valid in other respects."

28 **SECTION 35.3.(f)** G.S. 50-18 reads as rewritten:

29 "**§ 50-18. Residence of military personnel; payment of defendant's travel expenses by**
30 **plaintiff.**

31 In any action instituted and prosecuted under this Chapter, allegation and proof that the
32 plaintiff or the defendant has resided or been stationed at a United States Army, Navy, Marine
33 Corps, Coast Guard, Space Force, or Air Force installation or reservation or any other location
34 pursuant to military duty within this State for a period of six months next preceding the institution
35 of the action shall constitute compliance with the residence requirements set forth in this Chapter;
36 provided that personal service is had upon the defendant or service is accepted by the defendant,
37 within or without the State as by law provided.

38 "

39 **SECTION 35.3.(g)** G.S. 50A-351 reads as rewritten:

40 "**§ 50A-351. Definitions.**

41 The following definitions apply in this Article:

42 ...

43 (18) Uniformed service. – Service which includes (i) the active and reserve
44 components of the United States Army, Navy, Air Force, Marine Corps, Space
45 Force, or Coast ~~Guard of the United States;~~ Guard; (ii) the Merchant Marine,
46 the commissioned corps of the Public Health Service, or the commissioned
47 corps of the National Oceanic and Atmospheric Administration of the United
48 States; or (iii) the National Guard."

49 **SECTION 35.3.(h)** G.S. 58-58-335 reads as rewritten:

50 "**§ 58-58-335. Definitions.**

51 As used in this Part:

1 ...
 2 (1a) "Armed Forces" means all components of the United States Army, Navy, Air
 3 Force, Marine Corps, Space Force, and Coast Guard.
 4"

5 **SECTION 35.3.(i)** G.S. 88B-25 reads as rewritten:

6 **"§ 88B-25. Exemptions.**

7 The following persons are exempt from the provisions of this Chapter while engaged in the
 8 proper discharge of their professional duties:

9 ...
 10 (4) Commissioned medical or surgical officers of the United States Army, Air
 11 Force, Navy, ~~Marine~~, Marine Corps, Space Force, or Coast Guard.
 12"

13 **SECTION 35.3.(j)** G.S. 115C-12 reads as rewritten:

14 **"§ 115C-12. Powers and duties of the Board generally.**

15 The general supervision and administration of the free public school system shall be vested
 16 in the State Board of Education. The State Board of Education shall establish all needed rules
 17 and regulations for the system of free public schools, subject to laws enacted by the General
 18 Assembly. In accordance with Sections 7 and 8 of Article III of the North Carolina Constitution,
 19 the Superintendent of Public Instruction, as an elected officer and Council of State member, shall
 20 administer all needed rules and regulations adopted by the State Board of Education through the
 21 Department of Public Instruction. The powers and duties of the State Board of Education are
 22 defined as follows:

23 ...
 24 (18) Duty to Develop and Implement a Uniform Education Reporting System,
 25 Which Shall Include Standards and Procedures for Collecting Fiscal and
 26 Personnel Information. –

27 ...
 28 f. The State Board of Education shall develop a process for local school
 29 administrative units to annually identify enrolled military-connected
 30 students using the Uniform Education Reporting System. The
 31 identification of military-connected students shall not be used for the
 32 purposes of determining school achievement, growth, and
 33 performance scores as required by G.S. 115C-12(9)c1. The
 34 identification of military-connected students is not a public record
 35 within the meaning of G.S. 132-1 and shall not be made public by any
 36 person, except as permitted under the provisions of the Family
 37 Educational and Privacy Rights Act of 1974, 20 U.S.C. § 1232g. For
 38 purposes of this section, a "military-connected student" means a
 39 student enrolled in a local school administrative unit who has a parent,
 40 step-parent, sibling, or any other person who resides in the same
 41 household serving in the active or reserve components of the United
 42 States Army, Navy, Air Force, Marine Corps, Coast Guard, Space
 43 Force, or National Guard. Beginning in the 2016-2017 school year,
 44 and annually thereafter, the identification of military-connected
 45 students for all local school administrative units shall be completed by
 46 January 31 of each school year.

47"
 48 **SECTION 35.3.(k)** G.S. 116-143.3 reads as rewritten:

49 **"§ 116-143.3. Tuition of qualifying federal services members and their spouses and**
 50 **dependents.**

51 (a) Definitions. – The following definitions apply in this section:

1 ...
2 (2) Armed Forces. – The United States Air Force, Army, Coast Guard, Marine
3 Corps, Space Force, and Navy; the North Carolina National Guard; and any
4 reserve component of the foregoing.

5"

6 **SECTION 35.3.(l)** G.S. 116-235 reads as rewritten:

7 **"§ 116-235. Board of Trustees; additional powers and duties.**

8 ...
9 (b) Students. –

10 (1) Admission of Students. – The School shall admit students in accordance with
11 criteria, standards, and procedures established by the Board of Trustees. To be
12 eligible to be considered for admission, an applicant must be either a legal
13 resident of the State, as defined by G.S. 116-143.1(a)(1), or a student whose
14 parent is an active duty member of the Armed Forces, as defined by
15 G.S. 116-143.3(2), G.S. 116-143.3(a)(2), who is abiding in this State incident
16 to active military duty at the time the application is submitted, provided the
17 student shares the abode of that parent; eligibility to remain enrolled in the
18 School shall terminate at the end of any school year during which a student
19 becomes a nonresident of the State. The Board of Trustees shall ensure,
20 insofar as possible without jeopardizing admission standards, that an equal
21 number of qualified applicants is admitted to the program and to the
22 residential summer institutes in science and mathematics from each of North
23 Carolina's congressional districts. In no event shall the differences in the
24 number of qualified applicants offered admission to the program from each of
25 North Carolina's congressional districts be more than two and one-half
26 percentage points from the average number per district who are offered
27 admission.

28"

29 **SECTION 35.3.(m)** G.S. 143B-1224 reads as rewritten:

30 **"§ 143B-1224. Definitions.**

31 As used in this Part the terms defined in this section shall have the following meaning:

32 ...
33 (2) "Armed Forces" means the United States Army, Navy, Marine Corps, Air
34 Force, Space Force, and Coast Guard, including their reserve components.

35"

36 **SECTION 35.3.(n)** G.S. 163-258.2 reads as rewritten:

37 **"§ 163-258.2. Definitions.**

38 As used in this Article:

39 ...
40 (6) "Uniformed service" means any of the following:
41 a. Active and reserve components of the United States Army, Navy, Air
42 Force, Marine Corps, Space Force, and ~~Coast Guard of the United~~
43 ~~States-Guard.~~

44 ...

45 (7) "Uniformed-service voter" means an individual who is qualified to vote and
46 is one of the following:
47 a. A member of the active or reserve components of the United States
48 Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard
49 ~~of the United States~~ who is on active duty.

50"

DMVA/ECONOMIC DEVELOPMENT PARTNERSHIP OF NC TRANSFER

SECTION 35.5. G.S. 143B-1217 reads as rewritten:

"§ 143B-1217. Military Presence Stabilization Fund.

...

(b) Notwithstanding the provisions of G.S. 143B-1214 and subsection (a) of this section, funds appropriated to the Military Presence Stabilization Fund may be used for the following purposes:

...

~~(8) Fully fund a position at the North Carolina Economic Development Center.~~

...."

PART XXXVI. REVENUE**INCREASE DOR REIMBURSEMENT FOR WHITE GOODS DISPOSAL ADMINISTRATIVE EXPENSES**

SECTION 36.1. G.S. 105-187.24 reads as rewritten:

"§ 105-187.24. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the Department of Revenue's allowance for administrative expenses, in accordance with this section. The Secretary may retain the Department's cost of collection, not to exceed ~~four hundred twenty five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

INCREASE DOR REIMBURSEMENT FOR SCRAP TIRE DISPOSAL ADMINISTRATIVE EXPENSES

SECTION 36.2. G.S. 105-187.19 reads as rewritten:

"§ 105-187.19. Use of tax proceeds.

(a) The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue for administrative expenses, in accordance with this section. The Secretary may retain the cost of collection by the Department, not to exceed ~~four hundred twenty five thousand dollars (\$425,000)~~ five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department.

...."

DOR/DIT MICROSOFT LICENSING

SECTION 36.3.(a) Notwithstanding G.S. 143B-1325(d), not later than July 1, 2026, the Department of Revenue (hereinafter "DOR") shall enter into a memorandum of understanding with the Department of Information Technology (hereinafter "DIT") establishing the terms for the provision and management of Microsoft software licenses under statewide agreements negotiated by the DIT.

SECTION 36.3.(b) Not later than March 1, 2027, the DOR, in conjunction with the State Chief Information Officer, shall report to the Joint Legislative Oversight Committee on General Government, the Joint Legislative Oversight Committee on Information Technology, and the Fiscal Research Division on other services provided by the DIT that could be used by the DOR.

TAX FRAUD ANALYTICS

SECTION 36.5. Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium shall be used to continue and expand the

1 Department's tax fraud analysis contract through the Government Data Analytics Center
 2 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, software,
 3 information reporting, collections case management, collections optimization, managed services,
 4 and technical infrastructure. The Department of Revenue shall continue to coordinate with the
 5 GDAC and utilize the subject matter expertise and technical infrastructure available through
 6 existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

7
 8 **PART XXXVII. SECRETARY OF STATE**

9
 10 **SOS/PUBLICATIONS DIVISION DUTIES & MODERNIZE SOS STATUTES**

11 **SECTION 37.1.(a)** G.S. 65-111 reads as rewritten:

12 **"§ 65-111. County commissioners to provide list of public and abandoned cemeteries.**

13 Each board of county commissioners shall have the following duties and responsibilities:

- 14 ...
 15 (3) ~~To furnish to the Department and the Publications Division in the Department~~
 16 ~~of the Secretary of State copies of the lists of such public and abandoned~~
 17 ~~cemeteries, to the end that it may furnish to the boards of county~~
 18 ~~commissioners, for the use of the persons in control of such cemeteries,~~
 19 ~~suitable literature, suggesting methods of taking care of such places."~~

20 **SECTION 37.1.(b)** G.S. 147-36 reads as rewritten:

21 **"§ 147-36. Duties of Secretary of State.**

22 It is the duty of the Secretary of State:

- 23 (1) To perform such duties as may then be devolved upon the Secretary by
 24 resolution of the two houses of the General Assembly ~~or either of~~
 25 ~~them.~~Assembly.
 26 (2) To attend the Governor, whenever required by the Governor, for the purpose
 27 of receiving documents that have passed the great seal.
 28 (3) To receive and keep all conveyances and mortgages belonging to the State.
 29 (4) To distribute annually the statutes and the legislative journals.
 30 (5) To distribute the acts of Congress received at the Secretary's office in the
 31 manner prescribed for the statutes of the State.
 32 (6) ~~To keep a receipt book, in which the Secretary shall take from every person~~
 33 ~~to whom a grant shall be delivered, a receipt for the same; but may enclose~~
 34 ~~grants by mail in a registered letter at the expense of the grantee, unless~~
 35 ~~otherwise directed, first entering the same upon the receipt book.~~
 36 ...
 37 (9) To maintain a Division of ~~Publications to compile data on the State's several~~
 38 ~~governmental agencies and for legislative reference.~~Publications.

39"

40 **SECTION 37.1.(c)** G.S. 147-50 reads as rewritten:

41 **"§ 147-50. Publications of State officials and department heads furnished to certain**
 42 **institutions, agencies, etc.**

43 (a) Every State official and every head of a State department, ~~institution~~institution, or
 44 agency issuing any printed report, bulletin, map, or other publication shall, ~~on~~upon request,
 45 furnish printed copies of such reports, bulletins, maps or other publications to the following
 46 institutions in the number set out below:

47 University of North Carolina at Chapel Hill	25 copies;
48 University of North Carolina at Charlotte	2 copies;
49 University of North Carolina at Greensboro	2 copies;
50 North Carolina State University at Raleigh	2 copies;
51 East Carolina University at Greenville	2 copies;

1	Duke University	25 copies;
2	Wake Forest College	2 copies;
3	Davidson College	2 copies;
4	North Carolina Supreme Court Library	2 copies;
5	North Carolina Central University	5 copies;
6	Western Carolina University	2 copies;
7	Appalachian State University	2 copies;
8	University of North Carolina at Wilmington	2 copies;
9	North Carolina Agricultural and Technical	
10	State University	2 copies;
11	Legislative Library	2 copies; copies.

12 ~~(b) and~~ An institution listed in subsection (a) of this section may request an electronic
 13 copy in lieu of any printed report, bulletin, map, or other publication.

14 (c) State official and heads of State departments, institutions, and agencies shall furnish
 15 printed copies of reports, bulletins, maps, and other publications to governmental officials,
 16 agencies and departments agencies, departments, and to other educational institutions, in the
 17 discretion of the issuing official and subject to the supply available, such number as may be
 18 requested: and Provided that five sets of all such reports, bulletins and publications heretofore
 19 issued, insofar as the same are available and without necessitating reprinting, shall be furnished
 20 to the North Carolina Central University. requested. Governmental officials, agencies,
 21 departments, and other educational institutions may request an electronic copy in lieu of printed
 22 copies.

23 (d) The provisions in of this section shall not be interpreted to include any of the appellate
 24 division reports or advance sheets distributed by the Administrative Office of the Courts. Except
 25 for reports, bulletins, and other publications issued for free distribution, this section shall not
 26 apply to the North Carolina State Museum of Natural Sciences."

27 **SECTION 37.1.(d)** G.S. 147-34, 147-41, 147-43, and 147-54 are repealed.

28 **SECTION 37.1.(e)** The Office of the Secretary of State shall retain at least one
 29 printed copy or an electronic copy of all records collected pursuant to G.S. 65-111(3), 147-36(6),
 30 147-41, 147-43, and 147-54 that are in the possession of the Office prior to the date this act
 31 becomes law.

32 PAPER FILING FEE

34 **SECTION 37.2.(a)** Article 2 of Chapter 55D of the General Statutes is amended by
 35 adding a new section to read:

36 "**§ 55D-19. Paper filing fee.**

37 The Office of the Secretary of State may collect a fee of up to ten dollars (\$10.00) each time
 38 a document is submitted for filing in typewritten or printed form when that same document could
 39 be accepted for filing in electronic form. Funds collected under this section shall be deposited in
 40 a new budget fund as created by the Office of State Budget and Management within Budget Code
 41 23200 and shall only be used for the following purposes: (i) to support activities that will reduce
 42 the processing or response time for services provided by the Office, (ii) to improve or streamline
 43 the online filing system maintained by the Office, or (iii) to cover costs directly associated with
 44 the handling of mail by the Office."

45 **SECTION 37.2.(b)** Not later than February 15, 2027, the Office of the Secretary of
 46 State shall report to the Joint Legislative Oversight Committee on General Government and the
 47 Fiscal Research Division on the fees collected pursuant to G.S. 55D-19, as enacted in subsection
 48 (a) of this section, including the amount of the fees collected and the purposes for which the fees
 49 were used.

50 **SECTION 37.2.(c)** This section becomes effective January 1, 2026.

51

SECURITIES SALESMAN DUAL REGISTRATION

SECTION 37.3.(a) G.S. 78A-36 reads as rewritten:

"§ 78A-36. Registration requirement.

(a) It is unlawful for any person to transact business in this State as a dealer or salesman unless he is registered under this Chapter. No dealer shall be eligible for registration under this Chapter, or for renewal of registration hereunder, unless such dealer is at the time registered as a dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934.

(b) It is unlawful for any dealer to employ a salesman unless the salesman is registered. The registration of a salesman is not effective during any period when he is not associated with a particular dealer registered under this Chapter. When a salesman begins or terminates those activities which make him a salesman, the salesman as well as the dealer shall promptly notify the Administrator.

The Administrator may by rule or order require the return of a salesman's license upon the termination of those activities which make him a salesman or, if such return is impossible, require a bond or evidence satisfactory to the Administrator of such impossibility. No salesman may be registered with more than one ~~dealer-dealer~~ unless each of the dealers which employs or associates with the salesman is under common ownership or control, or the registration is otherwise allowed by a rule or order of the Administrator.

(c) Every registration expires on the thirty-first day of March of each year (or such other date not more than one year from its effective date as the Administrator may by rule or order provide) unless renewed."

SECTION 37.3.(b) G.S. 78A-37 reads as rewritten:

"§ 78A-37. Registration procedure.

...

(b) Every applicant for initial or renewal registration shall pay a filing fee of three hundred dollars (\$300.00) in the case of a dealer and one hundred twenty-five dollars (\$125.00) in the case of a ~~salesman-salesman~~ registered with one dealer. The Administrator may by rule reduce the registration fee proportionately when the registration will be in effect for less than a full year. If a salesman applicant for initial or renewal registration pays a filing fee to be registered with more than one dealer, as authorized by G.S. 78A-36(b), the additional fee or fees paid shall be deposited in the Dual Registration Fees Special Fund, which is hereby created in the Office of the Secretary of State. Funds from the special fund shall be available for expenditure only upon an act of appropriation by the General Assembly.

...."

SECTION 37.3.(c) This section becomes effective October 1, 2025, and applies to registration applications and renewals filed on or after that date.

PART XXXVIII. TREASURER**TREASURER INVESTMENT MODERNIZATION PART I: TECHNICAL REORGANIZATION OF ARTICLE 6 OF CHAPTER 147 OF THE GENERAL STATUTES**

SECTION 38.1.(a) Article 6 of Chapter 147 of the General Statutes is amended to add the following new Parts:

- (1) Part 1, to be entitled "General" and consisting of G.S. 147-65 through G.S. 147-69.
- (2) Part 2, to be entitled "Investments and Funds" and consisting of G.S. 147-69.1 through G.S. 147-69.7.
- (3) Part 3, to be entitled "Reports and Audits" and consisting of G.S. 147-69.8 through G.S. 147-69.70.

- 1 (4) Part 4, to be entitled "North Carolina Investment Authority" and consisting of
2 G.S. 147-70.1 through G.S. 147-73.2.
- 3 (5) Part 5, to be entitled "Department Bookkeeping and Deposits" and consisting
4 of G.S. 147-74 through G.S. 147-86.2.
- 5 **SECTION 38.1.(b)** G.S. 147-65 is recodified as G.S. 147-65.2.
- 6 **SECTION 38.1.(c)** G.S. 147-66 is repealed.
- 7 **SECTION 38.1.(d)** G.S. 147-69.3A is recodified as G.S. 147-67.1.
- 8 **SECTION 38.1.(e)** G.S. 147-69.11 is recodified as G.S. 147-73.2.
- 9 **SECTION 38.1.(f)** G.S. 147-69.7 is recodified as G.S. 147-70.6.
- 10 **SECTION 38.1.(g)** G.S. 147-70 is recodified as G.S. 147-68.3.
- 11 **SECTION 38.1.(h)** G.S. 147-71 is recodified as G.S. 147-68.4.
- 12 **SECTION 38.1.(i)** G.S. 147-72 is repealed.
- 13 **SECTION 38.1.(j)** G.S. 147-73 is repealed.
- 14 **SECTION 38.1.(k)** G.S. 147-75 is recodified as G.S. 147-66.2.
- 15 **SECTION 38.1.(l)** G.S. 147-75.1 is recodified as G.S. 147-68.5.
- 16 **SECTION 38.1.(m)** G.S. 147-86.2 is recodified as G.S. 147-68.6.
- 17 **SECTION 38.1.(n)** Subsection (i2) of G.S. 147-69.3 is recodified as subsection (b)
18 of G.S. 147-65.2, as created by subsection (b) of this section.
- 19 **SECTION 38.1.(o)** This section is effective when it becomes law.

20

21 **TREASURER INVESTMENT MODERNIZATION PART II: CREATION OF THE**
22 **NORTH CAROLINA INVESTMENT AUTHORITY**

23 **SECTION 38.2.(a)** Part 1 of Article 6 of Chapter 147 of the General Statutes, as
24 created and amended by Section 38.1 of this act, is amended by adding a new section to read:

25 **§ 147-65.1. Definitions.**

26 The following definitions apply in this Article:

- 27 (1) Board of Directors. – The Board of Directors of the North Carolina Investment
28 Authority.
- 29 (2) Chief Investment Officer or CIO. – The Chief Investment Officer of the
30 Investment Authority.
- 31 (3) Department. – The Department of State Treasurer.
- 32 (4) Escheats Fund. – The Escheats Fund established under Article 1A of Chapter
33 116B of the General Statutes.
- 34 (5) Investment Authority. – The North Carolina Investment Authority,
35 established under Part 4 of this Article.
- 36 (6) Reserved for future codification purposes.
- 37 (7) Retirement Systems. – This term includes all of the following retirement
38 systems:
- 39 a. The Teachers' and State Employees' Retirement System, established
40 under Article 1 of Chapter 135 of the General Statutes.
- 41 b. The Consolidated Judicial Retirement System, established under
42 Article 4 of Chapter 135 of the General Statutes.
- 43 c. The North Carolina Firefighters' and Rescue Squad Workers' Pension
44 Fund, established under Article 86 of Chapter 58 of the General
45 Statutes.
- 46 d. The Local Governmental Employees' Retirement System, established
47 under Article 3 of Chapter 128 of the General Statutes.
- 48 e. The Legislative Retirement System of North Carolina, established
49 under Article 1A of Chapter 120 of the General Statutes.
- 50 f. The North Carolina National Guard Pension Fund, established under
51 Article 3 of Chapter 127A of the General Statutes.

- 1 g. The Registers of Deeds' Supplemental Pension Fund, established
2 under Article 3 of Chapter 161 of the General Statutes.
3 h. The Retiree Health Benefit Fund, established under G.S. 135-7(f).
4 i. The North Carolina Teachers' and State Employees' Benefit Trust,
5 established under G.S. 135-7(g).

6 (8) Treasurer. – The State Treasurer."

7 **SECTION 38.2.(b)** Part 4 of Article 6 of Chapter 147 of the General Statutes, as
8 created and amended by Section 38.1 of this act, reads as rewritten:

9 "Part 4. North Carolina Investment Authority.

10 **"§ 147-70.1. Creation of Investment Authority.**

11 (a) Creation. – The North Carolina Investment Authority is created as a body corporate
12 and politic having the powers and jurisdiction as provided under this Article or any other law.
13 The Investment Authority is a State agency for the performance of essential governmental and
14 public functions. The Investment Authority is located within, but independent from the control
15 of, the Department of State Treasurer. The Investment Authority shall have perpetual succession.

16 (b) Independence. – The Investment Authority, in carrying out its statutory
17 responsibilities, shall be independent of any fiscal control exercised by the Director of the
18 Budget, the Department of Administration, and the Department of State Treasurer, including for
19 organizational, staffing, procurement, and budgetary purposes. Except as provided under
20 subsection (c) of this section and unless otherwise explicitly provided by law, the Investment
21 Authority is exempt from the State Budget Act, and the provisions of Chapter 143C of the
22 General Statutes do not apply to the Investment Authority.

23 (c) Fiduciary Funds. – In order for the Investment Authority to effectively operate the
24 investment programs under its management, all funds while under management of the Investment
25 Authority are Fiduciary Funds described under subdivisions (8) through (10) of G.S. 143C-1-3(a)
26 and shall be accounted for as specified in G.S. 147-69.3(f).

27 **"§ 147-70.2. Powers and duties of the Investment Authority.**

28 (a) In addition to the authority granted to the Investment Authority under this Article or
29 any other law, the Investment Authority shall have all of the powers necessary to execute the
30 provisions of this Part, including, at a minimum, the following powers:

31 (1) The right to sue and be sued.

32 (2) To take, demand, receive, and possess all kinds of real and personal property
33 necessary and proper for its purposes.

34 (3) To bargain, sell, grant, alienate, or dispose of all real and personal property as
35 it may lawfully acquire.

36 (b) The Investment Authority shall have the right to acquire fidelity bonds, fiduciary
37 insurance, directors' and officers' insurance, or errors and omissions coverage, as determined by
38 the Investment Authority board. This right is independent of any purchase of insurance by the
39 State Treasurer under G.S. 147-67.1.

40 (c) Pursuant to G.S. 143B-1320(b), the Investment Authority shall be exempt from the
41 provisions of Article 15 of Chapter 143B of the General Statutes.

42 **"§ 147-70.3. Taxation of Investment Authority.**

43 (a) Property owned or acquired by the Authority is exempt from all taxes imposed by the
44 State or any political subdivision of the State.

45 (b) The Investment Authority shall not be subject to State income taxes.

46 (c) This section shall not be construed to apply in any way to individual members of the
47 Board of Directors or any employee of the Investment Authority.

48 **"§ 147-70.4. Confidentiality of Investment Authority records.**

49 Any record or other information received or generated by the Investment Authority in order
50 to negotiate at arm's length investment transactions that constitute a trade secret, as defined in
51 G.S. 66-152, is not public record and is exempt from the requirements of Chapter 132 of the

1 General Statutes until the applicable negotiation is completed and unless the record or
2 information substantiates a conflict with the duties of the Investment Authority under
3 G.S. 147-70.6(a).

4 **"§ 147-70.5. Criminal record checks.**

5 (a) The Investment Authority may obtain from the State and National Repositories of
6 Criminal Histories or from any other lawful source the criminal history of any of the following
7 individuals:

8 (1) A current or prospective permanent or temporary employee of the Investment
9 Authority.

10 (2) A contractor with the Investment Authority.

11 (3) An employee or agent of a contractor with the Investment Authority who is
12 performing or will perform work for the Investment Authority.

13 (4) A volunteer of the Investment Authority.

14 (5) Any other individual otherwise engaged by the Investment Authority who will
15 have access to health or financial information or data maintained by the
16 Investment Authority that is confidential or otherwise nonpublic.

17 (b) The Investment Authority may deny employment to or dismiss any individual
18 identified under subdivisions (1), (2), (4), and (5) of subsection (a) of this section who refuses to
19 consent to a criminal history record check or to the use of fingerprints or other identifying
20 information required by the State or National Repositories of Criminal Histories. Any refusal
21 shall constitute just cause for the employment denial or the dismissal from employment.

22 (c) The Investment Authority may extend a conditional offer of employment pending the
23 results of a criminal history record check authorized by this section.

24 ...

25 **"§ 147-71.1. Board of Directors.**

26 (a) Membership. – The Investment Authority shall be governed by a Board of Directors.
27 The Board of Directors shall consist of the following voting members:

28 (1) The State Treasurer, who shall serve as an ex officio member.

29 (2) One member appointed by the General Assembly upon the recommendation
30 of the Speaker of the House of Representatives in accordance with
31 G.S. 120-121.

32 (3) One member appointed by the General Assembly upon the recommendation
33 of the President Pro Tempore of the Senate in accordance with G.S. 120-121.

34 (4) One member appointed by the Governor, subject to confirmation by the
35 General Assembly by joint resolution.

36 (5) One member appointed by the State Treasurer, subject to confirmation by the
37 General Assembly by joint resolution.

38 (b) Terms. – The four appointive directors of the Board of Directors shall be appointed
39 for staggered six-year terms, except for the initial term. The initial term of the director appointed
40 by the President Pro Tempore of the Senate is one year. The initial term of the director appointed
41 by the Speaker of the House of Representatives is two years. The initial term of the director
42 appointed by the State Treasurer is three years. The initial term of the director appointed by the
43 Governor is four years. An appointive director whose term has expired but whose qualified
44 successor has not been appointed shall continue to serve on the Board of Directors until a
45 qualified successor is duly appointed, including by the State Treasurer after a holdover period of
46 six months or more as provided for under subsection (e) of this section.

47 (c) Qualifications to Serve. – No appointed director of the Board of Directors shall hold
48 any other public office in North Carolina, except that an appointed director may also have
49 membership on either or both of the Boards of Trustees under G.S. 128-28 and G.S. 135-6. All
50 appointed members of the Board of Directors shall have expert knowledge of investments and a
51 minimum of a 10-year track record of successful management in pension, endowment, or other

1 relevant investment management fields. The State Treasurer shall determine the sufficiency of a
2 prospective member's expert knowledge.

3 (d) Disqualifications to Serve. – An individual is not eligible to serve on the Board of
4 Directors if any of the following apply to that individual:

5 (1) The individual has been indicted or charged with, been convicted of, pleaded
6 guilty or nolo contendere to, or forfeited bail concerning a felony, or a
7 misdemeanor involving fraud, theft, or dishonesty under the laws of any
8 jurisdiction in the United States.

9 (2) The individual has had a judgment entered against him or her by a court of
10 competent jurisdiction in a civil matter involving a breach of fiduciary duties.

11 (3) The individual has been the subject of an adverse action by the Securities and
12 Exchange Commission which resulted in any sanction, payment of a fine,
13 injunction, or other negative finding, whether individually or as a partner,
14 principal member, managing director, or other position of leadership of any
15 entity subject to the penalty or finding.

16 (4) The individual, or the individual's spouse or immediate family member, is or
17 becomes employed by the Department of State Treasurer or by a service
18 provider engaged to invest or assist in the oversight of assets overseen by the
19 Investment Authority.

20 (5) The individual, or the individual's spouse or immediate family member, is an
21 endorser, obligor, or provider of surety for, or is a borrower of, any money
22 loaned to or borrowed from the assets overseen by the Board of Directors.

23 (d1) Removal of Appointive Members. – A duly appointed member of the Board of
24 Directors may be removed by the applicable appointing authority for misfeasance, malfeasance,
25 or nonfeasance.

26 (e) Vacancies. – Any vacancy in a position held by an appointive member shall be filled
27 by a new appointment made by the applicable appointing authority for the vacant seat. If a seat
28 on the Board of Directors is vacant or held over for six months or more without an appointment
29 by the applicable appointing authority of an individual meeting the qualifications in this section,
30 then the State Treasurer may nominate a member for approval by the Board of Directors. Any
31 individual appointed to fill a vacancy shall serve only for the unexpired term. A vacancy
32 automatically occurs upon the death or resignation of a member of the Board of Directors or upon
33 the failure of a member of the Board of Directors to do any of the following:

34 (1) Attend meetings for three consecutive meetings unless excused by majority
35 vote of the other Board of Directors members.

36 (2) Cure a conflict of interest within 30 days of identification of the conflict.

37 (3) Agree to abide by the ethics policy adopted by the Board of Directors.

38 (f) Reappointment. – Any member of the Board of Directors is eligible for
39 reappointment, except that no appointive member of the Board of Directors may serve for more
40 than two consecutive, full, six-year terms without at least a one-year break in membership on the
41 Board of Directors.

42 (g) Oath. – Each appointive member of the Board of Directors shall take an oath of office
43 to administer the duties of office faithfully and impartially, and a record of the oath shall be filed
44 in the office of the Secretary of State.

45 (h) Officers. – The following shall apply to officers of the Board of Directors:

46 (1) The State Treasurer shall serve as chair of the Board of Directors.

47 (2) The State Treasurer shall designate a vice-chair from among the remaining
48 members of the Board of Directors. The term of the vice-chair extends to the
49 earlier of either three years or the date of expiration of the vice-chair's then
50 current term as a member of the Board of Directors. In the absence of the State

1 Treasurer or the Treasurer's designee, the vice-chair shall preside over the
2 proceedings of the Board of Directors.

3 (3) The Board of Directors shall appoint and prescribe the duties of a secretary,
4 who need not be a member of the Board of Directors. The secretary is the
5 custodian of all books, documents, and papers filed with the Board of
6 Directors and the minute book or journal of the Board of Directors. The
7 secretary shall keep a record of the proceedings of the Board of Directors. The
8 secretary has the authority to make copies of all minutes and other records and
9 documents of the Board of Directors.

10 (i) Designees. – The State Treasurer is authorized to appoint a designee. No other
11 member of the Board of Directors is authorized to appoint a designee.

12 (j) Compensation and Reimbursement. – Members of the Board of Directors shall
13 receive no compensation for their services. For attendance at meetings of the Board of Directors
14 or any committee of the Board of Directors, and for other services for the Investment Authority,
15 members of the Board of Directors shall receive per diem, subsistence, and travel allowances in
16 accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

17 (k) Meetings and Voting. – The Board of Directors shall meet at least quarterly. A
18 meeting may be called by the State Treasurer or by a majority of the Board of Directors. The
19 State Treasurer or the Treasurer's designee shall establish the agenda for each meeting. A
20 minimum of three members of the Board of Directors is required for quorum. The affirmative
21 vote of a majority of the members of the Board of Directors present at a meeting of the Board of
22 Directors that has been duly called and held is required for any action taken by the Investment
23 Authority, except that the State Treasurer's vote shall prevail in the event of a tied vote.

24 **"§ 147-71.2. Duties of the Board of Directors.**

25 (a) Investment-Related Powers and Duties. – The Board of Directors has all of the
26 following investment-related powers and duties:

27 (1) The Board of Directors has the authority to approve all of the following:

- 28 a. Investment policy statements to include investment objectives,
29 strategic asset allocation, and policy benchmarks.
30 b. Risk budgets, including related limits for key risk indicators.
31 c. The appointment of a master global custodian bank.
32 d. Annual operating budgets for investment programs.
33 e. Market-oriented compensation plans.

34 (2) The Board of Directors shall periodically review all of the following:

- 35 a. Investment performance and investment manager appointment and
36 termination activities.
37 b. Investment strategies, policies, and tactical considerations.
38 c. Asset liability studies.
39 d. Performance benchmarks and key risk indicators.
40 e. Audited investment financial statements and audit reports pursuant to
41 G.S. 147-69.9.
42 f. Independent evaluation of governance, operations, and investment
43 practices.
44 g. Periodic cost-effectiveness studies of the investment programs.

45 (3) The Board of Directors shall appoint a Chief Investment Officer of the
46 Investment Authority.

47 (4) With respect to Retirement Systems' assets, at least biennially, the Board of
48 Directors shall approve an absolute risk operating range. The absolute risk
49 operating range shall be expressed in equity and debt allocation equivalency
50 terms and shall meet all of the following criteria:

- 1 a. The range is deemed appropriate in seeking to maximize long-term
2 returns.
- 3 b. The risk is not considered undue relative to other similarly situated
4 U.S. public pension funds. An assessment of compliance with this
5 requirement related to undue risk shall be construed in a manner
6 consistent with subsections (c) and (d) of G.S. 147-70.6.
- 7 c. In setting the range, the Board of Directors has taken into
8 consideration all of the factors affecting the funding of the Retirement
9 Systems and each of the Retirement Systems' ability to meet its
10 financial obligations.

11 (5) The Board of Directors shall utilize the approved absolute risk operating range
12 under subdivision (4) of this subsection to recommend investment return
13 assumptions to (i) the Board of Trustees of the Local Governmental
14 Retirement System, (ii) the Board of Trustees of the Teachers' and State
15 Employees' Retirement System, and (iii) the actuaries engaged to prepare
16 annual actuarial valuations.

17 (b) Annual Internal Budget. – The Board of Directors shall not approve an annual internal
18 budget for the Investment Authority that exceeds three basis points of a rolling three-year average
19 of total assets invested by the Investment Authority, unless the Investment Authority reasonably
20 determines that, because of special circumstances, including applicable investment restrictions,
21 it is clearly not prudent to do so. The annual internal budget includes expenditures directly
22 associated with services retained by the Investment Authority in accordance with subsection (c)
23 of this section and employee compensation and benefits. The Investment Authority's approved
24 annual internal budget as well as the Investment Authority's actual spending for the prior fiscal
25 year shall be annually reported to the Joint Legislative Commission on Governmental Operations,
26 the House of Representatives Appropriations Committee, the Senate Appropriations/Base
27 Budget Committee, and the Fiscal Research Division.

28 (c) Authority to Contract for Services. – Notwithstanding Article 3 of Chapter 143 of the
29 General Statutes, G.S. 114-2.3, and G.S. 147-17, the Investment Authority is authorized to
30 independently retain the services of appraisers, auditors, actuaries, attorneys, investment
31 consultants, statisticians, custodians, information technology professionals, or other persons or
32 firms possessing specialized skills or knowledge necessary for the proper administration of
33 investment programs created pursuant to this section.

34 (d) Setting of Compensation Plans. – In order to promote achievement of long-term
35 investment objectives and to retain key public employees with investment functions, the
36 Investment Authority is authorized to establish, consistent with the Investment Authority's
37 fiduciary duties, market-oriented compensation plans, including salaries and performance-related
38 bonuses, for employees possessing specialized skills or knowledge necessary for the proper
39 administration of investment programs. The design and administration of those compensation
40 plans shall be based on compensation studies conducted by a nationally recognized firm
41 specializing in public fund investment compensation. The compensation and other associated
42 employee benefits shall be apportioned directly from the investment program. The Investment
43 Authority shall report the salaries and bonuses paid to the Joint Legislative Oversight Committee
44 on General Government annually.

45 **§ 147-71.3. Liability of Board of Directors.**

46 An individual serving on the Board of Directors shall be immune individually from civil
47 liability for monetary damages, except to the extent covered by insurance, for any act or failure
48 to act arising out of that service, except where any of the following apply:

- 49 (1) The individual was not acting within the scope of that individual's official
50 duties.
- 51 (2) The individual was not acting in good faith.

- 1 (3) The individual committed gross negligence or willful or wanton misconduct
 2 that resulted in the damages or injury.
 3 (4) The individual derived an improper personal financial benefit, either directly
 4 or indirectly, from the transaction.
 5 (5) The individual incurred the liability from the operation of a motor vehicle.

6 ...

7 **"§ 147-72.1. Chief Investment Officer.**

8 (a) Principal Executive Officer. – The Chief Investment Officer is the Investment
 9 Authority's principal executive officer and is responsible to the Board of Directors.

10 (b) Appointment and Term. – The CIO shall be appointed by a majority vote of the Board
 11 of Directors, and any vacancy may be so filled by the Board of Directors. An individual appointed
 12 as the CIO shall have expert knowledge of investments and a minimum of a 15-year track record
 13 of successful management in pension, endowment, or other relevant investment management
 14 arenas. The term of employment and compensation of the CIO is set by the Board of Directors,
 15 except that each term of employment shall be limited to five years or less. The CIO is eligible
 16 for multiple terms of employment without interruption. The CIO may be removed from office by
 17 the Board of Directors.

18 (c) Employment of Staff. – The Chief Investment Officer shall employ staff necessary to
 19 assist the CIO and the Board of Directors in carrying out duties and responsibilities under this
 20 Article or as prescribed in any other law. Unless otherwise provided by law, Investment Authority
 21 employees shall serve at the pleasure of the CIO and any vacancies in these positions may be
 22 filled by the CIO. The CIO may designate managerial, professional, and policy-making positions
 23 as exempt from the North Carolina Human Resources Act, in accordance with G.S. 126-5(c1).
 24 Compensation of employees is set by the CIO within the limits set by the compensation plan
 25 approved by the Board of Directors under G.S. 147-71.2.

26 (d) Contract Negotiation. – The CIO may negotiate, renegotiate, and execute contracts
 27 with third parties in the performance of the CIO's duties and responsibilities under this Article.
 28 Any delegation of authority by the Board of Directors shall require Board of Directors approval
 29 and shall reserve certain strategic decisions and extraordinary investment decisions to the Board
 30 of Directors. Contract execution with master global custodian banks and external auditors shall
 31 be done only after approved by the Board of Directors.

32 ...

33 **"§ 147-73.2. Ethics policies.**

34 To ensure that the ~~State Treasurer's~~ Investment Authority investment programs operate under
 35 a strong governance framework with rigorous internal controls and a high degree of operational
 36 transparency and are managed with the highest ethical and professional standards and in the most
 37 efficient and effective manner possible, the ~~State Treasurer, after consultation with the~~
 38 ~~Investment Advisory Committee, is authorized and required to~~ Board of Directors shall adopt
 39 policies and procedures on the following topics:

- 40 (1) ~~Requiring that the Department of State Treasurer's Investment Management~~
 41 ~~Division~~ Investment Authority adopt a code of ethics.
 42 (2) ~~Requiring all employees of the Department~~ Investment Authority who have
 43 responsibility for matters related to investments to be provided with training
 44 with respect to the discharge of their duties and responsibilities to the funds.
 45 (3) ~~Governing gifts to employees of the Department~~ Investment Authority who
 46 have responsibility for matters related to investments.
 47 (4) ~~Imposing limitations on external investment managers' use of placement~~
 48 ~~agents and other persons that appear before the Department~~ Investment
 49 Authority to ensure that these persons play only a proper role in investment
 50 opportunities.

- 1 (5) As a component of the investment due diligence, negotiations, and contracting
 2 process, requiring an independent assessment of whether circumstances exist
 3 that create a material risk that professional judgement or actions regarding a
 4 potential investment arrangement's recommendation, approval, or execution
 5 have been or will be unduly influenced by a direct or indirect personal
 6 interest."

7 **SECTION 38.2.(c)** Rules, codes of ethics, policies, and procedures adopted by the
 8 State Treasurer in effect on June 30, 2025, that are impacted by the change in authority from the
 9 State Treasurer or Department of State Treasurer to the Investment Authority under this section
 10 shall remain in effect until amended by law, amended by the Investment Authority, or repealed.

11 **SECTION 38.2.(d)** Before January 1, 2026, when the Investment Authority shall
 12 begin to manage investments as provided under Section 38.3 of this act, funds appropriated to
 13 the Department of State Treasurer and funds available to the Department of State Treasurer under
 14 G.S. 147-69.3 may be used to pay any expenses of the Investment Authority.

15 **SECTION 38.2.(e)** G.S. 147-65.2, as created by Section 38.1(b) and Section 38.1(n)
 16 of this act, reads as rewritten:

17 "**§ 147-65.2. Salary of State Treasurer, Treasurer and certain Department employees.**

18 (a) State Treasurer. – The salary of the State Treasurer shall be as established in the
 19 Current Operations Appropriations Act. In addition to the salary set by the General Assembly in the
 20 Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is
 21 provided to employees of the State who are subject to the North Carolina Human Resources Act.

22 (b) ~~In order to promote achievement of long term investment objectives and to retain key~~
 23 ~~public employees with investment functions, the~~ Certain Departmental Employees. – The State
 24 Treasurer is authorized to establish, consistent with the duties of the State Treasurer's fiduciary
 25 ~~duties,~~ Treasurer as prescribed by law, market-oriented compensation plans, including salaries
 26 and performance-related bonuses, for employees possessing specialized skills or knowledge
 27 necessary for the proper administration of investment ~~programs, who shall be programs.~~ In
 28 accordance with G.S. 126-5(c12), these employees are exempt from the classification and
 29 compensation rules established by the Office of State Human Resources. The design and
 30 administration of those compensation plans shall be based on compensation studies conducted
 31 by a nationally recognized firm specializing in public fund investment compensation. The
 32 compensation and other associated employee benefits shall be apportioned directly from the
 33 investment program and paid equitably among the funds and programs utilizing the services of
 34 these employees in a manner prescribed by the State Treasurer. The Treasurer shall report the
 35 salaries and bonuses paid to the Joint Legislative Oversight Committee on General Government
 36 annually."

37 **SECTION 38.2.(f)** G.S. 126-5 reads as rewritten:

38 "**§ 126-5. Employees subject to Chapter; exemptions.**

39 ...
 40 (c1) Except as to Articles 6 and 7 of this Chapter, this Chapter does not apply to any of the
 41 following:

- 42 ...
 43 (23) The Executive Administrator of the State Health Plan for Teachers and State
 44 Employees.
 45 (24) Employees of the State Health Plan for Teachers and State Employees as
 46 designated by law or by the Executive Administrator of the Plan.

- 47 ...
 48 (40) The Chief Investment Officer of the North Carolina Investment Authority
 49 established under Part 4 of Article 6 of Chapter 147 of the General Statutes.
 50 (41) Employees of the North Carolina Investment Authority established under Part
 51 4 of Article 6 of Chapter 147 of the General Statutes who possess specialized

1 skills or knowledge necessary for the proper administration of investment
 2 programs and who are employed in a position designated by the Chief
 3 Investment Officer as exempt in accordance with G.S. 147-72.1.

4 ...

5 (c12) Except as to G.S. 126-13, 126-14, 126-14.1, and Articles 6, 7, 14, 15, and 16 of this
 6 Chapter, this Chapter does not apply to employees of the Department of State Treasurer
 7 possessing specialized skills or knowledge necessary for the proper administration of investment
 8 programs and compensated pursuant to ~~G.S. 147-69.3(i2)~~.G.S. 147-65.2(b).

9"

10 **SECTION 38.2.(g)** G.S. 143C-1-3 is amended by adding a new subsection to read:

11 "(e) Notwithstanding subsections (a) and (b) of this section, funds under the management
 12 of the North Carolina Investment Authority are exempt from this Chapter and shall be accounted
 13 for as provided in Article 6 of Chapter 147 of the General Statutes."

14 **SECTION 38.2.(h)** This section is effective July 1, 2025, and subsections (e) and (f)
 15 of this section apply to employees hired on or after that date.

16
 17 **TREASURER INVESTMENT MODERNIZATION PART III: NORTH CAROLINA**
 18 **INVESTMENT AUTHORITY TO MANAGE INVESTMENTS AND BEGIN**
 19 **CARRYING OUT STATUTORY DUTIES JANUARY 1, 2026**

20 **SECTION 38.3.(a)** Part 2 of Article 6 of Chapter 147 of the General Statutes, as
 21 created and amended by Section 38.1 of this act, reads as rewritten:

22 "Part 2. Investments and Funds

23 **"§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.**

24 (a) The Governor and Council of State, with the advice and assistance of the State
 25 ~~Treasurer, shall~~ Treasurer and the Investment Authority, ~~may adopt such rules and regulations as~~
 26 ~~shall be necessary and appropriate to implement the provisions for the implementation of this~~
 27 section.

28 (b) This section applies to funds ~~held by~~ deposited with the State Treasurer to the credit
 29 ~~of~~ of all of the following:

30 (1) The General ~~Fund;~~ Fund.

31 (2) The Highway Fund and Highway Trust Fund.

32 (c) It ~~shall be~~ is the duty of the ~~State Treasurer~~ Investment Authority to invest the cash
 33 of the funds enumerated in subsection (b) of this section in excess of the amount required to meet
 34 the current needs and demands on ~~such~~ those funds, selecting from among the following:

35 (1) Obligations of the United States or obligations fully guaranteed both as to
 36 principal and interest by the United States.

37 (2) Obligations of the Federal Farm Credit Bank, the Federal Home Loan Banks,
 38 the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government
 39 National Mortgage Association, the International Bank for Reconstruction
 40 and Development, the International Finance Corporation, the Inter-American
 41 Development Bank, the Asian Development Bank, and the African
 42 Development Bank.

43 (3) Repurchase Agreements with respect to one or more of the following:

44 a. Securities issued or guaranteed by the United States government or its
 45 agencies.

46 b. Securities eligible for investment by this section executed by a bank
 47 or trust company or by primary or other reporting dealers to the
 48 Federal Reserve Bank of New York.

49 c. Securities eligible for investment by this section executed by a
 50 registered broker-dealer that is subject to the rules and regulations of

- 1 the U.S. Securities and Exchange Commission and is a member in
2 good standing of the Financial Industry Regulatory Authority.
- 3 (4) Obligations of the State of North Carolina.
- 4 (5) Certificates of deposit and other deposit accounts of financial institutions
5 under any of the following conditions:
- 6 a. With financial institutions with a physical presence in the State for the
7 purpose of receiving commercial or retail deposits; provided that any
8 principal amount of such deposit in excess of the amount insured by
9 the federal government or any agency thereof, be fully secured by
10 surety bonds, or be fully collateralized; provided further that the rate
11 of return or investment yield may not be less than that available in the
12 market on United States government or agency obligations of
13 comparable maturity.
- 14 b. With financial institutions with a physical presence inside or outside
15 the State, in accordance with all of the following conditions:
- 16 1. The funds are initially deposited through a bank or savings and
17 loan association in the State that is an official depository and
18 that is selected by the State Treasurer, provided that the rate of
19 return or investment yield shall not be less than that available
20 in the market on United States government or agency
21 obligations of comparable maturity.
- 22 2. The selected bank or savings and loan association arranges for
23 the redeposit of the funds in deposit accounts of the State in
24 one or more federally insured banks or savings and loan
25 associations wherever located, provided that no State funds
26 shall be deposited in a bank or savings and loan association
27 that at the time holds other deposits from the State.
- 28 3. The full amount of principal and any accrued interest of each
29 deposit account are covered by federal deposit insurance.
- 30 4. The selected bank or savings and loan association acts as
31 custodian for the State with respect to the deposit in the State's
32 account.
- 33 5. On the same date that the State funds are redeposited, the
34 selected bank or savings and loan association receives an
35 amount of federally insured deposits from customers of other
36 financial institutions wherever located equal to or greater than
37 the amount of the funds invested by the State through the
38 selected bank or savings and loan association pursuant to this
39 sub-subdivision.
- 40 ...
- 41 (7) Prime quality commercial paper that, when acquired, bears the highest rating,
42 such as a minimum of "P1," "A1," or "F1," of at least one nationally
43 recognized rating service designated by the U.S. Securities and Exchange
44 Commission, and does not bear a rating below the highest by any nationally
45 recognized rating service which rates the particular obligation.
- 46 (8) Bills of exchange or time drafts drawn on and accepted by a commercial bank
47 and eligible for use as collateral by member banks in borrowing from a federal
48 reserve bank, provided that when bills or drafts are acquired, the accepting
49 bank or its holding company is either (i) incorporated in the State of North
50 Carolina or (ii) has outstanding publicly held obligations that bear the highest
51 rating, such as a minimum of "P1," "A1," or "F1," of at least one nationally

1 recognized rating service designated by the U.S. Securities and Exchange
2 Commission, and do not bear a rating below the highest by any nationally
3 recognized rating service which rates the particular obligations.

4 (9) Asset-backed securities (whether considered debt or equity) provided, when
5 acquired, the securities bear the highest rating, such as "AAA" or "Aaa," of at
6 least one nationally recognized rating service designated by the U.S.
7 Securities and Exchange Commission, and do not bear a rating below the
8 highest rating by any nationally recognized rating service which rates the
9 particular securities.

10 (10) Corporate bonds and notes provided they, when acquired, bear the highest
11 rating, such as "AAA" or "Aaa," of at least one nationally recognized rating
12 service designated by the U.S. Securities and Exchange Commission, and do
13 not bear a rating below the highest by any nationally recognized rating service
14 which rates the particular obligation.

15 (d) Unless otherwise provided by law, the interest or income received and accruing from
16 all deposits or investments of such cash balances shall be paid into the State's General Fund,
17 except that all interest or income received and accruing on the monthly balance of the Highway
18 Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust
19 Fund. The cash balances of the several funds may be combined for deposit or investment
20 purposes; and when such combined deposits or investments are made, the interest or income
21 received and accruing from all deposits or investments shall be prorated among the funds in
22 conformity with applicable law and the rules and regulations adopted by the Governor and
23 Council of State.

24 ...

25 **"§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

26 (a) This section applies to funds held by the State Treasurer to the credit of each of the
27 following:

28 (1) The Teachers' and State Employees' Retirement System of North Carolina.

29 (2) The Consolidated Judicial Retirement System of North Carolina.

30 (3) The State Health Plan for Teachers and State Employees.

31 ...

32 (5) The Disability Salary Continuation Income Plan of North Carolina.

33 (6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.

34 (7) The North Carolina Local Governmental Employees' Retirement System.

35 (8) The Legislative Retirement System of North Carolina.

36 (9) The Escheat Fund.

37 (10) The Legislative Retirement Fund.

38 (11) The State Education Assistance Authority.

39 (12) The State Property Fire Insurance Fund.

40 ...

41 (16) The Liability Insurance Trust Fund.

42 (16a) The University of North Carolina Hospitals at Chapel Hill funds, except
43 appropriated funds, deposited with the State Treasurer pursuant to
44 G.S. 116-350.40.

45 (17) Trust funds of The University of North Carolina and its constituent institutions
46 deposited with the State Treasurer pursuant to G.S. 116-36.1.

47 (17a) North Carolina Veterans Home Trust Fund.

48 (17b) North Carolina National Guard Pension Fund.

49 (17c) Retiree Health Benefit Fund.

50 (17d) The Election Fund.

51 (17e) The North Carolina State Lottery Fund.

- 1 (17f) Funds deposited with the State Treasurer by public hospitals pursuant to
2 G.S. 159-39(g).
- 3 (17g) Funds deposited with the State Treasurer by Local Government Other
4 Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.
- 5 (17h) The Local Government Law Enforcement Special Separation Allowance
6 Fund.
- 7 (17i) The North Carolina Conservation Easement Endowment Fund.
- 8 (17j) The Conservation Grant Fund.
- 9 (17k) The Wildlife Endowment Fund.
- 10 (17l) The Ecosystem Restoration Fund.
- 11 (17m) The Needs-Based Public School Capital Fund.
- 12 (17n) The Riparian Buffer Restoration Fund.
- 13 (18) Any other special fund created by or pursuant to law for purposes other than
14 meeting appropriations made pursuant to the Executive Budget Act.
- 15 (19) The Swain County Settlement Trust Fund.
- 16 (20) Institutional funds of the colleges of the North Carolina Community College
17 System.
- 18 (21) The Disability Income Plan of North Carolina.
- 19 ...
- 20 (23) The Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit
21 No. 2 Decommissioning Trust Fund established by North Carolina Municipal
22 Power Agency Number 1, as described in G.S. 159B-18(b)(6).
- 23 (24) Funds deposited with the State Treasurer by charter schools pursuant to
24 G.S. 115C-218.15(f).

25 (b) It shall be the duty of the ~~State Treasurer Investment Authority~~ to invest the cash of
26 the funds enumerated in subsection (a) of this section in excess of the amount required to meet
27 the current needs and demands on these funds. The ~~State Treasurer Investment Authority~~ may
28 invest the funds as provided in this subsection in the manner authorized by subsection (e) of this
29 section. If an investment was authorized by this subsection at the time the investment was made
30 or contractually committed to be made, then that investment shall continue to be authorized by
31 this subsection, and none of the percentage or other limitation on investments set forth in this
32 subsection shall be construed to require the ~~State Treasurer Investment Authority~~ to subsequently
33 dispose of the investment or fail to honor any contractual commitments as a result of changes in
34 market values, ratings, or other investment qualifications. For purposes of computing market
35 values on which percentage limitations on investments in this subsection are based, all
36 investments shall be valued as of the last date of the most recent fiscal quarter. Notwithstanding
37 anything in this section to the contrary, the ~~State Treasurer Investment Authority~~ shall categorize
38 investment management arrangements according to the primary investment type or primary
39 strategy utilized under the arrangement authorized under subsection (e) of this section. No
40 investment management arrangement may be categorized in more than one of the subdivisions
41 of this section. The ~~State Treasurer Investment Authority~~ shall select from among the following
42 investments subject to ~~the following any stipulated limitations and requirements: requirements:~~

- 43 (1) Investments authorized by G.S. 147-69.1(c)(1)-(7).
- 44 (2) General obligations of other states of the United States.
- 45 (3) General obligations of cities, counties and special districts in North Carolina.
- 46 (4) Obligations of any company, other organization or legal entity incorporated
47 or otherwise created or located within or outside the United States, including
48 obligations that are convertible into equity securities, if, when acquired, the
49 obligations are within one of the four highest rating categories regardless of
50 gradations, such as ratings beginning with "AAA," "AA," "A," or either

- 1 "BBB" or "Baa," of at least one nationally recognized rating service
 2 designated by the U.S. Securities and Exchange Commission.
 3 ...
 4 (6) ~~Asset-backed securities (whether securities, whether considered debt or~~
 5 ~~equity), equity, if, when acquired, the obligations are within one of the four~~
 6 ~~highest ratings categories regardless of gradations, such as ratings beginning~~
 7 ~~with "AAA," "AA," "A," or either "BBB" or "Baa," of at least one nationally~~
 8 ~~recognized rating service designated by the U.S. Securities and Exchange~~
 9 ~~Commission.~~
 10 (6a) In addition to the limitations and requirements with respect to the investments
 11 of the Retirement Systems ~~set forth in under~~ this subsection, the ~~State~~
 12 ~~Treasurer Investment Authority~~ shall select investments of the assets of the
 13 Retirement Systems such that investments made pursuant to subdivisions
 14 ~~(b)(1)-(1)~~ through (6) of this ~~section-subsection~~ shall at all times equal or
 15 exceed twenty percent (20%) of the market value of all invested assets of the
 16 Retirement Systems.
 17 ...
 18 (6c) ~~With respect to Retirement Systems' assets referred to in subdivision (b)(8),~~
 19 ~~they may be invested, within or outside the United States, in obligations, debt~~
 20 ~~securities, and asset-backed securities, whether considered debt or equity,~~
 21 ~~including obligations and securities convertible into other securities, that do~~
 22 ~~not meet the requirements of any of subdivisions (b)(1)-(1) through (6) of this~~
 23 ~~section-subsection nor subdivision (b)(7)-(7) of this section. The amount~~
 24 ~~invested under this subdivision shall not exceed seven and one half percent~~
 25 ~~(7.5%) of the market value of all invested assets of the Retirement~~
 26 ~~Systems-subsection.~~
 27 (7) Retirement Systems' assets referred to in subdivision (8) of this subsection
 28 may be invested in strategies managed primarily for the purpose of owning
 29 real estate or related debt financing, excluding asset-backed financing and
 30 timberlands, located within or outside the United States. ~~The amount invested~~
 31 ~~under this subdivision shall not exceed ten percent (10%) of the market value~~
 32 ~~of all invested assets of the Retirement Systems.~~
 33 (8) ~~With respect to assets of the Teachers' and State Employees' Retirement~~
 34 ~~System, the Consolidated Judicial Retirement System, the Firefighters' and~~
 35 ~~Rescue Workers' Pension Fund, the Local Governmental Employees'~~
 36 ~~Retirement System, the Legislative Retirement System, the North Carolina~~
 37 ~~National Guard Pension Fund, the Registers of Deeds' Supplemental Pension~~
 38 ~~Fund, and the Retiree Health Benefit Fund (hereinafter referred to collectively~~
 39 ~~as the Retirement Systems), they Retirement Systems' assets may be invested~~
 40 ~~in a strategy composed primarily of equity securities traded on a public~~
 41 ~~securities exchange or market organized and regulated pursuant to the laws of~~
 42 ~~the jurisdiction of the exchange or market and issued by any company~~
 43 ~~incorporated or otherwise created or located within or outside the United~~
 44 ~~States as long as the investments meet the conditions of this subdivision. The~~
 45 ~~investments authorized for the Retirement Systems under this subdivision are~~
 46 ~~subject to the following limitations:~~
 47 ...
 48 a1. ~~The aggregate amount of the investments cannot exceed sixty five~~
 49 ~~percent (65%) of the market value of all invested assets of the~~
 50 ~~Retirement Systems.~~

b. ~~The aggregate amount of the investment invested through investment companies described in sub-subdivision (e)(4)b. of this section shall not exceed eight and one half percent (8.5%) of the market value of all invested assets of the Retirement Systems, except that the market value of group trusts and individual, common, or collective trust funds of banks and trust companies shall not be applied against this limit.~~

...

(9) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets may be invested in (i) a strategy composed primarily of private equity, or corporate buyout transactions, within or outside the United States or (ii) an arrangement authorized under subsection (e) of this section with the primary purpose to engage in other strategies not expressly authorized by any other subdivision of this subsection. The amount invested under this subdivision shall not exceed eight and three quarters percent (8.75%) of the market value of all invested assets of the Retirement Systems.~~

(9a) ~~With respect to Retirement Systems' assets, as defined in subdivision (b)(8) of this subsection, they assets may be invested, within or outside the United States, in obligations, debt securities, asset-backed securities, whether considered debt or equity, and other investments that are acquired by the Treasurer Investment Authority for the primary purpose of providing protection against risks associated with inflation, along with owning real assets or related debt financing, including, but not limited to, timberland, natural resources, commodities, infrastructure, transportation, agriculture, and other tangible and intangible real assets. The amount invested under this subdivision shall not exceed seven and one half percent (7.5%) of the market value of all invested assets of the Retirement Systems.~~

...

(10a) ~~With respect to Retirement Systems' assets, as defined in subdivision (8) of this subsection, the market value of any of subdivision (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of this subsection shall not exceed ten percent (10%) of the market value of all invested assets of the Retirement Systems; and the The aggregate market value of all assets invested pursuant to subdivisions (6c) and (7), sub-subdivision b. of subdivision (8), and subdivisions (9) and (9a) (6c), (7), (8), (9), and (9a) of this subsection shall not exceed thirty five percent (35%) eighty percent (80%) of the market value of all invested assets of the Retirement Systems. Systems, including any digital assets invested pursuant to G.S. 147-69.2E(c).~~

(10b) The market value of illiquid investments, as determined by the Board of Directors, shall not exceed forty percent (40%) of the market value of all invested assets of the Retirement System.

...

(12) It is the intent of the General Assembly that the Escheat Fund provide a perpetual and sustainable source of funding for the purposes authorized by the State Constitution. Accordingly, the following provisions ~~apply~~ apply to the assets of the Escheat Fund:

a. ~~With respect to The Investment Authority may invest the assets of the Escheat Fund, in addition to Fund in those investments authorized by subdivisions (1) through (6) of this subsection, up to ten percent (10%) subsection. Up to eighty percent (80%) of the assets may be invested in the investments authorized under subdivisions (6c) through (9a) of~~

1 this subsection, notwithstanding the percentage limitations imposed on
2 the Retirement Systems' investments under those subdivisions, and
3 provided that the State Treasurer subsection. The Investment
4 Authority may invest the assets as provided in subsection (e) of this
5 section.

6 ...

7 e. The State Treasurer shall invest, in addition to those investments
8 authorized by sub-subdivision a. ten percent (10%) of the net assets of
9 the Escheat Fund as authorized under G.S. 147-69.2A.

10 (b1) The State Treasurer shall appoint an Investment Advisory Committee, which shall
11 consist of seven members: the State Treasurer, who shall be chairman ex officio; two members
12 selected from among the members of the boards of trustees of the Retirement Systems; and four
13 members selected from the general public. All appointed members must have experience in areas
14 relevant to the administration of a large, diversified investment program, including, but not
15 limited to, investment management, securities law, real estate development, or absolute return
16 strategies. The State Treasurer shall also appoint a Secretary of the Investment Advisory
17 Committee who need not be a member of the committee. Members of the committee shall receive
18 for their services the same per diem and allowances granted to members of the State boards and
19 commissions generally. The committee shall have advisory powers only and membership shall
20 not be deemed a public office within the meaning of Article VI, Section 9 of the Constitution of
21 North Carolina or G.S. 128-1.1.

22 (b2) The State Treasurer Investment Authority may invest funds deposited pursuant to
23 subdivision (a)(17f) of this section in any of the investments authorized under subdivisions (b)(1)
24 through (6), subdivision (b)(6c), and subdivision (b)(8) of this section, notwithstanding the
25 percentage limitations imposed on the Retirement Systems' investments therein. section. The
26 State Treasurer Investment Authority may require a minimum deposit, up to one hundred
27 thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per
28 annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to
29 this subsection by a hospital shall remain the funds of that hospital, and interest or other
30 investment income earned thereon shall be prorated and credited to the contributing hospital on
31 the basis of the amounts thereof contributed, figured according to sound accounting principles.
32 Fees assessed by the State Treasurer Investment Authority may be used to defray the cost of
33 administering investments pursuant to this subsection and expenditures authorized under this
34 section.

35 (b3) The State Treasurer Investment Authority may invest funds deposited pursuant to
36 subdivision (a)(16a) of this section in any of the investments authorized under subdivisions (1)
37 through (6), subdivision (6c) and subdivision (b)(8) of this section, notwithstanding the
38 percentage limitations imposed on the Retirement Systems' investments therein. section. The
39 State Treasurer Investment Authority may require a minimum deposit, up to one hundred
40 thousand dollars (\$100,000), and may assess reasonable fees, not to exceed 15 basis points per
41 annum, as a condition of participation pursuant to this subsection. Funds deposited pursuant to
42 this subsection by the University of North Carolina Hospitals at Chapel Hill shall remain the
43 funds of the University of North Carolina Hospitals at Chapel Hill, and interest or other
44 investment income earned thereon shall be prorated and credited to the University of North
45 Carolina Hospitals at Chapel Hill on the basis of the amounts thereof contributed, figured
46 according to sound accounting principles. Fees assessed by the State Treasurer Investment
47 Authority may be used to defray the cost of administering investments pursuant to this subsection
48 and expenditures authorized under this section.

49 (b4) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
50 section, the State Treasurer Investment Authority may invest funds deposited pursuant to
51 subdivision (17g) of subsection (a) of this section in any of the investments authorized under

1 subdivisions (b)(6c) and (b)(8) of this section, ~~notwithstanding the percentage limitations~~
2 ~~imposed on the Retirement Systems' investments therein. section.~~ Funds deposited pursuant to
3 this subsection by a Local Government Other Post-Employment Benefits Trust and interest or
4 other investment income earned from those funds shall be prorated and credited to the
5 contributing trust on the basis of the amounts contributed, figured according to sound accounting
6 principles. For investments under subdivisions (b)(6c) and (b)(8) of this section, the ~~State~~
7 ~~Treasurer Investment Authority~~ may require a minimum deposit of up to one hundred thousand
8 dollars (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a
9 condition of participation pursuant to this subsection. Fees assessed by the ~~State Treasurer~~
10 ~~Investment Authority~~ may be used to defray the costs of administering the Fund and expenditures
11 authorized under this section.

12 (b5) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
13 section, the ~~State Treasurer Investment Authority~~ may invest funds deposited in the Local
14 Government Law Enforcement Special Separation Allowance Fund in any of the investments
15 authorized under subdivisions (b)(6c) and (b)(8) of this section, ~~notwithstanding the percentage~~
16 ~~limitations imposed on the Retirement Systems' investments therein. section.~~ For investments
17 from that Fund made under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer~~
18 ~~Investment Authority~~ may require a minimum deposit of up to one hundred thousand dollars
19 (\$100,000) and may assess reasonable fees of up to 15 basis points per annum as a condition of
20 making the investment. The fee may be used to defray the costs of administering the Fund and
21 expenditures authorized under this section.

22 (b6) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
23 section, the ~~State Treasurer Investment Authority~~ may invest funds deposited in the Catawba
24 Unit No. 1 Decommissioning Trust Fund and the Catawba Unit No. 2 Decommissioning Trust
25 Fund in any of the investments authorized under subdivisions (b)(6c) and (b)(8) of this section,
26 ~~notwithstanding the percentage limitations imposed on the Retirement Systems' investments~~
27 ~~therein. section.~~ For investments from the Funds made under subdivisions (b)(6c) and (b)(8) of
28 this section, the ~~State Treasurer Investment Authority~~ may require a minimum deposit of up to
29 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points
30 per annum as a condition of making the investment. The fee may be used to defray the costs of
31 administering the Fund and expenditures authorized under this section.

32 (b7) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
33 section, the ~~State Treasurer Investment Authority~~ may invest funds deposited in the Swain
34 County Settlement Trust Fund in any of the investments authorized under subdivision (b)(8) of
35 this section, ~~notwithstanding the percentage limitations imposed on the Retirement Systems'~~
36 ~~investments therein. section.~~ For investments from that Fund made under subdivision (b)(8) of
37 this section, the ~~State Treasurer Investment Authority~~ may require a minimum deposit of up to
38 one hundred thousand dollars (\$100,000) and may assess reasonable fees of up to 15 basis points
39 per annum as a condition of making the investment. The fee may be used to defray the costs of
40 administering the Fund and expenditures authorized under this section.

41 (b8) In addition to the investments authorized under subdivisions (b)(1) through (6) of this
42 section, the ~~State Treasurer Investment Authority~~ may invest funds deposited pursuant to
43 subdivision (24) of subsection (a) of this section in any of the investments authorized under
44 subdivisions (b)(6c) and (b)(8) of this section, notwithstanding the percentage limitations
45 imposed on the Retirement Systems' investments therein. For investments from that Fund made
46 under subdivisions (b)(6c) and (b)(8) of this section, the ~~State Treasurer Investment Authority~~
47 may require a minimum deposit of up to fifty thousand dollars (\$50,000) and may assess
48 reasonable fees of up to 15 basis points per annum as a condition of making the investment. The
49 fee may be used to defray the costs of administering investments and expenditures authorized
50 under this section.

51 ...

1 (d) The ~~State Treasurer~~ Investment Authority may invest funds deposited pursuant to
2 subdivisions (17i), (17j), (17k), (17l), and (17n) of subsection (a) of this section in any of the
3 investments authorized under subdivisions (1) through (6) and subdivision (8) of subsection (b)
4 of this section. The ~~State Treasurer~~ Investment Authority may require a minimum deposit, up to
5 one hundred thousand dollars (\$100,000), and may assess a reasonable fee, not to exceed 15 basis
6 points, as a condition of participation pursuant to this subsection. Fees assessed by the ~~State~~
7 ~~Treasurer~~ Investment Authority may be used to defray the costs of administering the funds and
8 expenditures authorized under this section. Funds deposited pursuant to this subsection shall
9 remain the funds of the North Carolina Conservation Easement Endowment Fund, the
10 Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian Buffer Restoration
11 Fund, or the Wildlife Endowment Fund, as applicable, and interest or other investment income
12 earned thereon shall be prorated and credited to the North Carolina Conservation Easement
13 Endowment Fund, the Conservation Grant Fund, the Ecosystem Restoration Fund, the Riparian
14 Buffer Restoration Fund, or the Wildlife Endowment Fund on the basis of the amounts
15 contributed to the respective Funds, figured according to sound accounting principles.

16 (e) Investments made pursuant to this section may be made as internally managed
17 investments by the ~~State Treasurer~~ Investment Authority or may be made through third-party
18 investment management arrangements, under the following conditions:

19 (1) Internally managed portfolios shall be subject to industry standard portfolio
20 ~~guidelines developed with periodic consultation by the Investment Advisory~~
21 ~~Committee guidelines.~~

22 (2) In assessing whether to invest directly or to utilize indirect third-party
23 investment management arrangements, the ~~State Treasurer~~ Investment
24 Authority shall consider all relevant material factors ~~he or she considers~~
25 ~~relevant to the decision~~ consistent with the ~~Treasurer's~~ Investment Authority's
26 fiduciary duties under ~~G.S. 147-69.7, G.S. 147-70.6,~~ including financial,
27 operational, and investment expertise and resources, alignment of interests
28 and investor protections, transparency and repeatability of investment process,
29 risk controls, and cost-effectiveness.

30 (3) ~~For any third party investment management arrangements, the investment~~
31 ~~manager must have total assets under management of at least one hundred~~
32 ~~million dollars (\$100,000,000) at the inception of the investment management~~
33 ~~arrangement with the State Treasurer.~~

34 (4) Third-party investment management arrangements may be with persons and
35 legal entities located within or outside the United States, including through
36 any of the following:

37 a. Contractual arrangements in which the investment manager has
38 delegated discretion and authority to invest assets.

39 b. Investment companies as defined under United States generally
40 accepted accounting principles as promulgated by the Financial
41 Accounting Standards Board, including without limitation entities
42 registered under the Investment Company Act of 1940; individual,
43 common, or collective trust funds of banks and trust companies;
44 limited partnerships; limited liability companies or other limited
45 liability investment vehicles; and insurance contracts that provide for
46 participation in individual or pooled separate accounts of insurance
47 companies.

48 Any limited liability investment vehicles organized by the ~~State Treasurer~~
49 Investment Authority shall be deemed investment companies for the purposes
50 of this ~~subsection~~ subdivision.

- 1 (5) Investment companies shall provide annual audited financial statements to the
 2 ~~State Treasurer, Investment Authority~~, unless the ~~State Treasurer- Investment~~
 3 ~~Authority~~ waives the requirement after conducting a cost-benefit analysis.
 4 (6) In connection with any investment otherwise authorized under this section,
 5 the ~~State Treasurer- Investment Authority~~ may enter into an indemnification
 6 agreement provided that, under any agreement, the liability of the ~~State~~
 7 ~~Treasurer- Investment Authority~~ will be limited to the amount of the ~~State~~
 8 ~~Treasurer's- Investment Authority's~~ contractual investment.
 9

10 **"§ 147-69.2E. Investments in digital assets.**

11 (a) The following definitions apply in this section:

- 12 (1) Designated funds. – Any of the funds described in G.S. 147-69.1(b) and
 13 G.S. 147-69.2(a).
 14 (2) Digital asset. – A virtual currency, cryptocurrency, native electronic asset,
 15 stablecoin, nonfungible token, or any other asset that is only digital and that
 16 confers economic, proprietary, or access rights or powers.
 17 (3) Private key. – A unique element of cryptographic data used for signing
 18 transactions on a blockchain that is known to the owner of the unique element.
 19 (4) Secure custody solution. – A technological product or a blended product and
 20 service that employs advanced security measures to safeguard private keys
 21 and prevent unauthorized access.

22 (b) The Investment Authority may invest the cash of the designated funds in digital assets
 23 only after approval by the Board of Directors. The approval shall be based on an independent
 24 assessment by a third-party consultant that all of the following requirements for proposed
 25 investments have been met:

- 26 (1) The digital assets are maintained with a secure custody solution.
 27 (2) The potential investment is appropriate for the designated fund's
 28 circumstances from a total portfolio perspective.
 29 (3) The control environment meets institutional investment industry requirements
 30 for independent risk and compliance oversight, operational robustness, and
 31 regulatory compliance.

32 (c) An investment in digital assets from any of the designated funds shall not exceed, in
 33 the aggregate, five percent (5%) of the balance of the designated fund.

34 **"§ 147-69.3. Administration of State Treasurer's Investment Authority's investment**
 35 **programs.**

36 (a) The State Treasurer shall deposit with the Investment Authority assets of the funds
 37 under G.S. 147-69.1 and the special funds under G.S. 147-69.2. The Investment Authority shall
 38 establish, maintain, administer, manage, and operate within the Department of State Treasurer
 39 one or more investment programs for the deposit and to the credit of the State Treasurer of the
 40 investment of assets pursuant to the provisions of G.S. 147-69.1 and G.S. 147-69.2. Different of
 41 the funds under G.S. 147-69.1 and the special funds under G.S. 147-69.2. Funds of each of the
 42 Retirement Systems and other funds held by the State Treasurer- Investment Authority may be
 43 invested collectively or separately in the State Treasurer's- Investment Authority's discretion
 44 consistent with the fiduciary duties stated in G.S. 147-69.7 under G.S. 147-70.6.

45 (b) Any official, board, commission, other public authority, local government, school
 46 administrative unit, charter school, local ABC board, or community college of the State having
 47 custody of any funds not required by law to be deposited with and invested by the State Treasurer
 48 or the Investment Authority may deposit all or any portion of those funds with the ~~State Treasurer~~
 49 Investment Authority for investment in one of the investment programs ~~established pursuant to~~
 50 authorized under this section, subject to any provisions of law with respect to eligible
 51 ~~investments, provided that any investments.~~ Any occupational licensing board as defined in

1 G.S. 93B-1 may participate in one of the investment programs ~~established pursuant to~~ authorized
2 under this section regardless of whether or not the funds were required by law to be deposited
3 with and invested by the State ~~Treasurer.~~ Treasurer or the Investment Authority. In the absence
4 of specific statutory provisions to the contrary, any ~~of those funds~~ described in this subsection
5 may be invested by the Investment Authority in accordance with the provisions of G.S. 147-69.2
6 and 147-69.3. Upon request from any depositor eligible under this subsection, the State Treasurer
7 may authorize moneys invested pursuant to this subsection to be withdrawn by warrant on the
8 State Treasurer.

9 (c) ~~The State Treasurer's Investment Authority's~~ investment programs shall be so
10 managed ~~that that,~~ in the judgment of the ~~State Treasurer Investment Authority,~~ funds may be
11 readily converted into cash when needed.

12 (d) Except as provided by G.S. 147-69.1(d), the total return earned on investments shall
13 accrue pro rata to the fund whose assets are ~~invested according to the formula prescribed by the~~
14 ~~State Treasurer with the approval of the Governor and Council of State.~~ invested.

15 (e) ~~The State Treasurer Investment Authority~~ has full powers as a fiduciary to hold,
16 purchase, sell, assign, transfer, lend and dispose of any of the securities or investments in which
17 any of the investment programs created pursuant to this section have been invested, and may
18 reinvest the proceeds from the sale of those securities or investments and any other investable
19 assets of the program.

20 (f) The cost of administration, management, and operation of investment programs
21 established pursuant to this section shall be apportioned and paid equitably among the programs
22 in a manner prescribed by the ~~State Treasurer Investment Authority,~~ including through
23 administrative fees if approved by the Board of Directors. To the extent not otherwise chargeable
24 directly to the income or assets of a specific investment program or pooled investment vehicle,
25 the cost of administration, management, and operation of investment programs established
26 pursuant to this section shall be paid from the income and assets of the investment programs.
27 Any apportionment and payment under this section shall be accounted for in a manner determined
28 by the ~~State Treasurer Investment Authority.~~

29 ~~(g) The State Treasurer is authorized to retain the services of independent appraisers,~~
30 ~~auditors, actuaries, attorneys, investment counseling firms, statisticians, custodians, or other~~
31 ~~persons or firms possessing specialized skills or knowledge necessary for the proper~~
32 ~~administration of investment programs created pursuant to this section.~~

33 (g1) Notwithstanding G.S. 114-8.3, the Investment Authority's designated attorneys shall
34 review all proposed investment contracts and all proposed contracts for investment-related
35 services entered into pursuant to the Investment Authority's authority under this Article. All of
36 the following apply to the required review:

37 (1) This review shall include confirmation that a proposed contract meets all of
38 the following criteria:

39 a. The proposed contract is in proper legal form.

40 b. The proposed contract is legally enforceable to the extent governed by
41 North Carolina law.

42 c. The proposed contract accomplishes the intended purposes of the
43 contract.

44 (2) The Investment Authority's designated attorneys shall establish procedures
45 regarding the review.

46 (3) The required review does not constitute approval or disapproval of the policy
47 merit, or lack thereof, of the proposed contract.

48 (4) A designated attorney under this subsection includes any attorney employed
49 or retained by the Investment Authority to review contracts as required by this
50 subsection.

(5) For purposes of this subsection, "investment contract" means investments to be acquired, held, or sold, directly or indirectly, by or for the Investment Authority or an investment entity created by the Investment Authority, either on its own behalf or on behalf of another beneficial owner.

...

~~(i1) The State Treasurer shall report the incentive bonus paid to the Chief Investment Officer to the Joint Legislative Commission on Governmental Operations by October 1 of each year.~~

...

(i3) ~~The Treasurer~~ Investment Authority may invest in the countries of Sudan and South Sudan to the extent not prohibited by the United States Government, or to the extent that such investment is part of an index or index replication strategy, a commingled fund, limited partnership, or similar investment vehicle, or a derivative instrument.

(j) Subject to the provisions of G.S. 147-69.1(d), ~~the State Treasurer shall~~ Investment Authority may adopt any rules necessary to carry out the provisions of this section.

...

"§ 147-69.4A. Support and assistance; Supplemental Retirement Board of Trustees.

(a) The Supplemental Retirement Board of Trustees, as established under G.S. 135-96, may request the Investment Authority to provide monitoring, evaluation, reporting, and other support or assistance for the investments of the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

(b) Upon the consent of the Investment Authority to provide requested support or assistance under this section, the Investment Authority's responsibilities shall be documented in a Statement of Investment Policy approved by the Supplemental Retirement Board of Trustees.

(c) In providing any support or assistance under this section, the Investment Authority shall discharge its duties as a fiduciary to the participants in the Supplemental Retirement Income Plan of North Carolina and the North Carolina Public Employee Deferred Compensation Plan.

"§ 147-69.5. Local Government Law Enforcement Special Separation Allowance Fund.

The Local Government Law Enforcement Special Separation Allowance Fund is established as a fund in the Office of the State Treasurer under the management of the ~~Treasurer~~ Investment Authority. The Fund consists of contributions made by entities authorized to make contributions to the Fund and interest and other investment income earned by the Fund. Contributions to the Fund are irrevocable. Assets of the Fund may be used only to provide law enforcement special separation allowance benefits to individuals who are former employees of a unit of local government that contributes to the Fund and are entitled to law enforcement special separation allowance payable by the unit. The assets of the Fund are not subject to the claims of creditors of an entity that contributes to the Fund.

"§ 147-69.6. Swain County Settlement Trust Fund.

(a) The Swain County Settlement Trust Fund is established as a special fund in the Office of the State Treasurer under the management of the ~~Treasurer~~ Investment Authority. ~~The Treasurer~~ The Investment Authority may invest the assets of the Fund in any of the investments authorized under subdivisions (b)(1) through (6) and subdivision (b)(8) of G.S. 147-69.2. The Fund shall consist of the proceeds of any payments made by the United States in settlement of the 1943 agreement between Swain County and the United States Department of Interior, such other contributions as Swain County or other entities may choose to make to the Fund, and the interest and other investment income earned by the Fund. For the purposes of this section, the initial balance of the Fund shall be defined as fifty-two million dollars (\$52,000,000).

...."

SECTION 38.3.(a1) G.S. 147-69.2A is repealed.

SECTION 38.3.(b) Part 3 of Article 6 of Chapter 147 of the General Statutes, as created and amended by Section 38.1 of this act, reads as rewritten:

"Part 3. Reports and Audits.

"§ 147-69.8. Annual report on new investment authority.

Whenever the General Assembly broadens the investment authority of the ~~State Treasurer~~ Investment Authority as to the General Fund, the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, the Firefighters' and Rescue Squad Workers' Pension Fund, the Local Governmental Employees' Retirement System, the Legislative Retirement System, the North Carolina National Guard Pension Fund, or any idle funds, the ~~State Treasurer~~ Investment Authority shall annually report in detail to the General Assembly the investments made under such new authority, including the returns on those investments, earnings, changes to value, and gains and losses in disposition of such investments. The report shall be made no later than the first six months of each calendar year, covering performance in the prior fiscal year. As to each type of new investment authority, the report shall be made for at least four years. To the extent the information required by this section is also required in the reports under G.S. 147-69.12, the ~~State Treasurer~~ Investment Authority may combine reports or make cross-reference to those reports.

"§ 147-69.9. Third-party audit of State Treasurer's investments.

(a) In addition to all other audits and reports required by the law, the ~~State Treasurer~~ Treasurer, with the active assistance of the Investment Authority, shall prepare and issue, at the end of each fiscal year ~~beginning with the 2015-2016 fiscal year, year,~~ a set of consolidated stand-alone financial statements regarding investments authorized in G.S. 147-69.1 and G.S. 147-69.2. These financial statements shall be audited by a commercial independent third-party audit firm selected and engaged by the ~~State Treasurer~~ Treasurer, in consultation with the Investment Authority. The audit firm's report and the financial statement shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representative Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within six months after the closing of the reporting period.

(b) The management discussion and analysis section of the report accompanying the financial statements shall be prepared by the Investment Authority and shall include a discussion of the investment programs' risk and returns compared to benchmarks, total management fees and incentives paid, and comparison to peer cost benchmarks.

"§ 147-69.10. Investment policies and performance reviews of Retirement Systems investment programs.

(a) On at least a biennial basis, the ~~State Treasurer~~ Chief Investment Officer shall present an investment policy statement to the ~~Investment Advisory Committee~~ Board of Directors for the ~~Committee's consultation, approval.~~ The investment policy statement must include descriptions of investment objectives and strategy, roles and responsibilities, permissible asset classes, asset allocation targets and ranges, risk management and compliance guidelines, and evaluation criteria necessary to measure investment performance.

(b) At least once every four years, the ~~State Treasurer~~ Investment Authority shall engage a commercial independent expert firm, pursuant to ~~G.S. 147-69.3(g), G.S. 147-71.2(c),~~ to evaluate the governance, operations, and investment practices of the ~~State Treasurer~~ Investment Authority in order to develop recommendations for improvement. ~~The State Treasurer must consult with the Investment Advisory Committee to develop the scope of the evaluation.~~ The report of the independent expert firm shall be provided to the Joint Legislative Commission on Governmental Operations, the House of Representatives Appropriations Committee, the Senate Appropriations/Base Budget Committee, and the Fiscal Research Division within 30 days of receipt.

"§ 147-69.12. Reporting on the State Treasurer's Investment Authority's investment programs.

(a) ~~No later than the tenth day of February, May, August, and November of each year, the State Treasurer shall report on all investments for which the State Treasurer is in any way~~

1 responsible, including investments made from the Escheat Fund and return on investment as
2 provided in G.S. 147-69.2A. This report shall be made for the Escheat Fund in lieu of the report
3 required by G.S. 147-69.8. The State Treasurer's quarterly report shall include each of the
4 following:

- 5 (1) ~~A specific listing of all direct and indirect placement fees, asset fees,
6 performance fees, and any other money management fees incurred by the
7 State in the management of the Retirement Systems defined in
8 G.S. 147-69.2(b)(8). In the event that the market value of any of subdivision
9 (6c) or (7), sub-subdivision b. of subdivision (8), or subdivision (9) or (9a) of
10 G.S. 147-69.2 increases during a fiscal year by an amount greater than three
11 percent (3%) of the market value of all invested assets of the Retirement
12 Systems as of the prior fiscal year end, then the quarterly report provided shall
13 describe how that increase complies with the duties described in
14 G.S. 147-69.7 and the consequent expected impact on the risk profile of the
15 Retirement Systems' assets.~~
- 16 (2) ~~A specific listing of all investments made with certified green managers and
17 companies and funds that support sustainable practices, including the names
18 of the companies, managers, and funds, the amount invested, and the State's
19 return on investment.~~
- 20 (3) ~~For bank balances:
21 a. The State's total bank balance with the State Treasurer, including the
22 amount of cash on hand and money on deposit.
23 b. For each bank or other qualified depository utilized by the State
24 Treasurer to hold cash balances, (i) the name of each depository and
25 (ii) current quarter end cash balances.~~
- 26 (4) ~~For the State Treasurer's cash management programs:
27 a. Total assets.
28 b. Duration of investments.
29 e. Rate of return, including a comparison to an appropriate benchmark,
30 if available.~~
- 31 (5) ~~For the Retirement Systems, as defined in G.S. 147-69.2(b)(8), reported
32 separately for each asset class authorized by G.S. 147-69.2(b):
33 a. Total assets.
34 b. Rate of return, including a comparison to an appropriate benchmark,
35 if available.
36 e. Percentage of the total assets that are invested in the asset class and the
37 limitation, if any, on the percentage under G.S. 147-69.2(b).~~
- 38 (6) ~~For each investment program created under G.S. 147-69.3:
39 a. The financial condition of each investment program.
40 b. A full and complete statement of all moneys invested by virtue of the
41 provisions of G.S. 147-69.1 and G.S. 147-69.2.
42 e. The nature and character of the investments.
43 d. The revenues derived from the investments, net of fees and expenses.
44 e. The costs of administering, managing, and operating the investment
45 programs, including the recapture of any investment commissions.
46 f. The location on the State Treasurer's Web site where the public may
47 find a statement of the investment policies for the revenues invested.
48 g. Any other information that may be helpful in understanding the State
49 Treasurer's investment policies, investment practices, and investment
50 results.~~

- 1 h. ~~Any other information requested by the House of Representatives and~~
 2 ~~Senate Finance Committees.~~
- 3 i. ~~The location on the State Treasurer's Web site where the public may~~
 4 ~~find a list of new commitments to external investment managers.~~
- 5 j. ~~The location on the State Treasurer's Web site where the public may~~
 6 ~~find information on the use of placement agents by investment~~
 7 ~~managers.~~
- 8 (7) ~~For all other investments with or on behalf of the State or any of its agencies~~
 9 ~~or institutions:~~
- 10 a. ~~The particular agency or institution, fund, rate of return, and duration~~
 11 ~~of the investment.~~
- 12 b. ~~The amount of deposit on all noninterest bearing accounts.~~
- 13 (a1) On a monthly basis, the Investment Authority shall report on the performance of all
 14 investments for which the Investment Authority is in any way responsible. The monthly report
 15 shall include all of the following information:
- 16 (1) The beginning and ending market value of each investment program and
 17 deposits or withdrawals.
- 18 (2) The rate of return, net of all fees, and expenses for various time periods,
 19 including comparisons to an appropriate benchmark, if available. For the
 20 Retirement Systems' investment program, asset class level information shall
 21 also be provided.
- 22 (3) The asset allocation of each investment program and compliance with any
 23 statutory limitations or limitations set by the Board of Directors.
- 24 (4) All of the following information for each investment program:
- 25 a. The location on the Investment Authority's website where the public
 26 may find a statement of the investment policies.
- 27 b. The location on the Department's or Investment Authority's website
 28 where the public may find a list of new commitments to external
 29 investment managers and on the use of placement agents by
 30 investment managers.
- 31 c. Any other information that may be helpful in understanding the
 32 Investment Authority's investment policies, investment practices, and
 33 investment results.
- 34 (b) No later than the date set by G.S. 147-69.9 for the submission of consolidated
 35 stand-alone financial statements, the ~~State Treasurer~~ Investment Authority shall report annually
 36 on the fees and performance of all externally and internally managed investments for the
 37 ~~Retirement Systems defined in G.S. 147-69.2(b)(8). Systems.~~ Externally managed investments
 38 shall be reported on the basis of each investment vehicle or investment manager, as applicable.
 39 Internally managed investments shall be reported on a portfolio-by-portfolio basis. The ~~State~~
 40 ~~Treasurer's~~ Investment Authority's annual report shall include all of the following, as applicable,
 41 reported separately for each investment:
- 42 (1) The name, commitment amount, statutory classification, and inception year.
- 43 (2) Either a statement that the investment is managed internally by the staff of the
 44 ~~State Treasurer~~ Investment Authority or the names of the external investment
 45 manager and the investment vehicle for that investment.
- 46 (3) ~~Value~~ The value of the investment.
- 47 (4) ~~Dollar~~ The dollar amount of the management fees and incentive fees.
- 48 (5) For ~~investment grade fixed income or public equity investments, public~~
 49 market investment manager accounts, the periodic net annualized
 50 time-weighted rate of return for that fiscal year and since inception, reported
 51 net of fees.

- 1 (6) For all investments other than ~~investment-grade fixed income or public equity~~
 2 ~~investments, public market investment manager accounts,~~ all of the following:
 3 a. The net annualized internal rate of return and investment multiple
 4 since inception, reported net of fees.
 5 b. The total cash contributions or other investments ~~made by the State~~
 6 ~~Treasurer, made.~~
 7 c. The total distribution received ~~by the State Treasurer~~ with respect to
 8 that investment since inception, reported net of fees.
- 9 ~~(7) For any fund of funds investment vehicles, the aggregate management fees~~
 10 ~~and incentive fees for the underlying investment managers or investment~~
 11 ~~vehicles used by the external investment manager.~~
- 12 (8) If any placement agent fees relating to the investment were directly or
 13 indirectly borne by the ~~State Treasurer Investment Authority~~ or Retirement
 14 Systems, a list of the amount and type of those fees.

15 (c) The Treasurer shall report to the Governor annually the exact balance in the treasury
 16 to the credit of the State, with a summary of the receipts and payments of the treasury during the
 17 preceding fiscal year, and so far as practicable an account of the same down to the termination
 18 of the current calendar year.

19 (d) The reports required by this section shall be delivered to the Joint Legislative
 20 Commission on Governmental Operations, chairs of the House of Representatives and Senate
 21 Appropriations Committees, chairs of the House of Representative and Senate Finance
 22 Committees, Fiscal Research Division, Governor, Council of State, and State Auditor. The
 23 reports shall also be made available for public review, ~~including by posting on the State~~
 24 ~~Treasurer's Web site.~~

25 ~~A copy of a report on any State Treasurer investment program shall be sent to review by the~~
 26 ~~official, institution, board, commission, or other agency investing in that program.~~ the programs,
 27 including by posting on the Investment Authority's website."

28 **SECTION 38.3.(c)** G.S. 147-70.6, as created by Section 38.1 of this act, reads as
 29 rewritten:

30 "**§ 147-70.6. Discharge of duties to funds.**

31 (a) ~~The State Treasurer Investment Authority, including the Board of Directors,~~ shall
 32 discharge ~~his or her~~ all duties with respect to each fund or investment program held by the
 33 Investment Authority to the credit of the State Treasurer, including each of the funds,
 34 enumerated in G.S. 147-69.2 as follows: G.S. 147-69.1 and G.S. 147-69.2, in all of the following
 35 manners:

- 36 (1) Solely in the interest of the intended beneficiaries of the fund, if any.
- 37 (2) For the exclusive purpose of carrying out the purpose of the fund, including
 38 providing benefits to participants and beneficiaries, and paying reasonable
 39 expenses of administering the fund.
- 40 (3) With the care, skill, and caution that a prudent investor would use after
 41 considering the purposes, distribution requirements, and other circumstances
 42 then prevailing.
- 43 (4) Impartially, taking into account any differing interests of participants and
 44 beneficiaries.
- 45 (5) Incurring only costs that are appropriate and reasonable.
- 46 (6) In accordance with a good-faith interpretation of the provisions of
 47 G.S. 147-69.2 and any other applicable law governing the fund.

48 (b) In investing and managing assets of ~~the any fund or investment program~~ pursuant to
 49 subsection (a) of this section, the ~~State Treasurer Investment Authority~~ shall do all of the
 50 following:

- 51 (1) ~~Shall consider~~ Consider all of the following circumstances:

- 1 a. General economic conditions.
- 2 b. The possible effect of inflation or deflation.
- 3 c. The role that each investment or course of action plays within the
- 4 overall portfolio of the fund.
- 5 d. The expected total return from income and the appreciation of capital.
- 6 e. Needs for liquidity, regularity of income, and preservation or
- 7 appreciation of capital.
- 8 f. With respect to the Retirement Systems ~~defined in G.S. 147-69.2(b)(8)~~
- 9 and any other pension plans, the adequacy of funding for the
- 10 Retirement Systems or other pension plan based on reasonable
- 11 actuarial factors.
- 12 g. The purpose of the fund, if established.
- 13 (2) ~~Shall diversify~~ Diversify the investments of the ~~fund~~ fund, unless the ~~State~~
- 14 ~~Treasurer~~ Investment Authority reasonably determines that, because of
- 15 special circumstances, including applicable investment restrictions, it is
- 16 clearly prudent not to do so.
- 17 (3) ~~Shall make~~ Make a reasonable effort to verify facts relevant to the investment
- 18 and management of assets of the funds.
- 19 (4) ~~Shall invest only in those investments authorized by law consistent with the~~
- 20 ~~provisions of Article 6 of Chapter 146 of the General Statutes.~~
- 21 (5) ~~Shall, in~~ In the evaluation of an investment, or in the evaluation or exercise of
- 22 any right appurtenant to an investment, consider only pecuniary
- 23 ~~factors:~~ factors as follows:
- 24 a. For the purposes of this section, a pecuniary factor is a factor that has
- 25 a material effect on the financial risk or financial return of an
- 26 investment based on appropriate investment horizons consistent with
- 27 the purpose of the fund, if established.
- 28 b. Environmental or social considerations are pecuniary factors only if
- 29 they present economic risks or opportunities that qualified investment
- 30 professionals would treat as material economic considerations under
- 31 generally accepted investment theories. The weight given to those
- 32 factors shall solely reflect a prudent assessment of their impact on risk
- 33 and return.
- 34 (6) May,
- 35 (b1) In investing and managing assets of any fund or investment program pursuant to
- 36 subsection (a) of this section, the Investment Authority may, in the evaluation or exercise of any
- 37 right appurtenant to an investment, reasonably conclude that not exercising ~~such a~~ that right is in
- 38 the best interest of the fund's beneficiaries.
- 39 (c) Compliance by the ~~State Treasurer~~ Investment Authority with this section must be
- 40 determined in light of the facts and circumstances existing at the time of the ~~Treasurer's~~
- 41 Investment Authority's decision or action and not by hindsight.
- 42 (d) The ~~State Treasurer's~~ Investment Authority's investment and management decisions
- 43 must be evaluated not in isolation but in the context of the portfolio of the fund as a whole and
- 44 as part of an overall investment strategy having risk and return objectives reasonably suited to
- 45 the fund.
- 46 (e) Notwithstanding any of the foregoing, the State Treasurer other provision of this
- 47 section to the contrary, the Investment Authority shall have no duty to assist or advise any
- 48 official, board, commission, local government, other public authority, school administrative unit,
- 49 local ABC board, community college of the State, or other person, trust, agency, institution, or
- 50 entity in connection with any of the following decisions and directions with respect to any funds

1 to be deposited with the State Treasurer and invested by the ~~State Treasurer~~ Investment
2 Authority.

- 3 (1) The voluntary decision to deposit or withdraw funds in accordance with
4 applicable law in one or more of the ~~State Treasurer's~~ Investment Authority's
5 investment programs.
6 (2) The voluntary direction as to the allocation of deposited funds in accordance
7 with applicable law among the ~~State Treasurer's~~ Investment Authority's
8 investment programs.
9 (3) Any other decision or direction by which the depositor exercises control over
10 assets deposited or to be deposited with the State Treasurer or the Investment
11 Authority in accordance with applicable law."

12 **SECTION 38.3.(d)** G.S. 147-71.2(a), as enacted by Section 38.2(b) of this act, is
13 amended by adding a new subdivision to read:

14 "(6) The Board of Directors has the following liquidity monitoring duties:

- 15 a. Upon the quarterly receipt of liquidity monitoring requirements from
16 the Chief Investment Officer, the Board of Directors shall ensure that
17 a portion of the Retirement Systems' invested assets are at all times
18 available to be converted in an orderly fashion to cash proceeds
19 sufficient to meet projected net benefit payments and highly probable
20 contractual obligations.
21 b. The Board of Directors shall annually certify the allocation of illiquid
22 investment.
23 c. If the Board of Directors determines that liquidity is insufficient, then
24 the Board of Directors may direct the CIO to pause new contractual
25 commitments to illiquid investments or implement other mitigation
26 activities."

27 **SECTION 38.3.(e)** G.S. 147-72.1, as enacted by Section 38.2(b) of this act, is
28 amended by adding a new subsection to read:

29 "(e) Management of Retirement Systems Investments. – The Chief Investment Officer
30 shall manage the Retirement Systems investments to remain within the approved absolute risk
31 operating range set by the Board of Directors in accordance with G.S. 147-71.2(a)(4)."

32 **SECTION 38.3.(f)** Rules adopted by the State Treasurer in effect as of December
33 31, 2025, and that are impacted by the change in authority under this section shall remain in
34 effect until amended by the Investment Authority, amended by law, or repealed.

35 **SECTION 38.3.(g)** G.S. 128-29(c) reads as rewritten:

36 "(c) Custodian of Funds. – The State Treasurer shall be the custodian of the several funds
37 and shall deposit these funds with the Investment Authority to invest ~~their~~ these assets in
38 accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article 6 of Chapter 147 of the
39 General Statutes. All payments from said funds shall be made by ~~him~~ the State Treasurer only
40 upon vouchers signed by two persons designated by the Board of Trustees. The secretary of the
41 Board of Trustees shall furnish said Board a surety bond in a company authorized to do business
42 in North Carolina in such amount as shall be required by the Board, the premium to be paid from
43 the expense fund."

44 **SECTION 38.3.(h)** G.S. 135-7(c) reads as rewritten:

45 "(c) Custodian of Funds; Disbursements; Bond of Director. – The State Treasurer shall be
46 the custodian of the several funds and shall deposit these funds with the Investment Authority to
47 invest ~~their~~ these assets in accordance with the provisions of G.S. 147-69.2 and 147-69.3. Article
48 6 of Chapter 147 of the General Statutes."

49 **SECTION 38.3.(i)** The State Treasurer shall examine the feasibility of allowing
50 members of the Supplemental Retirement Income Plan and members of the 457(b) Deferred
51 Compensation Plan to elect to invest in digital assets, as defined in G.S. 147-69.2E enacted under

1 subsection (a) of this section, which are held as exchange-traded products. If the State Treasurer
 2 determines this investment election is appropriate and, after reviewing the Treasurer's findings,
 3 the Supplemental Retirement Board of Trustees (Board) agrees, then the Treasurer and Board
 4 may adopt rules to implement allowing State employees to elect to invest in digital assets,
 5 including all of the following:

- 6 (1) Identification of appropriate investment vehicles.
- 7 (2) After determining whether a maximum contribution allowable for members
 8 of the Supplemental Retirement Income Plan and members of the 457(b)
 9 Deferred Compensation Plan should be established, the amount of that
 10 maximum contribution.
- 11 (3) Educational materials to inform State employees about digital asset basics and
 12 digital asset investment risks.
- 13 (4) Any other rules the Treasurer deems necessary.

14 **SECTION 38.3.(j)** In cooperation with the State Treasurer, the State Bureau of
 15 Investigation, local law enforcement agencies, and other statewide law enforcement agencies,
 16 shall study the feasibility of establishing the North Carolina Digital Asset Reserve (Reserve),
 17 with the purpose of retaining digital assets seized and forfeited to the State. The study shall
 18 include at least the following:

- 19 (1) The State agency or department best suited to administer the Reserve.
- 20 (2) The best method to hold assets in the Reserve.
- 21 (3) The process for placing seized or forfeited assets in the Reserve.
- 22 (4) The best method to time sales from the Reserve to maximize revenue to the
 23 Civil Penalty and Forfeiture Fund and benefit local boards of education.
- 24 (5) Any other issues the stakeholders deem necessary.

25 The State Bureau of Investigation shall report the results of this study, including
 26 proposed legislation to create, implement, and administer the Reserve, to the Joint Legislative
 27 Oversight Committee on General Government no later than March 1, 2026.

28 **SECTION 38.3.(k)** Subsections (i) and (j) of this section are effective when this act
 29 becomes law. The remainder of this section is effective January 1, 2026.

30
 31 **PART XXXVIII-A. OCCUPATIONAL LICENSING BOARDS**

32
 33 **REQUIRE LICENSURE OF EDUCATIONAL INTERPRETERS AND**
 34 **TRANSLITERATORS**

35 **SECTION 38A.1.(a)** G.S. 90D-3 reads as rewritten:

36 **"§ 90D-3. Definitions.**

37 The following definitions apply in this Chapter:

- 38 ...
- 39 (3) Educational interpreter or educational transliterator. – A person who provides
 40 accessible communication, using the most understandable language model, to
 41 individuals in prekindergarten through grade 12 or in any institution of higher
 42 education.
- 43 (4) Interpreter. – A person who practices the act of interpreting as defined in this
 44 section. The term includes an educational interpreter as defined in subdivision
 45 (3) of this section.
- 46 ...
- 47 (9) Transliterator. – A person who practices the art of transliterating as defined in
 48 this section. The term includes an educational transliterator as defined in
 49 subdivision (3) of this section."

50 **SECTION 38A.1.(b)** G.S. 90D-4(b) reads as rewritten:

- 51 "(b) The provisions of this Chapter do not apply to:

1 ...
 2 ~~(5) Educational interpreters or transliterators.~~
 3 ~~...."~~

4 **SECTION 38A.1.(c)** G.S. 90D-7 reads as rewritten:

5 "**§ 90D-7. Requirements for licensure.**

6 (a) Upon application to the Board and the payment of the required fees, an applicant may
 7 be licensed as an interpreter or transliterator if the applicant meets all of the following
 8 qualifications:

- 9 (1) Is 18 years of age or older.
 10 (2) Is of good moral character as determined by the Board.
 11 (3) Meets one of the following criteria:
 12 a. Repealed by Session Laws 2023-137, s. 45(a), effective December 1,
 13 2023, and applicable to licenses and provisional licenses issued or
 14 renewed by the North Carolina Interpreter and Transliterator
 15 Licensing Board after that date.
 16 b. Is nationally certified by the Registry of Interpreters for the Deaf, Inc.,
 17 (RID), or another nationally recognized body that issues certificates or
 18 assessments for interpreting approved by the Board by rule.
 19 c. Holds a valid Testing, Evaluation and Certification Unit, Inc.,
 20 (TECUnit) national certification in cued language transliteration.
 21 d. Repealed by Session Laws 2023-137, s. 45(a), effective December 1,
 22 2023, and applicable to licenses and provisional licenses issued or
 23 renewed by the North Carolina Interpreter and Transliterator
 24 Licensing Board after that date.
 25 e. Holds a current Cued Language Transliterator State Level Assessment
 26 (CLTSLA) level 3 or above classification.
 27 f. Holds a current Educational Interpreter Performance Assessment
 28 (EIPA) level 4.0 or above classification and passed the EIPA written
 29 test.

30 (b) Repealed by Session Laws 2014-115, s. 42(b), effective August 11, 2014.

31 (c) The Department of Public Safety may provide a criminal record check to the Board
 32 for a person who has applied for a new, provisional, or renewal license through the Board. The
 33 Board shall provide to the Department of Public Safety, along with the request, the fingerprints
 34 of the applicant, any additional information required by the Department of Public Safety, and a
 35 form signed by the applicant consenting to the check of the criminal record and to the use of the
 36 fingerprints and other identifying information required by the State or national repositories. The
 37 applicant's fingerprints shall be forwarded to the State Bureau of Investigation for a search of the
 38 State's criminal history record file, and the State Bureau of Investigation shall forward a set of
 39 the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The
 40 Board shall keep all information pursuant to this subdivision privileged, in accordance with
 41 applicable State law and federal guidelines, and the information shall be confidential and shall
 42 not be a public record under Chapter 132 of the General Statutes.

43 The Department of Public Safety may charge each applicant a fee for conducting the checks
 44 of criminal history records authorized by this subsection."

45 **SECTION 38A.1.(d)** G.S. 90D-8 reads as rewritten:

46 "**§ 90D-8. Provisional license.**

47 (a) Upon application to the Board and the payment of the required fees, an applicant may
 48 be issued a one-time provisional license as an interpreter or transliterator if the applicant meets
 49 all of the following qualifications:

- 50 (1) Is at least 18 years of age.
 51 (2) Is of good moral character as determined by the Board.

- 1 (3) Completes two continuing education units approved by the Board. These units
2 must be completed for each renewable year.
- 3 (4) Holds at least a two-year associate degree in interpreting from an accredited
4 institution and satisfies one of the following:
- 5 a. Holds a quality assurance North Carolina Interpreter Classification
6 System (NCICS) level C classification.
- 7 b. Holds a valid National Association of the Deaf (NAD) level 2 or 3
8 certification.
- 9 c. Holds a current Educational Interpreter Performance Assessment
10 (EIPA) level 3.5 or above ~~classification~~classification and passed the
11 EIPA written test.
- 12 d. Repealed by Session Laws 2005-299, s. 2, effective August 22, 2005.
- 13 e. Repealed by Session Laws 2023-137, s. 45(b), effective October 10,
14 2023.
- 15 f. Holds any other certificate or assessment issued by a nationally
16 recognized body approved by the Board by rule.

17 (a1) Upon application to the Board, payment of the required fees, and meeting the
18 requirements for a provisional license under subdivisions (1) and (2) of subsection (a) of this
19 section, the Board may also issue a provisional license to any of the following categories of
20 persons seeking a provisional license:

- 21 (1) A deaf interpreter who completes 16 hours of training in interpreting
22 coursework or workshops, including role and function or ethics, and 20 hours
23 in the 12 months immediately preceding the date of application in the
24 provision of interpreting services.
- 25 (2) An oral interpreter who completes a total of 40 hours of training in interpreting
26 coursework or workshops related to oral interpreting.
- 27 (3) A cued language transliterator who holds a current TECUnit Cued Language
28 Transliterator State Level Assessment (CLTSLA) level 2 or above
29 classification.
- 30 (4) A person providing interpreting or transliterating services who has a
31 recognized credential from another state in the field of interpreting or
32 transliterating.
- 33 (5) An interpreter or transliterator who ~~has~~meets both of the following:
- 34 a. Has accumulated 200 hours per year in the provision of interpreting or
35 transliterating services, in this State or another state, totaling 400 hours
36 for the two years immediately preceding the date of application. An
37 applicant must provide documentation of hours when applying for a
38 provisional license under this category, subject to verification by the
39 Board.
- 40 b. Holds any certificate or assessment issued by a nationally recognized
41 body approved by the Board by rule.

42 (b) A provisional license issued under this section shall be valid for one year. Upon
43 expiration, a provisional license may be renewed for an additional one-year period in the
44 discretion of the Board. However, a provisional license shall not be renewed more than ~~three~~two
45 times. The Board may, in its discretion, grant an extension after the ~~third~~second time the
46 provisional license has been renewed under circumstances to be established in rules adopted by
47 the Board.

48 (c) Repealed by Session Laws 2014-115, s. 42(b), effective August 11, 2014."

49 **SECTION 38A.1.(e)** G.S. 115C-110.2 reads as rewritten:

50 **"§ 115C-110.2. Interpreters/transliteratorors.**

1 Each interpreter or transliterator employed by a local educational agency to provide services
2 to hearing-impaired students must annually complete 15 hours of job-related training that has
3 been approved by the local educational agency. Continuing education hours completed in
4 compliance with licensure renewal requirements adopted by the North Carolina Interpreter and
5 Transliterator Licensing Board pursuant to G.S. 90D-11 may be applied toward the 15 hours of
6 job-related training, to the extent those hours are relevant to the interpreter's or transliterator's
7 job-based duties and approved by the local educational agency."

8 **SECTION 38A.1.(f)** For an educational interpreter or educational transliterator who
9 was issued a provisional license pursuant to G.S. 90D-8 and the provisional license expired prior
10 to the effective date of this section, if the educational interpreter or educational transliterator
11 continues to qualify for a provisional license pursuant to G.S. 90D-8, as amended by subsection
12 (d) of this section, then the North Carolina Interpreter and Transliterator Licensing Board shall
13 issue a new initial provisional license upon application to the Board and the payment of the
14 required fee for a provisional license. Notwithstanding G.S. 90D-8(b), the Board shall not grant
15 an extension after a second renewal to a provisional license issued pursuant to this section.

16 **SECTION 38A.1.(g)** Subsection (f) of this section expires on September 30, 2027.

17 **SECTION 38A.1.(h)** The North Carolina Interpreter and Transliterator Licensing
18 Board and the State Board of Education may adopt rules to implement the provisions of this
19 section.

20 **SECTION 38A.1.(i)** This section becomes effective October 1, 2026.

21 **MODIFY THE LAWS OF MARRIAGE AND FAMILY THERAPY LICENSURE**

22 **SECTION 38A.2.(a)** G.S. 90-270.56 reads as rewritten:

23 **"§ 90-270.56. Reciprocal licenses.**

24 The Board ~~may~~ shall issue a license as a marriage and family therapist ~~or a marriage and~~
25 ~~family therapy associate~~ by reciprocity to any person who applies for the license as prescribed
26 by the Board and who at all times during the application process:

- 27 (1) Has been licensed and actively practicing for ~~five~~ at least two continuous years
28 and is currently licensed as a marriage and family therapist ~~or marriage and~~
29 ~~family therapy associate~~ in another state.
- 30 (2) Has an unrestricted license in good standing in the other state.
- 31 (3) Has no unresolved complaints in any jurisdiction.
- 32 (4) Has passed the National Marriage and Family Therapy
33 ~~examination~~ examination or the clinical examination required by the licensing
34 board that regulates marriage and family therapy in the State of California."

35 **SECTION 38A.2.(b)** G.S. 90-270.63 reads as rewritten:

36 **"§ 90-270.63. Criminal history record checks of applicants for licensure as a marriage and**
37 **family therapist and a marriage and family therapy associate.**

38 (a) Definitions. – The following definitions shall apply in this section:

- 39 (1) Applicant. – A person applying for licensure as a licensed marriage and family
40 therapy associate pursuant to G.S. 90-270.54A or licensed marriage and
41 family therapist pursuant to ~~G.S. 90-270.54~~ G.S. 90-270.54 or
42 G.S. 90-270.56.

43"

44 **SECTION 38A.2.(c)** The North Carolina Marriage and Family Therapy Licensure
45 Board may adopt rules to implement the provisions of this section.

46 **SECTION 38A.2.(d)** This section becomes effective October 1, 2025, and applies
47 to applications for licensure on or after that date.

48 **PART XXXIX. GENERAL GOVERNMENT – MISCELLANEOUS**

STATE SYMBOLS AND OTHER OFFICIAL ADOPTIONS

SECTION 39.1.(a) Chapter 145 of the General Statutes is amended by adding the following new sections to read:

"§ 145-52. Official State cookie.

The Moravian cookie is adopted as the official cookie of the State of North Carolina.

"§ 145-53. State star.

The Moravian star is adopted as the official star of the State of North Carolina.

"§ 145-54. State television show.

"The Andy Griffith Show" is adopted as the official television show of the State of North Carolina.

"§ 145-55. State balloon rally.

The Carolina BalloonFest, held in October of every year in the City of Statesville, is adopted as the official balloon rally of the State of North Carolina.

"§ 145-56. State veterans history museum.

The Veterans History Museum of the Carolinas, located in Transylvania County, is adopted as the official Veterans History Museum of the State of North Carolina.

"§ 145-57. State rice festival.

The North Carolina Rice Festival held the first weekend in March of every year at the Brunswick Town State Historic Site in the community of Winnabow is adopted as the official rice festival of the State of North Carolina.

"§ 145-58. State saltwater reptile.

The loggerhead sea turtle (Caretta caretta) is adopted as the official saltwater reptile of the State of North Carolina.

"§ 145-59. Official Fried Apple Pie Festival.

The Fried Apple Pie Festival, held the first Saturday in the month of May of every year in the Town of Sparta, is adopted as the official Fried Apple Pie Festival of the State of North Carolina."

SECTION 39.1.(b) This section is effective when it becomes law.

PART XL. INFORMATION TECHNOLOGY**BROADBAND FUND FLEXIBILITY**

SECTION 40.1.(a) G.S. 143B-1373.2 is repealed.

SECTION 40.1.(b) G.S. 143B-1374 is repealed.

SECTION 40.1.(c) The Department of Information Technology shall use funds appropriated for the Growing Rural Economies with Access to Technology program for fixed wireless and satellite broadband grants, established in G.S. 143B-1373.2 to award grants to eligible entities to purchase installation materials for satellite internet service. Installation materials must be for the grantee's own use and not for distribution to other parties. No portion of funds granted under this section shall be used for internet service subscriptions. The Department shall prioritize grant applicants that will deploy installation materials in one of the 39 counties designated as a disaster area due to Hurricane Helene. The Department may also give priority to grantees that offer emergency services, disaster relief, educational services, or economic development.

SECTION 40.1.(d) For the purposes of this section, an eligible entity is one of the following:

- (1) A State agency.
- (2) A local government entity.
- (3) A volunteer fire department.
- (4) An anchor point, as that term is defined in G.S. 117-18.1(d)(1).

SECTION 40.1.(e) The Department of Information Technology may provide emergency funding to communications services providers to rebuild, repair, or replace broadband

1 infrastructure damaged by Hurricane Helene, including costs already incurred for rebuilding,
2 repairing, or replacing broadband infrastructure, provided that all of the following apply:

- 3 (1) An applicant for funding under this section shall only be permitted to recovery
4 costs that are not subject to reimbursement from another source of external
5 funding, including insurance.
- 6 (2) The Department may cap reimbursement at a portion of the costs incurred
7 based upon evaluation of considerations, such as the number of applications
8 anticipated compared to funds available.
- 9 (3) Priority shall be given to restoration of broadband service.

10 **SECTION 40.1.(f)** The Department may use up to fifty million dollars (\$50,000,000)
11 of the funds available from the Broadband Make Ready Accelerator appropriation in S.L.
12 2021-180 for the emergency funding described in subsection (e) of this section. Funds shall be
13 used in compliance with applicable federal guidelines associated with the use of federal funds.
14 The Department may use its emergency procurement authority provided in 09 NCAC 06B .1302
15 to procure any goods or services in accordance with this section and shall document the request
16 for funding, the emergency situation or need, the area to be served, and the community's need for
17 the procurement.

18 **SECTION 40.1.(g)** Section 38.15 of S.L. 2021-180, as enacted by Section 16.1(a)
19 of S.L. 2022-6, reads as rewritten:

20 "**SECTION 38.15.** Except as otherwise ~~provided,~~provided and after the intent of the original
21 appropriation has been satisfied to the extent practicable, the Department of Information
22 Technology shall have flexibility to transfer funding between the programs outlined in Section
23 38.4, Section 38.5, and Section 38.6 of this ~~act, so long as the total allocations for the programs~~
24 ~~remain the same.act."~~

25 **SECTION 40.1.(h)** The Department of Information Technology, working with the
26 North Carolina Pandemic Recovery Office in the Office of State Budget and Management, shall
27 ensure that all federal laws, regulations, and guidance, including reporting requirements, are
28 followed in the reallocation of funding between projects funded with federal State Fiscal
29 Recovery Funds described in this section.

30 **SECTION 40.1.(i)** Subsection (c) of this section becomes effective June 30, 2025,
31 and the remainder of this section becomes effective July 1, 2025.

32 **CHANGES TO THE BROADBAND POLE REPLACEMENT PROGRAM**

33 **SECTION 40.2.(a)** Section 38.10 of S.L. 2021-180, as amended by Section 16.4 of
34 S.L. 2022-6, reads as rewritten:

35 **"BROADBAND ACCELERATION**

36 ...

37 **SECTION 38.10.(b)** The Broadband Pole Replacement Program (hereinafter "Program")
38 is hereby established for the purpose of speeding and facilitating the deployment of broadband
39 service to individuals, businesses, agricultural operations, and community access points in
40 unserved areas by reimbursing a portion of eligible pole replacement costs incurred by
41 communications service providers. A communications service provider who pays or incurs the
42 costs of removing and replacing an existing ~~pole-pole,~~ or placing facilities underground to better
43 protect the critical infrastructure from natural disasters, in connection with a qualified project
44 may apply to the Department for reimbursement in an amount equal to fifty percent (50%) of
45 eligible pole replacement costs paid or incurred by the applicant or ten thousand dollars
46 (\$10,000), whichever is less, for each pole ~~replaced,~~ replaced or, in the case of placing facilities
47 underground, fifty percent (50%) of such costs.

48 ...

49 **SECTION 38.10.(g)** A pole owner shall promptly review a request for access, perform
50 surveys, provide estimates and final invoices, and complete, or require the completion by other
51

1 attaching entities of, any make-ready work necessary for purposes of offering broadband service
2 in an unserved area. A pole owner shall provide a good-faith estimate for any make-ready costs
3 to the communications service provider within 60 days after receipt of a complete application for
4 access. If requested by the communications service provider, the pole owner shall provide
5 accompanying documentation indicating the basis of all estimated fees or other charges,
6 including, but not limited to, administrative costs, that form the basis of its estimate. A good-faith
7 estimate shall remain valid for 14 days. To accept a good-faith estimate, a communications
8 service provider must provide the pole owner with written acceptance and payment of the
9 good-faith estimate. Make-ready work shall be conditioned upon payment of the good-faith
10 estimate and shall be completed within a reasonable time frame mutually agreed to by the
11 communications service provider and the pole owner. A pole owner may treat multiple requests
12 from a single communications service provider as one application for access when the requests
13 are filed within 90 days of one another. A pole owner may deviate from the time limits specified
14 in this subsection during performance of make-ready work for good and sufficient cause that
15 renders it infeasible to complete make-ready work within the time limits specified in this
16 subsection. Any deviation from the time limits specified in this subsection shall extend for a
17 period no longer than necessary. A communications service provider shall promptly be notified,
18 in writing, of the reason for a deviation and the new completion date estimate. A communications
19 service provider shall provide notice, in writing, to the pole owner no later than 14 days after
20 attaching equipment to a pole in an unserved area. This subsection shall not apply to poles owned
21 by a utility.

22 "SECTION 38.10.(h) A party subject to a dispute arising under subsection (g) of this section
23 may invoke the dispute procedures authorized in G.S. 62-350 in the same manner as a party
24 seeking resolution of a dispute under G.S. 62-350(c), and the Utilities Commission shall issue a
25 final order resolving the dispute within 120 days of the date the proceedings were initiated;
26 provided, however, the Commission may extend the time for issuance of a final order for good
27 cause and with the agreement of all parties. In such a dispute, the Commission shall apply the
28 provisions of this section notwithstanding any contrary provisions of any existing agreement.
29 This subsection shall not apply to poles owned by a utility.

30 "SECTION 38.10.(i) No later than 60 days after the date funds are appropriated to the
31 Program special fund, and on a quarterly basis thereafter, the Department shall maintain and
32 publish on its website all of the following:

- 33 (1) The number of applications for reimbursement received, processed, and
34 rejected, including the reasons applications were rejected.
- 35 (2) The amount of each reimbursement, the total number of reimbursements, and
36 the status of any pending reimbursements.
- 37 (3) The estimated remaining balance in the Program special fund.

38 "SECTION 38.10.(j) The following definitions apply in this section:

- 39 ...
- 40 (4) Eligible pole replacement cost. – The actual and reasonable costs paid or
41 incurred by a party after June 1, 2021, to (i) remove and replace a pole,
42 including the amount of any expenditures to remove and dispose of the
43 existing pole, purchase and install a replacement pole, and transfer any
44 existing facilities to the new pole. pole or (ii) place facilities, including lines,
45 conduit, and related equipment, underground to better protect the critical
46 infrastructure from natural disaster. The term includes costs paid or incurred
47 by the party responsible for the costs of a pole replacement to reimburse the
48 party that performs the pole replacement. The term does not include costs that
49 the party incurs initially that have been reimbursed to the party by another
50 party ultimately responsible for the costs.

- 1 (5) Pole. – Any pole used, wholly or partly, for any wire communications or
- 2 electric distribution, irrespective of who owns or operates the ~~pole~~pole,
- 3 including poles owned by a utility.
- 4 (6) Pole owner. – A city or cooperatively organized entity that owns utility poles.
- 5 (7) Qualified project. – A project undertaken by a communications service
- 6 provider ~~that is not affiliated with a pole owner~~ seeking to provide or, due to
- 7 natural disaster or other force majeure event, restore, temporarily or
- 8 permanently, qualifying internet access service on a retail basis to one or more
- 9 households, businesses, agricultural operations, or community access points
- 10 in an unserved or underserved area. The project may be affiliated with a
- 11 cooperatively organized entity that owns utility poles but shall not be affiliated
- 12 with a city that owns utility poles. A pole owner whose affiliate seeks
- 13 reimbursement for a qualified project shall not pass through the costs for
- 14 which reimbursement is sought to unaffiliated communications service
- 15 providers and shall schedule and perform all work in a nondiscriminatory
- 16 fashion.
- 17 ...
- 18 (9) Unserved area. – An area in which, according to the most recent map of fixed
- 19 broadband internet access service made available by the Federal
- 20 Communications Commission, fixed, terrestrial broadband service at speeds
- 21 of at least 25 megabits per second download and at least 3 megabits per second
- 22 upload is unavailable at the time the communications service provider
- 23 requests access. An unserved area also includes an area that was previously
- 24 served but has become unserved due to damage or destruction by a natural
- 25 disaster. A pole or underground installation shall be presumed to be located in
- 26 an unserved area if the pole is located in an area that is the subject of a federal
- 27 or State grant to deploy broadband service, the conditions of which limit the
- 28 availability of a grant to unserved areas or, in the case of a damaged or
- 29 destroyed facility, was in such an area when the facility was originally
- 30 constructed.
- 31 (10) Utility. – As defined by 47 U.S.C. § 224.

32"

33 **SECTION 40.2.(b)** This section is effective when it becomes law. Funds
34 encumbered for expenses incurred as of June 1, 2021, prior to the effective date of this section
35 shall remain eligible for reimbursement.

36
37 **DATA ANALYTICS POSITIONS REPORT**

38 **SECTION 40.3.** On or before March 1, 2026, the Department of Information
39 Technology shall submit a report to the Joint Legislative Oversight Committee on Information
40 Technology and the Fiscal Research Division on the five analytics and data interpretation
41 positions provided in S.L. 2021-180, including how the positions have assisted in the building of
42 capacity across State government and management of resources more effectively, and a list of
43 projects initiated or completed for each affected State agency.

44
45 **DIT RATE INCREASES/INTERNAL SERVICE FUND**

46 **SECTION 40.4.(a)** For any increases to rates charged to State agencies during the
47 2025-2027 fiscal biennium, the Department of Information Technology shall give agencies a
48 credit from funds available in the Internal Service Fund (Code 74660) in an amount equal to the
49 estimated amount of increase relative to the rates assessed during the 2024-2025 fiscal year.

50 **SECTION 40.4.(b)** Section 38.1A of S.L. 2023-134 reads as rewritten:

1 "SECTION 38.1A. The Department of Information Technology shall include in the rates
2 submitted pursuant to G.S. 143B-1333 an additional amount not exceeding three million five
3 hundred fifty thousand dollars (\$3,550,000) for each year of the 2023-2025 and 2025-2027 fiscal
4 ~~biennium~~ bienniums to be charged to agencies for the Security Operations Center and Privacy
5 Office Support. The rates shall not include and agencies shall not be charged the one million one
6 hundred twenty-six thousand dollars (\$1,126,000) requested for other positions within the
7 Department."
8

9 FUNDS FOR REGIONAL BROADBAND REPAIRS AND REDUNDANCY

10 SECTION 40.5.(a) Notwithstanding any provision of G.S. 143B-1373 or any other
11 provision of law to the contrary, from funds available in the Growing Rural Economies with
12 Access to Technology fund, established in G.S. 143B-1373(b), the Department of Information
13 Technology shall provide thirteen million nine hundred nineteen thousand three hundred thirty
14 dollars (\$13,919,330) in the form of a grant to MCNC, a nonprofit organization, for projects to
15 repair and establish regional redundancy to fiber networks impacted in the western part of the
16 State in the Pisgah and Nantahala National Forests that have an estimated completion later than
17 December 31, 2026.

18 SECTION 40.5.(b) From funds available in the Broadband Make Ready Accelerator
19 appropriation in S.L. 2021-180, the Department of Information Technology shall provide
20 twenty-nine million four hundred ninety-two thousand two hundred eighty-eight dollars
21 (\$29,492,288) in the form of a grant to MCNC, a nonprofit organization, for the projects to
22 rebuild and reinforce fiber networks impacted in the western part of the State and that are likely
23 to be completed before December 31, 2026.
24

25 LONGITUDINAL DATA SYSTEM CHANGES

26 SECTION 40.6. Chapter 116E of the General Statutes reads as rewritten:

27 "Chapter 116E.

28 "~~Education~~ North Carolina Longitudinal Data System.

29 "§ 116E-1. Definitions.

- 30 (1) "~~Center~~" ~~means the Center.~~ – The Governmental Data Analytics Center as
31 established in Part 8 of Article 15 of Chapter 143B of the General Statutes.
- 32 (1a) CJIS. – The federal Criminal Justice Information Systems in 28 C.F.R. Part
33 20.
- 34 (2) "~~De-identified data~~" ~~means a~~ De-identified data. – A data set in which parent
35 and student identity information, including the unique student identifier and
36 student social security number, has been removed.
- 37 (3) "~~FERPA~~" ~~means the~~ FERPA. – The federal Family Educational Rights and
38 Privacy Act, 20 U.S.C. § 1232g.
- 39 (3a) HIPAA. – The federal Health Insurance Portability and Accountability Act of
40 1996.
- 41 (3b) IDEA. – The federal Individuals with Disabilities Education Act, 20 U.S.C.
42 §§ 1400, et seq.
- 43 (3c) Public school. – As defined in G.S. 115C-5(7a).
- 44 (4) "~~Student data~~" ~~means data~~ Student data. – Data relating to student
45 performance. Student data includes State and national assessments, course
46 enrollment and completion, grade point average, remediation, retention,
47 degree, diploma or credential attainment, enrollment, discipline records, and
48 demographic data. Student data does not include juvenile delinquency records,
49 criminal records, and medical and health records.

- 1 (5) ~~"System" means the System.~~ – The North Carolina Longitudinal Data
 2 ~~System.~~System, including components referred to as the North Carolina
 3 ~~Longitudinal Data Service.~~
- 4 (6) ~~"Unique Student Identifier" or "UID" means the Unique Student Identifier or~~
 5 ~~UID.~~ – The identifier assigned to each student by one of the following:
 6 a. A ~~local school administrative unit~~public school based on the identifier
 7 system developed by the Department of Public Instruction.
 8 b. An institution of higher education, nonpublic school, or other State
 9 agency operating or overseeing an educational program, if the student
 10 has not been assigned an identifier by a ~~local school administrative~~
 11 ~~unit.~~public school.
- 12 (7) ~~"Workforce data" means data~~Workforce data. – Data relating to employment
 13 status, wage information, geographic location of employment, and employer
 14 information.

15 **"§ 116E-2. Purpose of the North Carolina Longitudinal Data System.**

16 ~~(a)~~ The North Carolina Longitudinal Data System is a statewide data system that contains
 17 individual-level student data and workforce data from all levels of education and the State's
 18 workforce. The purpose of the System is to do the following:

- 19 (1) Facilitate and enable the exchange of student data among agencies and
 20 institutions within the State.
- 21 (2) Generate timely and accurate information about student performance that can
 22 be used to improve the State's education system and guide decision makers at
 23 all levels.
- 24 (3) Facilitate and enable the linkage of student data and workforce data.

25 ~~(b) The linkage of student data and workforce data for the purposes of the System shall~~
 26 ~~be limited to no longer than five years from the later of the date of the student's completion of~~
 27 ~~secondary education or the date of the student's latest attendance at an institution of higher~~
 28 ~~education in the State.~~

29 ...

30 **"§ 116E-4. Powers and duties of the Center.**

31 (a) The Center shall have the following powers and duties with respect to the System:

- 32 ...
- 33 (4) Before the use of any individual data in the System, the Center shall do the
 34 following:
 35 a. Create and publish an inventory of the ~~individual student~~ data
 36 proposed to be accessible in the ~~System and required to be reported by~~
 37 ~~State and federal education mandates.~~System.
- 38 b. Develop and implement policies to comply with ~~FERPA~~FERPA,
 39 IDEA, HIPAA, CJIS, the Internal Revenue Code, and any other
 40 privacy ~~measures,~~measures relevant to data available to the System,
 41 as required by law or the Center.
- 42 c. Develop a detailed data security and safeguarding plan that includes
 43 the following:
 44 1. Authorized access and authentication for authorized access.
 45 2. Privacy compliance standards.
 46 3. Privacy and security audits.
 47 4. Breach notification and procedures.
 48 5. Data retention and disposition policies.
- 49 (5) Oversee routine and ongoing compliance with ~~FERPA~~FERPA, IDEA,
 50 HIPAA, CJIS, the Internal Revenue Code, and other relevant privacy laws and
 51 policies.

- 1 (6) Ensure that any contracts that govern databases that are outsourced to private
2 vendors include express provisions that safeguard privacy and security and
3 include penalties for noncompliance.
- 4 ~~(7) Designate a standard and compliance time line for electronic transcripts that~~
5 ~~includes the use of UID to ensure the uniform and efficient transfer of student~~
6 ~~data between local school administrative units and institutions of higher~~
7 ~~education.~~
- 8 (8) Review research requirements and set policies for the approval of data
9 requests from State and local agencies, the General Assembly, and the public.
- 10 (9) Establish an advisory committee on data quality to advise the Center on issues
11 related to data auditing and tracking to ensure data validity.
- 12 (b) The Center shall adopt rules according to Chapter 150B of the General Statutes as
13 provided in G.S. 116E-6 to implement the provisions of this Article.
- 14 (c) The Center shall report annually to the Joint Legislative Education Oversight
15 Committee, the Joint Legislative Commission on Governmental Operations, and the Joint
16 Legislative Oversight Committee on Information Technology beginning July 1, 2019. The report
17 shall include the following:
- 18 (1) An update on the implementation of the System's activities.
19 (2) Any proposed or planned expansion of System data.
20 (3) Any other recommendations made by the Center, including the most effective
21 and efficient configuration for the System.

22 **"§ 116E-5. North Carolina Longitudinal Data System.**

- 23 (a) There is created the North Carolina Longitudinal Data System. The System shall be
24 located administratively within the Department of Public Instruction ~~but shall exercise its powers~~
25 ~~and duties independently of the Department of Public Instruction and the State Board of~~
26 ~~Education.~~ Information Technology.
- 27 (b) The System shall allow users to do the following:
- 28 (1) Effectively organize, manage, disaggregate, and analyze individual student
29 and workforce data.
- 30 (2) Examine student progress and outcomes over time, including preparation for
31 postsecondary education and the workforce.
- 32 (c) The System shall be considered an authorized representative of the Department of
33 Public Instruction, The University of North Carolina, and the North Carolina System of
34 Community Colleges under applicable federal and State statutes for purposes of accessing and
35 compiling student record data for research purposes.
- 36 (d) The System shall perform the following functions and duties:
- 37 (1) Serve as a data broker for the System, including data maintained by the
38 following:
- 39 a. The Department of Public Instruction.
40 b. Local boards of education, ~~local school administrative units, public~~
41 schools, and charter schools.
42 c. The University of North Carolina and its constituent institutions.
43 d. The Community Colleges System Office and local community
44 colleges.
45 e. The North Carolina Independent College and Universities, Inc., and
46 private colleges or universities.
47 f. Nonpublic schools serving elementary and secondary students.
48 g. The Department of ~~Commerce, Division of Employment~~
49 Security.Commerce.
50 h. The Department of Revenue.
51 i. The Department of Health and Human Services.

- 1 j. The Department of Labor.
- 2 (2) Ensure routine and ongoing compliance with FERPA, IDEA, HIPAA, CJIS,
3 the Internal Revenue Code, and other relevant privacy laws and policies,
4 including the following:
- 5 a. The required use of de-identified data in data research and reporting.
6 b. The required disposition of information that is no longer needed.
7 c. Providing data security, including the capacity for audit trails.
8 d. Providing for performance of regular audits for compliance with data
9 privacy and security standards.
- 10 e. Implementing guidelines and policies that prevent the reporting of
11 other potentially identifying data.
- 12 (3) Facilitate information and data requests for State and federal education
13 reporting with existing State agencies as appropriate.
- 14 (4) Facilitate approved public information requests.
- 15 (5) Develop a process for obtaining information and data requested by the General
16 Assembly and Governor of current de-identified data and research.
- 17 (e) Use of data accessible through the System shall be regulated in the following ways:
- 18 (1) Direct access to data shall be restricted to authorized staff of the System.
- 19 (2) Only de-identified data shall be used in the analysis, research, and reporting
20 conducted by the System.
- 21 (3) The System and recipients of data in fulfillment of approved data requests
22 shall only use aggregate-aggregated data in the release of data in reports and
23 in response to data requests. ~~public reports.~~
- 24 (4) Data that may be identifiable based on the size or uniqueness of the population
25 under consideration shall not be reported in any form by the System.
- 26 (5) The System shall not release information that may not be disclosed under
27 FERPA, IDEA, HIPAA, CJIS, the Internal Revenue Code, and other relevant
28 privacy laws and policies.
- 29 (6) Individual or personally identifiable data accessed through the System shall
30 not be a public record under G.S. 132-1.
- 31 (f) The System may receive funding from the following sources:
- 32 (1) State appropriations.
- 33 (2) Grants or other assistance from ~~local school administrative units,~~ public
34 schools, community colleges, constituent institutions of The University of
35 North Carolina, or private colleges and universities.
- 36 (3) Federal grants.
- 37 (4) Any other grants or contributions from public or private entities received by
38 the System.
- 39 (g) Ownership of all data collected and maintained by the System remains with the
40 contributors to the System. Management and disclosure of data by the System does not change
41 ownership of the data.
- 42 **"§ 116E-6. Data sharing.**
- 43 (a) ~~Local school administrative units,~~ Public schools, charter schools, community
44 colleges, constituent institutions of The University of North Carolina, and State agencies shall
45 do all of the following:
- 46 (1) Comply with the data requirements and implementation schedule for the
47 System as set forth by the Center.
- 48 (2) Transfer student data and workforce data to the System in accordance with the
49 data security and safeguarding plan developed by the Center under
50 G.S. 116E-5.

1 (b) Private colleges and universities, the North Carolina Independent Colleges and
2 Universities, Inc., and nonpublic schools may transfer student data and workforce data to the
3 System in accordance with the data security and safeguarding plan developed under G.S. 116E-5.

4 (c) All data sharing supported by the System shall comply with all applicable federal and
5 State data and data privacy laws and regulations."

6
7 **MAKE PERMANENT HIGHWAY PATROL IT EXEMPTION AND EXTEND STATE**
8 **BUREAU OF INVESTIGATION AND EMERGENCY MANAGEMENT IT PILOT**

9 **SECTION 40.7.(a)** G.S. 143B-1320(b) reads as rewritten:

10 "(b) Exemptions. – Except as otherwise specifically provided by law, the provisions of
11 this Chapter do not apply to the following entities: the General Assembly, the Judicial
12 Department, ~~and~~ The University of North Carolina and its constituent ~~institutions.~~ institutions,
13 and the State Highway Patrol. These entities may elect to participate in the information
14 technology programs, services, or contracts offered by the Department, including information
15 technology procurement, in accordance with the statutes, policies, and rules of the Department.
16 The election must be made in writing, as follows:

17 (1) For the General Assembly, by the Legislative Services Commission.

18 (2) For the Judicial Department, by the Chief Justice.

19 (3) For The University of North Carolina, by the Board of Governors.

20 (4) For the constituent institutions of The University of North Carolina, by the
21 respective boards of trustees.

22 (5) For the State Highway Patrol, by the Commander of the State Highway
23 Patrol."

24 **SECTION 40.7(b).** Section 38.4 of Session Law 2023-134 reads as rewritten:

25 **"SECTION 38.4(a)** In accordance with G.S. 143B-1325(c)(13), and notwithstanding any
26 other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, ~~the State~~
27 ~~Highway Patrol,~~ the State Bureau of ~~Investigation,~~ Investigation and the Division of Emergency
28 Management within the Department of Public Safety shall continue to be entirely exempt from
29 any and all information technology oversight by the Department of Public Safety and the
30 Department of Information Technology. ~~The State Highway Patrol, the State Bureau of~~
31 ~~Investigation, and the Division of Emergency Management~~ shall initiate a pilot project where
32 ~~those divisions~~ the division shall be deemed as a separate, stand-alone ~~entities~~ entity within the
33 Department of Public Safety in all matters related to information technology, and ~~each~~ the
34 division shall autonomously manage ~~their~~ its own respective information technology
35 infrastructure and all associated services without oversight from the Department of Information
36 Technology or the Department of Public Safety. Exemption from information technology
37 oversight includes, but is not limited to, the following:

38 (1) Information technology architecture and planning.

39 (2) Information technology personnel management.

40 (3) Information technology project management.

41 (4) Information technology purchasing and procurement decisions and
42 methodologies.

43 (5) Hardware acquisition, configuration, implementation, and management.

44 (6) Software acquisition, configuration, implementation, and management.

45 (7) Data center locations, operations, and management.

46 (8) Network topology, operations, and management.

47 (9) System and data security, including disaster recovery planning.

48 (10) Reporting requirements.

49 (11) Any future transfers of information technology personnel, operations,
50 projects, assets, and information technology budgets to the Department of
51 Information Technology.

1 "SECTION 38.4.(b) This section expires on June 30, ~~2025-2027~~."

2 SECTION 40.7.(c) G.S. 143B-1325(c) reads as rewritten:

3 "(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition each
4 of the participating agencies. As the transition plans are completed, the following participating
5 agencies shall transfer information technology personnel, operations, projects, assets, and
6 appropriate funding to the Department of Information Technology:

7 ...

8 (13) Department of Public Safety, with the exception of the following:

9 a. ~~State Bureau of Investigation.~~

10 b. Repealed by Session Laws 2024-57, s. 3E.1(v), effective December
11 11, 2024.

12 c. Division of Emergency Management.

13 The State CIO shall ensure that State agencies' operations are not adversely impacted under the
14 State agency information technology consolidation."

15 16 PART XLI. SALARIES AND BENEFITS

17 18 ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY 19 INCREASE

20 SECTION 41.1.(a) Effective July 1, 2025, except as provided by subsection (b) of
21 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
22 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
23 position on June 30, 2025, is awarded a legislative salary increase in the 2025-2026 fiscal year,
24 as follows:

25 (1) A cost-of-living adjustment in the amount of two and one-half percent (2.5%).

26 (2) Any other salary adjustment otherwise allowed or provided by law.

27 SECTION 41.1.(b) For the 2025-2027 fiscal biennium, the following persons are
28 not eligible to receive the legislative salary increases provided by subsection (a) of this section:

29 (1) Employees of local boards of education.

30 (1a) Local community college employees.

31 (2) Employees of The University of North Carolina.

32 (3) Clerks of superior court compensated under G.S. 7A-101.

33 (4) Officers and employees to which Section 41.14 of this Part applies.

34 (5) Officers and employees to which Section 41.15 of this Part applies.

35 (5a) Officers and employees to which Section 41.15A of this Part applies.

36 (6) Officers and employees to which Section 41.16 of this Part applies.

37 (7) Employees of schools operated by the Department of Health and Human
38 Services, the Department of Public Safety, the Department of Adult
39 Correction, the Governor Morehead School for the Blind, the Eastern North
40 Carolina School for the Deaf, the North Carolina School for the Deaf, and the
41 State Board of Education who are paid based on the Teacher Salary Schedule.

42 SECTION 41.1.(c) Part-time employees shall receive the increases authorized by
43 this section on a prorated and equitable basis.

44 SECTION 41.1.(d) No eligible State-funded employee shall be prohibited from
45 receiving the full salary increases provided in this section solely because the employee's salary
46 after applying the legislative salary increase is above the maximum of the salary range prescribed
47 by the State Human Resources Commission.

48 49 LABOR MARKET ADJUSTMENT RESERVE

1 **SECTION 41.2A.(a)** Of the Labor Market Adjustment Salary Reserve funds
2 appropriated in this act, agencies shall award salary adjustments to identified employees pursuant
3 to the following requirements:

- 4 (1) Any increase provided to an employee shall not exceed the greater of fifteen
5 thousand dollars (\$15,000) or fifteen percent (15%) of their current base
6 salary.
- 7 (2) Any increase provided to an employee may not result in the employee's salary
8 exceeding the maximum salary of the salary range associated with the
9 position.
- 10 (3) No more than twenty-five percent (25%) of the agency's permanent employees
11 may receive a salary increase from the funds appropriated for this purpose.
- 12 (4) Funds may not be awarded to employees in positions with salaries set in law
13 or paid based on an experience-based salary schedule that is eligible to receive
14 funding from the Pay Plan Reserve.
- 15 (5) Funds must be used to increase salaries paid to employees and shall not be
16 used to supplant other funding sources or for any other purpose.

17 **SECTION 41.2A.(b)** The Director of the Budget may adjust a State agency's
18 budgeted receipts to provide an equivalent Labor Market Adjustment Salary Reserve for the
19 2025-2027 fiscal biennium subject to the requirements in subsection (a) of this section, provided
20 that sufficient receipts are available. Agency receipts needed to implement this section are
21 appropriated for the 2025-2026 fiscal year and the 2026-2027 fiscal year.

22 **SECTION 41.2A.(c)** The Office of State Human Resources (OSHR) shall compile
23 a single report detailing how these funds were distributed by each agency. The OSHR shall
24 develop a uniform reporting mechanism for agencies that displays the salary increases made for
25 each position classification, the average increase provided to employees in each position
26 classification, and the market-based justification for the awarded salary increases. Agencies
27 receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR by
28 December 15, 2025. By January 15, 2026, the OSHR shall submit the report containing the
29 agency responses to the Fiscal Research Division.
30

31 **PERSONAL SERVICES BUDGET REALLOCATION**

32 **SECTION 41.2B.(a)** The General Assembly finds that attracting and retaining
33 competent State employees is essential to provide efficient and effective public services. The
34 General Assembly further finds that State agencies, departments, and institutions with a
35 consistent number of vacant positions would benefit from salary increases to improve employee
36 recruitment and retention.

37 **SECTION 41.2B.(b)** To better align personal services budgets, the sum of one
38 hundred sixty-two million six hundred thirty-four thousand five hundred ninety-three dollars
39 (\$162,634,593) in recurring net General Fund appropriations for each year of the 2025-2027
40 fiscal biennium that supports vacant positions across State agencies, departments, and institutions
41 is eliminated. This reduction represents the savings from an estimated elimination of twenty
42 percent (20%) of vacant State-funded positions across State agencies, departments, and
43 institutions.

44 **SECTION 41.2B.(c)** For each General Fund budget code, the savings derived from
45 the vacant position reduction under subsection (b) of this section shall be provided to the same
46 budget code for Labor Market Adjustment Reserve salary adjustments and additional adjustments
47 to salary schedules.

48 **SECTION 41.2B.(d)** This section does not apply to any of the following:

- 49 (1) State-funded local employees of community colleges.
- 50 (2) State-funded local employees of local public school units.
- 51 (3) The General Assembly.

1 **SECTION 41.2B.(e)** Of the Labor Market Adjustment Reserve funds provided to
 2 the Administrative Office of the Courts in accordance with subsection (c) of this section, the sum
 3 of five hundred seventy-five thousand two hundred twenty-eight dollars (\$575,228) in recurring
 4 funds for each year of the 2025-2027 fiscal biennium shall be applied to increases to the
 5 Magistrates salary schedule in Section 41.8 of this act.

6
 7 **GOVERNOR AND COUNCIL OF STATE**

8 **SECTION 41.3.(a)** Effective July 1, 2025, G.S. 147-11(a) reads as rewritten:
 9 "**§ 147-11. Salary and expense allowance of Governor; allowance to person designated to**
 10 **represent Governor's office.**

11 (a) The salary of the Governor shall be ~~two hundred three thousand seventy three dollars~~
 12 ~~(\$203,073)~~ two hundred eight thousand one hundred fifty dollars (\$208,150) annually, payable
 13 monthly."

14 **SECTION 41.3.(b)** Effective July 1, 2025, the annual salaries for members of the
 15 Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$172,594
Attorney General	172,594
Secretary of State	172,594
State Treasurer	172,594
State Auditor	172,594
Superintendent of Public Instruction	172,594
Agriculture Commissioner	172,594
Insurance Commissioner	172,594
Labor Commissioner	172,594

26
 27 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

28 **SECTION 41.4.** Effective July 1, 2025, the annual salaries, payable monthly, for the
 29 following executive branch officials are as follows:

Executive Branch Officials	Annual Salary
Chairman, Alcoholic Beverage Control Commission	\$144,365
State Controller	201,022
Commissioner of Banks	162,028
Chair, Board of Review, Division of Employment Security	158,931
Members, Board of Review, Division of Employment Security	156,989
Chairman, Parole Commission	158,931
Full-time Members of the Parole Commission	146,948
Chairman, Utilities Commission	180,159
Members of the Utilities Commission	162,028
Executive Director, North Carolina Agricultural Finance Authority	140,590
State Fire Marshal	142,526

43
 44 **JUDICIAL BRANCH**

45 **SECTION 41.5.(a)** Effective July 1, 2025, the annual salaries, payable monthly, for
 46 the following judicial branch officials are as follows:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$208,150
Associate Justice, Supreme Court	202,747
Chief Judge, Court of Appeals	199,541
Judge, Court of Appeals	194,362

1	Judge, Senior Regular Resident Superior Court	178,606
2	Judge, Superior Court	173,353
3	Chief Judge, District Court	171,737
4	Judge, District Court	166,686
5	Chief Administrative Law Judge	148,354
6	District Attorney	171,520
7	Assistant Administrative Officer of the Courts	155,610
8	Public Defender	171,520
9	Director of Indigent Defense Services	172,779

10 **SECTION 41.5.(b)** The district attorney of a judicial district, with the approval of
 11 the Administrative Officer of the Courts, and the public defender of a judicial district, with the
 12 approval of the Commission on Indigent Defense Services, shall set the salaries of assistant
 13 district attorneys and assistant public defenders in that district such that the average salary of
 14 those assistants in that district does not exceed one hundred four thousand four hundred
 15 thirty-nine dollars (\$104,439) and the minimum salary of any assistant is at least fifty-six
 16 thousand fifty-four dollars (\$56,054), effective July 1, 2025.

17

18 **CLERKS OF SUPERIOR COURT**

19 **SECTION 41.6.** Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:

20 "**§ 7A-101. Compensation.**

21 (a) The clerk of superior court is a full-time employee of the State and shall receive an
 22 annual salary, payable in equal monthly installments, based on the number of State-funded
 23 assistant and deputy clerks of court as determined by the Administrative Office of Court's
 24 workload formula, according to the following schedule:

25	Assistants and Deputies	Annual Salary
26	0-19	\$111,726 <u>\$115,190</u>
27	20-29	123,488 <u>127,316</u>
28	30-49	135,248 <u>139,441</u>
29	50-99	147,010 <u>151,567</u>
30	100 and above	149,949 <u>154,597</u>

31 If the number of State-funded assistant and deputy clerks of court as determined by the
 32 Administrative Office of Court's workload formula changes, the salary of the clerk shall be
 33 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 34 for that new number, except that the salary of an incumbent clerk shall not be decreased by any
 35 change in that number during the clerk's continuance in office."

36

37 **ASSISTANT AND DEPUTY CLERKS OF COURT**

38 **SECTION 41.7.** Effective July 1, 2025, G.S. 7A-102(c1) reads as rewritten:

39 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 40 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 41 following minimum and maximum rates:

42

43	Assistant Clerks and Head Bookkeeper	Annual Salary
44	Minimum	\$40,482 <u>\$41,737</u>
45	Maximum	74,792 <u>77,111</u>
46		
47	Deputy Clerks	Annual Salary
48	Minimum	\$36,315 <u>\$37,441</u>
49	Maximum	58,740 <u>60,561</u> "

50

51 **MAGISTRATES**

SECTION 41.8. Effective July 1, 2025, G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	\$47,228 <u>\$48,881</u>
Step 1	\$50,714 <u>\$52,489</u>
Step 2	\$54,475 <u>\$56,382</u>
Step 3	\$58,457 <u>\$60,503</u>
Step 4	\$63,228 <u>\$65,441</u>
Step 5	\$68,973 <u>\$71,387</u>
Step 6	\$75,415 <u>\$78,055.</u>

LEGISLATIVE EMPLOYEES

SECTION 41.9.(a) Effective July 1, 2025, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2025, shall be legislatively increased by two and one-half percent (2.5%).

SECTION 41.9.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 41.10. Effective July 1, 2025, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirty three thousand nine hundred thirty six dollars (\$133,936)~~, one hundred thirty-seven thousand two hundred eighty-four dollars (\$137,284), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this ~~paragraph~~subsection."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 41.11. Effective July 1, 2025, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred twenty eight dollars (\$528.00)~~ five hundred forty-one dollars (\$541.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

1 **COMMUNITY COLLEGES**

2 **SECTION 41.12.(a)** Effective July 1, 2025, the State Board of Community Colleges
3 shall provide community college faculty and non-faculty personnel with an across-the-board
4 salary increase in the amount of two and one-half percent (2.5%).

5 **SECTION 41.12.(b)** Effective July 1, 2025, the minimum salaries for nine-month,
6 full-time curriculum community college faculty are as follows:

Educational Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$44,198
Associate Degree or Equivalent	44,813
Bachelor's Degree	47,479
Master's Degree or Education Specialist	49,845
Doctoral Degree	53,255

13 **SECTION 41.12.(c)** No full-time faculty member shall earn less than the minimum
14 salary for the faculty member's education level. The pro rata hourly rate of the minimum salary
15 for each education level shall be used to determine the minimum salary for part-time faculty
16 members.

17
18 **UNIVERSITY OF NORTH CAROLINA**

19 **SECTION 41.13.** Effective July 1, 2025, the Board of Governors of The University
20 of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by
21 the North Carolina School of Science and Mathematics with an across-the-board salary increase
22 in the amount of two and one-half percent (2.5%).

23
24 **CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR**
25 **TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY**
26 **SCHEDULE**

27 **SECTION 41.14.(a)** State employees serving as correctional officers in the
28 Department of Adult Correction shall be compensated at a specific pay rate on the basis of a
29 salary schedule determined according to the duration of the employee's correctional officer work
30 experience.

31 **SECTION 41.14.(a1)** State employees serving in the Department of Public Safety,
32 Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay
33 rate set on the basis of a salary schedule determined according to the duration of the employee's
34 work experience, as follows:

- 35 (1) Youth Counselor Technicians shall be paid under the Correctional Officer I
36 salary schedule.
- 37 (2) Youth Services Behavioral Specialists shall be paid under the Correctional
38 Officer II salary schedule.
- 39 (3) Youth Counselors shall be paid under the Correctional Officer III salary
40 schedule.

41 **SECTION 41.14.(b)** Effective July 1, 2025, the following annual salary schedule
42 will apply for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Experience	COI	COII	COIII
45 0	40,281	41,606	44,496
46 1	43,099	44,518	47,612
47 2	45,687	47,236	50,470
48 3	47,971	49,549	52,993
49 4	49,888	51,531	55,112
50 5	51,386	53,076	56,765
51 6+	52,414	54,138	57,901

1 **SECTION 41.14.(c)** If an employee will not receive a salary increase under this
 2 section because the employee's salary exceeds the scheduled salary level, then the employee shall
 3 receive an annual salary increase equal to the amount of the across-the-board legislative salary
 4 increase authorized in this Part.

5
 6 **STATE HIGHWAY PATROL SALARY SCHEDULE**

7 **SECTION 41.15.(a)** Effective July 1, 2025, law enforcement officers of the State
 8 Highway Patrol shall be compensated pursuant to an experience-based salary schedule and shall
 9 be compensated based on the officer's respective work experience pursuant to the salary schedule
 10 in subsection (b) of this section.

11 **SECTION 41.15.(b)** The following annual salary schedule applies for the 2025-2027
 12 fiscal biennium under subsection (a) of this section:

13 Years of Experience	14 FY 2025-27
15 0	16 \$57,602
17 1	18 61,346
19 2	20 65,333
21 3	22 69,579
23 4	24 74,102
25 5	26 78,918
27 6+	28 84,048

29 **SECTION 41.15.(c)** If an employee will not receive a salary increase under this
 30 section because the employee's salary exceeds the scheduled salary level, then the employee shall
 31 receive an annual salary increase equal to the amount of the across-the-board legislative salary
 32 increase authorized in this Part.

33
 34 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES**

35 **SECTION 41.15A.(a)** Law enforcement officers of the State Bureau of Investigation
 36 and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary
 37 schedule and shall be compensated based on the officer's respective work experience pursuant to
 38 the salary schedule in subsection (b) of this section.

39 **SECTION 41.15A.(b)** The following annual salary schedule applies for the
 40 2025-2027 fiscal biennium under subsection (a) of this section:

41 Years of Experience	42 FY 2025-27
43 0	44 \$55,878
45 1	46 59,511
47 2	48 63,379
49 3	50 67,499
51 4	52 71,887
53 5	54 76,560
55 6+	56 81,537

57 **SECTION 41.15A.(c)** If an employee will not receive a salary increase under this
 58 section because the employee's salary exceeds the scheduled salary level, then the employee shall
 59 receive an annual salary increase equal to the amount of the across-the-board legislative salary
 60 increase authorized in this Part.

61
 62 **PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS –**
 63 **SALARY SCHEDULE**

64 **SECTION 41.16.(a)** Probation and parole officers shall be compensated pursuant to
 65 the experience-based salary schedule based on the officer's respective work experience, as
 66 established in subsection (b) of this section.

1 **SECTION 41.16.(a1)** State employees serving in the Department of Public Safety,
2 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be
3 compensated under the probation and parole officer salary schedule.

4 **SECTION 41.16.(b)** Effective July 1, 2025, the following annual salary schedule
5 applies for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

6 Years of Experience	FY 2025-27
7 0	\$48,633
8 1	51,794
9 2	55,162
10 3	58,747
11 4	62,566
12 5	66,633
13 6+	70,964

14 **SECTION 41.16.(c)** If an employee will not receive a salary increase under this
15 section because the employee's salary exceeds the scheduled salary level, then the employee shall
16 receive an annual salary increase equal to the amount of the across-the-board legislative salary
17 increase authorized in this Part.

18 19 **STATE AGENCY TEACHERS**

20 **SECTION 41.17.** Employees of schools operated by the Department of Health and
21 Human Services, the Department of Public Safety, the Department of Adult Correction, the
22 Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, the
23 North Carolina School for the Deaf, and the State Board of Education who are paid based on the
24 Teacher Salary Schedule shall be paid as authorized under this act.

25 26 **MOST STATE EMPLOYEES**

27 **SECTION 41.19.** Unless otherwise expressly provided by this Part, the annual
28 salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as
29 provided by this act:

- 30 (1) Permanent, full-time State officials and persons whose salaries are set in
31 accordance with the State Human Resources Act.
- 32 (2) Permanent, full-time State officials and persons in positions exempt from the
33 State Human Resources Act.
- 34 (3) Permanent, part-time State employees.
- 35 (4) Temporary and permanent hourly State employees.

36 37 **ALL STATE-SUPPORTED PERSONNEL**

38 **SECTION 41.20.(a)** The legislative salary increases authorized by this act shall be
39 paid effective on July 1, 2025, and do not apply to persons separated from service due to
40 resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to
41 June 30, 2025.

42 **SECTION 41.20.(b)** The Director of the Budget is granted flexibility to administer
43 the compensation increases enacted by this act. The State employer contribution rates enacted by
44 this act for retirement and related benefits may be deemed by the Director of the Budget for
45 administrative purposes to become effective after July 1 to provide flexibility in the collection
46 and reconciliation of salary-related contributions as required by law, provided the estimated
47 amount contributed to any affected employee benefit trust equals the amount that would have
48 been contributed to the employee benefit trust if the enacted employer contribution rates had
49 been effective on July 1.

1 **SECTION 41.20.(c)** This section applies to all employees paid from State funds,
2 whether or not subject to or exempt from the North Carolina Human Resources Act, including
3 employees of public schools, community colleges, and The University of North Carolina.
4

5 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

6 **SECTION 41.21.(a)** The Office of State Budget and Management shall ensure that
7 the appropriations made by this act for legislatively mandated salary increases and employee
8 benefits are used only for those purposes.

9 **SECTION 41.21.(b)** If the Director of the Budget determines that funds appropriated
10 to a State agency for legislatively mandated salary increases and employee benefits exceed the
11 amount required by that agency for those purposes, the Director may reallocate those funds to
12 other State agencies that received insufficient funds for legislatively mandated salary increases
13 and employee benefits.

14 **SECTION 41.21.(c)** Funds appropriated for legislatively mandated salary and
15 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
16 to provide salary increases in excess of those required by the General Assembly, or to increase
17 the budgeted salary of filled positions to the minimum of the position's respective salary range.

18 **SECTION 41.21.(d)** Any funds appropriated for legislatively mandated salary and
19 employee benefit increases in excess of the amounts required to implement the increases shall be
20 credited to the Pay Plan Reserve.

21 **SECTION 41.21.(e)** No later than May 1, 2026, the Office of State Budget and
22 Management shall report to the Fiscal Research Division on the expenditure of funds for
23 legislatively mandated salary increases and employee benefits. This report shall include at least
24 the following information for each State agency:

- 25 (1) The total amount of funds that the agency received for legislatively mandated
26 salary increases and employee benefits.
- 27 (2) The total amount of funds transferred from the agency to other State agencies
28 pursuant to subsection (b) of this section. This section of the report shall
29 identify the amounts transferred to each recipient State agency.
- 30 (3) The total amount of funds used by the agency for legislatively mandated salary
31 increases and employee benefits.
- 32 (4) The amount of funds credited to the Pay Plan Reserve.

33
34 **MAKE APPLYING FOR STATE JOBS EASIER**

35 **SECTION 41.21A.(a)** Article 5 of Chapter 126 of the General Statutes is amended
36 by adding a new section to read:

37 "§ 126-14.3A. Increasing efficiency of State job application process.

38 (a) The Office of State Human Resources (OSHR) shall streamline the job application
39 process for State positions by enabling applicants to upload resumes or website profiles. An
40 electronic tool shall be utilized to import information from these documents into the State job
41 application format, making the process more efficient while still collecting information necessary
42 for merit-based hiring under G.S. 126-14.2 and G.S. 126-14.3. Applicants remain responsible for
43 ensuring all information required for initial screening appears correctly in their completed State
44 job application after importing their resume or profile.

45 (b) For job applications requiring references, supplemental questions, or other
46 information not typically found on resumes and not needed for initial screening, State agencies
47 may collect this information later in the selection process, such as during job interviews.

48 (c) Beginning in 2026 and then annually thereafter, the OSHR shall present the State
49 application form and demonstrate the import process to the State Human Resources Commission
50 to receive the Commission's informal feedback."

1 **SECTION 41.21A.(b)** The Office of State Human Resources shall modify the State
2 job application process in accordance with this section by no later than November 1, 2025.

3 **SECTION 41.21A.(c)** This section is effective when it becomes law.
4

5 **AUTHORIZE STATE AGENCIES TO CREATE CONTINUOUS POSTINGS WITHOUT**
6 **THE NEED FOR OUTSIDE APPROVAL**

7 **SECTION 41.21B.(a)** G.S. 126-14.3 reads as rewritten:

8 "**§ 126-14.3. Open and fair competition.**

9 The State Human Resources Commission shall adopt rules or policies to:

10 ...

11 (3) Require that a closing date shall be posted for each job opening, unless the
12 employing agency, department, office, board, commission, system, or
13 institution has approved an exception for critical classifications ~~has been~~
14 ~~approved by the State Human Resources Commission or as a special exception~~
15 ~~through the Office of State Human Resources.~~ classifications.

16 "

17 **SECTION 41.21B.(b)** Unless the employing agency, department, office, board,
18 commission, system, or institution determines otherwise, exceptions for critical classifications
19 shall remain in effect if they were previously granted under G.S. 126-14.3(3) by the State Human
20 Resources Commission or the Office of State Human Resources.

21 **SECTION 41.21B.(c)** This section is effective when it becomes law.
22

23 **AUTHORIZE STATE AGENCIES TO HIRE ONE OF THE MOST QUALIFIED**
24 **CANDIDATES FROM A PREVIOUS POSTING**

25 **SECTION 41.21C.(a)** Article 5 of Chapter 126 of the General Statutes is amended
26 by adding a new section to read:

27 "**§ 126-14.2A. Hiring candidate from most qualified pool in previous posting.**

28 (a) In addition to the authority granted by G.S. 126-3.1, the Council of State, the
29 executive branch agencies, the Community Colleges System Office, and The University of North
30 Carolina are authorized to hire, without posting, into a vacant position if all of the following
31 conditions are met:

32 (1) The employer previously posted for recruitment, in accordance with
33 G.S. 126-7.1 and G.S. 126-14.3, a position that has the same or comparable
34 classification as the position that is currently vacant.

35 (2) The person who is being hired applied for the previous vacant position.

36 (3) The employer selected the person to be in the pool of the most qualified
37 persons for the previous vacant position, in accordance with G.S. 126-14.2,
38 but did not hire that person.

39 (4) For the current vacant position, the person being hired meets the minimum
40 education and experience requirements for the classification and has a salary
41 set within the vacant position's classification range.

42 (b) Except as otherwise provided, the hiring process authorized under this section is
43 exempt from the provisions of this Chapter, including any procedural or substantive requirements
44 such as publicly posting the position, requiring a new application, holding a new interview or
45 conducting new reference checks, and following the priorities for certain types of applicants
46 under State law. This exemption for the hiring process does not affect whether the position is
47 subject to this Chapter once the employee is hired.

48 (c) The hiring process authorized under this section is not exempt from the following
49 provisions of this Chapter:

50 (1) G.S. 126-14.

51 (2) G.S. 126-14.1.

(3) G.S. 126-14.5.

(4) Article 6.

(5) Article 7."

SECTION 41.21C.(b) This section is effective when it becomes law.

AUTHORIZE OSHR TO MODERNIZE PERSONNEL SYSTEM FOR LOCAL AND STATE EMPLOYEES SUBJECT TO HUMAN RESOURCES ACT

SECTION 41.21D.(a) G.S. 150B-2 reads as rewritten:

"§ 150B-2. Definitions.

As used in this Chapter, the following definitions apply:

...

(8a) Rule. – Any agency regulation, standard, or statement of general applicability that implements or interprets an enactment of the General Assembly or Congress or a regulation adopted by a federal agency or that describes the procedure or practice requirements of an agency. The term includes the establishment of a fee and the amendment or repeal of a prior rule. The term does not include the following:

...

i. Job classification standards, job qualifications, ~~and salaries~~ salaries, and policies established for State and local government positions under the jurisdiction of the State Human Resources Commission. Commission, so long as those standards, qualifications, salaries, and policies directly affect only applicants for employment, current employees, or the resolution of matters related to past employment.

...."

SECTION 41.21D.(b) This section is effective when it becomes law.

GRANT EMPLOYING AGENCY FLEXIBILITY/HIRING/PAY/CLASSIFICATION

SECTION 41.21E.(a) Article 1 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-3.1. Employing agency flexibility.

(a) For the purposes of this section, an "employing agency" means the Council of State, State agencies in the executive branch of government, the Community College System Office, and The University of North Carolina.

(b) An employing agency is granted flexibility, notwithstanding other provisions of this Chapter to the contrary, to do all of the following:

(1) Offer qualified applicants for employment the option to have their applications considered for future positions at the same agency and at other agencies within the same or comparable classification.

(2) Permit agencies to recruit and hire applicants from job postings that apply to all vacancies in a particular classification across all State agencies.

(3) Classify or reclassify positions according to the State Human Resources Commission (SHRC) classification system, provided employees meet the minimum requirements for the classification.

(4) Establish employee salaries within SHRC-determined salary ranges for respective position classifications.

(c) Nothing in this section diminishes the powers of the State Human Resources Commission or the Director of the Office of State Human Resources under any other provision of this Chapter or relating to corrective actions taken when an employing agency fails to comply with this section."

1 **SECTION 41.21E.(b)** This section is effective when it becomes law or July 1, 2025,
2 whichever is later.

3
4 **PERMANENT HIRING OF CERTAIN EMPLOYEES/SPECIFIC CONDITIONS**

5 **SECTION 41.21F.(a)** Article 1 of Chapter 126 of the General Statutes is amended
6 by adding a new section to read:

7 **"§ 126-6.4. Temp-to-perm hiring.**

8 (a) The Council of State, the executive branch agencies, the Community College System
9 Office, and The University of North Carolina may directly hire temporary employees into vacant
10 positions if all of the following conditions are met:

- 11 (1) The permanent position to be filled must be vacant.
12 (2) The temporary employee must have worked for a minimum of six months in
13 a substantially equivalent role with satisfactory performance. This six-month
14 period excludes any mandatory breaks required under G.S. 126-6.3.
15 (3) The temporary employee must meet the minimum education and experience
16 requirements established for the position classification and their salary must
17 be set within the approved classification range.
18 (4) The temporary employee must have been originally hired through the North
19 Carolina Office of State Human Resources Temporary Solutions Program.

20 The Director of the Office of State Human Resources may waive the requirements specified in
21 subdivision (3) of this subsection, including both the minimum education and experience
22 requirements and the requirement that salary be set within the classification range.

23 (b) Except as otherwise provided, a hiring under this section is exempt from the
24 provisions of this Chapter, including any procedural or substantive requirements such as publicly
25 posting the position, requiring a new application, holding a new interview or conducting new
26 reference checks, and following the priorities for certain types of applicants under State law. This
27 exemption for the hiring process does not affect whether the position is subject to this Chapter
28 once the employee is hired.

29 (c) The hiring process authorized under this section is not exempt from the following
30 provisions of this Chapter:

- 31 (1) G.S. 126-14.
32 (2) G.S. 126-14.1.
33 (3) G.S. 126-14.5.
34 (4) Article 6.
35 (5) Article 7."

36 **SECTION 41.21F.(b)** This section is effective when it becomes law.

37
38 **CONFORMING CHANGES AND RULES/EXTEND FLEXIBILITY TO EXEMPT**
39 **MANAGERIAL AND WARDEN POSITIONS**

40 **SECTION 41.21G.(a)** G.S. 126-5 reads as rewritten:

41 **"§ 126-5. Employees subject to Chapter; exemptions.**

42 ...

43 (c7) Except as to the policies, rules, and plans established by the Commission pursuant to
44 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-14.3, and except as to
45 ~~G.S. 126-14.2, G.S. 126-34.02(b)(1)~~ G.S. 126-3.1, 126-14.2, 126-14.2A, 126-14.3A,
46 126-34.02(b)(1), and (2), 126-34.02(b)(2), and Articles 6 and 7 of this Chapter, this Chapter does
47 not apply to exempt managerial positions.

48 ...

49 (c17) Except as to the policies, rules, and plans established by the Commission pursuant to
50 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), ~~126-7,~~ 126-14.3, and except as
51 to the provisions of ~~G.S. 126-14.2, G.S. 126-34.1(a)(2),~~ G.S. 126-3.1, 126-14.2, 126-14.2A,

1 126-14.3A, 126-34.02(b)(1), 126-34.02(b)(2), and Articles 6 and 7 of this Chapter, the provisions
 2 of this Chapter shall not apply to a warden of an adult corrections facility.

3 (c18) Except as to the policies, rules, and plans established by the Commission pursuant to
 4 G.S. 126-4(1), 126-4(2), 126-4(3), 126-4(4), 126-4(5), 126-4(6), 126-4(7), and 126-14.3, and
 5 except as to the provisions of ~~G.S. 126-14.2, 126-34.02(b)(1)~~ G.S. 126-3.1, 126-14.2, 126-14.2A,
 6 126-14.3A, 126-34.02(b)(1), and (2)-126-34.02(b)(2), and Articles 6 and 7 of this Chapter, this
 7 Chapter does not apply to the warden of a State adult correctional facility. Employees in these
 8 positions shall be public servants under G.S. 138A-3(70) and shall file Statements of Economic
 9 Interest under G.S. 138A-22. Employees in these positions shall receive the protections of former
 10 G.S. 126-5(e) if the employees were hired before the date of its repeal and have the minimum
 11 cumulative service to qualify under that subsection.

12"

13 **SECTION 41.21G.(b)** The State Human Resources Commission shall repeal or
 14 amend its rules to make changes that are consistent with this Part, utilizing temporary rulemaking
 15 where necessary.

16 **SECTION 41.21G.(c)** This section is effective when it becomes law.

17
 18 **SALARY-RELATED CONTRIBUTIONS**

19 **SECTION 41.22.(a)** Effective for the 2025-2027 fiscal biennium, required employer
 20 salary-related contributions for employees whose salaries are paid from department, office,
 21 institution, or agency receipts shall be paid from the same source as the source of the employee's
 22 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
 23 part from department, office, institution, or agency receipts, required employer salary-related
 24 contributions may be paid from the General Fund or Highway Fund only to the extent of the
 25 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
 26 employee, and the remainder of the employer's requirements shall be paid from the source that
 27 supplies the remainder of the employee's salary. The requirements of this section as to source of
 28 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
 29 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
 30 severance pay, separation allowances, and applicable disability income benefits.

31 **SECTION 41.22.(b)** Effective July 1, 2025, the State's employer contribution rates
 32 budgeted for retirement, health, and related benefits as a percentage of covered salaries for the
 33 2025-2026 fiscal year for teachers and State employees, State law enforcement officers (LEOs),
 34 the University and Community Colleges Optional Retirement Programs (ORPs), the
 35 Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS)
 36 are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
40 Retirement	17.44%	17.44%	6.84%	38.36%	18.90%
41 Health	7.33%	7.33%	7.33%	7.33%	7.33%
42 Disability	0.07%	0.07%	0.07%	0.00%	0.00%
43 Death	0.13%	0.13%	0.00%	0.00%	0.00%
44 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
45					
46 Total Contribution					
47 Rate	24.97%	29.97%	14.24%	45.69%	26.23%

48 The rate for health includes two and four-tenths percent (2.40%) for the Public
 49 Employee Health Benefit Fund and four and ninety-three hundredths percent (4.93%) for the
 50 Retiree Health Benefit Fund.

SECTION 41.22.(c) Effective July 1, 2026, the State's employer contribution rates budgeted for retirement, health, and related benefits as a percentage of covered salaries for the 2026-2027 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
Retirement	18.09%	18.09%	6.84%	43.26%	21.28%
Health	7.69%	7.69%	7.69%	7.69%	7.69%
Disability	0.09%	0.09%	0.09%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	26.00%	31.00%	14.62%	50.95%	28.97%

The rate for health includes two percent (2%) for the Public Employee Health Benefit Fund and five and sixty-nine hundredths percent (5.69%) for the Retiree Health Benefit Fund.

SECTION 41.22.(d) Effective July 1, 2025, the annual employer contributions for the 2025-2026 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee is a maximum of eight thousand five hundred dollars (\$8,500).

SECTION 41.22.(e) Effective July 1, 2026, the annual employer contributions for the 2026-2027 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee is a maximum of eight thousand nine hundred five dollars (\$8,905).

SECTION 41.22.(f) G.S. 135-151(d) reads as rewritten:

"(d) Funding of the QEBA. – The QEBA shall be unfunded within the meaning of federal tax laws. No payee contributions or deferrals, direct or indirect, by election or otherwise shall be made or allowed. The benefit liability for the QEBA shall be determined each fiscal year, and assets shall not be accumulated to pay benefits in future fiscal years. All of the following apply to employer contributions required to pay benefits under the QEBA:

- (1) The Board of Trustees, upon the recommendation of the actuary engaged by the Board of Trustees, shall determine the employer contributions required to pay the benefits due under the QEBA for each fiscal year.
- (2) The required contributions shall be paid by all participating employers.
- (3) The required contributions shall be deposited in a separate fund from the fund into which regular employer contributions are deposited for the Retirement System. ~~The benefit liability for the QEBA shall be determined each fiscal year, and assets shall not be accumulated to pay benefits in future fiscal years.~~
- (4) A portion of the employer contribution rate established for retirement benefits as a percentage of covered salaries for teachers, State employees, and State law enforcement officers may be deposited into the separate fund established in accordance with subdivision (3) of this subsection. The amount of the portion allowable under this subdivision shall not exceed one-hundredths percent (0.01%) in any given fiscal year."

ONE-TIME, COST-OF-LIVING SUPPLEMENT PAYMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE

1 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE**
2 **RETIREMENT SYSTEM**

3 **SECTION 41.22A.(a)** G.S. 135-5 is amended by adding the following new
4 subsections to read:

5 "(aaaa) After September 1, 2025, but on or before October 31, 2025, a one-time,
6 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
7 living as of September 1, 2025, and whose retirement commenced on or before September 1,
8 2025. The payment shall be one percent (1%) of the beneficiary's annual retirement allowance
9 payable as of September 1, 2025, and shall not be prorated for date of retirement commencement.
10 If the beneficiary dies before the payment is made, then the payment shall be payable to the
11 member's legal representative. No beneficiary shall have a vested right to any future
12 supplemental payments under this Article.

13 (bbbb) After September 1, 2026, but on or before October 31, 2026, a one-time,
14 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
15 living as of September 1, 2026, and whose retirement commenced on or before September 1,
16 2026. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
17 payable as of September 1, 2026, and shall not be prorated for date of retirement commencement.
18 If the beneficiary dies before the payment is made, then the payment shall be payable to the
19 member's legal representative. No beneficiary shall have a vested right to any future
20 supplemental payments under this Article."

21 **SECTION 41.22A.(b)** G.S. 135-65 is amended by adding the following new
22 subsections to read:

23 "(ll) After September 1, 2025, but on or before October 31, 2025, a one-time,
24 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
25 living as of September 1, 2025, and whose retirement commenced on or before September 1,
26 2025. The payment shall be one percent (1%) of the beneficiary's annual retirement allowance
27 payable as of September 1, 2025, and shall not be prorated for date of retirement commencement.
28 If the beneficiary dies before the payment is made, then the payment shall be payable to the
29 member's legal representative. No beneficiary shall have a vested right to any future
30 supplemental payments under this Article.

31 (mm) After September 1, 2026, but on or before October 31, 2026, a one-time,
32 cost-of-living supplement payment shall be made to, or on account of, beneficiaries who are
33 living as of September 1, 2026, and whose retirement commenced on or before September 1,
34 2026. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance
35 payable as of September 1, 2026, and shall not be prorated for date of retirement commencement.
36 If the beneficiary dies before the payment is made, then the payment shall be payable to the
37 member's legal representative. No beneficiary shall have a vested right to any future
38 supplemental payments under this Article."

39 **SECTION 41.22A.(c)** G.S. 120-4.22A is amended by adding the following new
40 subsections to read:

41 "(ff) In accordance with subsection (a) of this section, after September 1, 2025, but on or
42 before October 31, 2025, a one-time, cost-of-living supplement payment shall be made to, or on
43 account of, beneficiaries who are living as of September 1, 2025, and whose retirement
44 commenced on or before September 1, 2025. The payment shall be one percent (1%) of the
45 beneficiary's annual retirement allowance payable as of September 1, 2025, and shall not be
46 prorated for date of retirement commencement. If the beneficiary dies before the payment is
47 made, then the payment shall be payable to the member's legal representative. No beneficiary
48 shall have a vested right to any future supplemental payments under this Article.

49 (gg) In accordance with subsection (a) of this section, after September 1, 2026, but on or
50 before October 31, 2026, a one-time, cost-of-living supplement payment shall be made to, or on
51 account of, beneficiaries who are living as of September 1, 2026, and whose retirement

1 commenced on or before September 1, 2026. The payment shall be two percent (2%) of the
2 beneficiary's annual retirement allowance payable as of September 1, 2026, and shall not be
3 prorated for date of retirement commencement. If the beneficiary dies before the payment is
4 made, then the payment shall be payable to the member's legal representative. No beneficiary
5 shall have a vested right to any future supplemental payments under this Article."

6
7 **ENHANCE BENEFITS UNDER NORTH CAROLINA FIREFIGHTERS' AND RESCUE**
8 **SQUAD WORKERS' PENSION FUND AND MAKE TECHNICAL CHANGES TO**
9 **THE RELATED STATUTES**

10 **SECTION 41.23.(a)** G.S. 58-86-55 reads as rewritten:

11 **"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.**

12 (a) The monthly pension benefit under this section is one hundred eighty dollars
13 (\$180.00) and is payable per month from the Pension Fund unless otherwise provided.

14 (a1) Any member who has served 20 years as an "eligible firefighter" or "eligible-eligible
15 firefighter or eligible rescue squad worker"-worker in the State of North Carolina, as provided in
16 G.S. 58-86-25 and G.S. 58-86-30, this Article, and who has attained the age of 55 years is entitled
17 to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one
18 hundred seventy five dollars (\$175.00) per month. Any retired firefighter receiving a pension
19 shall, effective January 1, 2025, receive a pension of one hundred seventy five dollars (\$175.00)
20 per month benefit under this section.

21 (b) Members shall pay fifteen dollars (\$15.00) per month as required by G.S. 58-86-35
22 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member"
23 shall receive a pension prior to July 1, 1983.

24 (c) A member who is totally and permanently disabled while in the discharge of the
25 member's official duties as a result of bodily injuries sustained or as a result of extreme exercise
26 or extreme activity experienced in the course and scope of those official duties and who leaves
27 the fire or rescue squad service because of this disability shall be entitled to be paid from the fund
28 a monthly benefit in an amount of one hundred seventy five dollars (\$175.00) per month a
29 monthly pension benefit under this section beginning the first month after the member's fifty-fifth
30 birthday. All applications for disability are subject to the approval of the board who Board, and
31 the Board may appoint physicians to examine and evaluate the disabled member prior to approval
32 of the application, and annually thereafter. Any G.S. 58-86-41 shall not apply to a disabled
33 member shall not be required to make the monthly payment of fifteen dollars (\$15.00) as required
34 by G.S. 58-86-35 and G.S. 58-86-40 member.

35 (d) A member who is totally and permanently disabled for any cause, cause other than
36 line of duty, those under subsection (c) of this section and who leaves the fire or rescue squad
37 service because of this disability and who has at least 10 years of service with the pension fund,
38 Pension Fund may be permitted to continue making a monthly contribution of fifteen dollars
39 (\$15.00) in the amount required under G.S. 58-86-41 to the fund until the member has made
40 contributions for a total of 240 months. The Upon attaining the age of 55, that member shall upon
41 attaining the age of 55 years be entitled to receive a monthly pension as provided by benefit under
42 this section. All applications for disability are subject to the approval of the board who Board,
43 and the Board may appoint physicians to examine and evaluate the disabled member prior to
44 approval of the application application, and annually thereafter.

45 (d1) Benefits payable from the Pension Fund shall be paid in the following manner when
46 a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the
47 General Statutes are met:

48 (1) If the member had been receiving a monthly pension fund benefit under this
49 section prior to being killed in the line of duty, then there shall be paid to the
50 member's principal beneficiary, if only one principal beneficiary is eligible
51 and has not accepted a return of contributions, an amount of one hundred

1 ~~seventy five dollars (\$175.00) per month~~ the monthly pension benefit amount
 2 beginning the month following the member's month of death, payable until
 3 the beneficiary's death. If the member became a member prior to July 1, 2018,
 4 and had not designated a principal beneficiary prior to being killed in the line
 5 of duty, there shall be paid to the member's living spouse upon the spouse's
 6 application to the Board, ~~an amount of one hundred seventy five dollars~~
 7 ~~(\$175.00) per month~~ the monthly pension benefit amount beginning the month
 8 following the member's month of death, payable until the spouse's death.

9 (2) If the member had been receiving a monthly pension ~~fund~~ benefit under this
 10 section prior to being killed in the line of duty and the beneficiary is not
 11 payable as described in subdivision (1) of this subsection, then a lump sum
 12 payment equal to the difference between the amount paid into the member's
 13 separate account by or on behalf of the member and the amount received by
 14 the member as a pensioner ~~will~~ shall be paid to the eligible beneficiaries, or if
 15 there are no eligible beneficiaries, shall be paid to the member's estate.

16 (3) If the member had not yet begun receiving a monthly pension benefit under
 17 this section prior to being killed in the line of duty, then there shall be paid to
 18 the member's principal beneficiary, if only one principal beneficiary is eligible
 19 and has not accepted a return of contributions, ~~an amount of one hundred~~
 20 ~~seventy five dollars (\$175.00) per month~~ the monthly pension benefit amount
 21 beginning the month following the month the member would have attained
 22 age 55, or if the member had already attained age 55, beginning the month
 23 following the member's month of death, payable until the beneficiary's death.
 24 If the member became a member prior to July 1, 2018, and had not designated
 25 a principal beneficiary prior to being killed in the line of duty, then there shall
 26 be paid to the member's living spouse upon the spouse's application to the
 27 Board, ~~an amount of one hundred seventy five dollars (\$175.00) per month~~
 28 the monthly pension benefit amount beginning the month following the month
 29 the member would have attained age 55, or if the member had attained age 55,
 30 beginning the month following the member's month of death, payable until
 31 the spouse's death.

32 (4) If the member had not yet begun receiving a monthly pension benefit under
 33 this section prior to being killed in the line of duty and the beneficiary is not
 34 payable as described in subdivision (3) of this subsection, then a lump sum
 35 payment equal to the member's contributions will be paid to the eligible
 36 beneficiaries, or if there are no eligible beneficiaries, a return of the
 37 contributions shall be paid to the member's estate.

38 ~~A beneficiary under this subsection shall not be required to make the monthly payment of~~
 39 ~~fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40~~ G.S. 58-86-41 shall not
 40 apply after the a member has been killed in the line of duty.

41 (e) ~~A member who, because the~~ If a member has at least 10 years of service with the
 42 Pension Fund and that member's (i) residence is annexed by a city under Part 2 or Part 3 of Article
 43 4A of Chapter 160A of the General Statutes, or whose (ii) department is closed because of an
 44 annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes,
 45 or whose (iii) volunteer department is taken over by a city or county, and because of such the
 46 annexation or takeover the member is unable to perform as a firefighter or rescue squad worker
 47 of any status, and if the member has at least 10 years of service with the pension fund, may then
 48 the member shall be permitted to continue making a monthly contribution of fifteen dollars
 49 (\$15.00) in the amount required under G.S. 58-86-41 to the fund until the member has made
 50 contributions for a total of 240 months. The Upon completion of the total 240 months of
 51 contributions, and upon a member upon attaining the age of 55 years and completion of such

1 ~~contributions~~ age 55, the member shall be entitled to receive a monthly pension as provided by
 2 benefit under this section. Any application to make monthly contributions under this section shall
 3 be subject to a finding of eligibility by the Board of Trustees upon application of the member.

4 (f) ~~The pensions~~ benefits provided under this Article shall be in addition to all other
 5 pensions or benefits under any other statutes of the State of North Carolina or the United States,
 6 notwithstanding any exclusionary provisions of other pensions or retirement systems provided
 7 by law."

8 **SECTION 41.23.(b)** Article 86 of Chapter 58 of the General Statutes is amended by
 9 adding a new section to read:

10 **"§ 58-86-41. Amount due for membership; payments credited to separate member**
 11 **accounts.**

12 (a) Unless otherwise provided under this Article, each member of the Pension Fund shall
 13 pay the sum of fifteen dollars (\$15.00) per month to the Pension Fund for membership in the
 14 fund for a period not to exceed 20 years.

15 (b) Unless otherwise provided under this Article, all payments due in any calendar year
 16 shall be made no later than March 31 subsequent to the end of the calendar year in which the
 17 payment was due.

18 (c) The Pension Fund shall not award fully credited service based on payments received
 19 later than March 31 subsequent to the end of the calendar year in which the month occurred
 20 unless the payment is applied as provided in G.S. 58-86-45(a1).

21 (d) Payments made in accordance with this section shall be credited to the separate
 22 account of the member and shall be kept by the custodian in a manner that allows the payments
 23 to be made available upon a member's withdrawal from membership or retirement."

24 **SECTION 41.23.(c)** G.S. 58-86-35 reads as rewritten:

25 **"§ 58-86-35. Firefighters' application for membership in fund; monthly payments by**
 26 **members; payments credited to separate accounts of members; Pension Fund;**
 27 **termination of membership.**

28 (a) ~~Those firefighters~~ Firefighters who are eligible for membership in the Pension Fund
 29 pursuant to G.S. 58-86-25 may apply to the board ~~Board~~ for membership. Each firefighter upon
 30 becoming a member of the fund shall pay the director of the fund the sum of fifteen dollars
 31 (\$15.00) per month; each payment shall be made no later than March 31 subsequent to the end
 32 of the calendar year in which the month occurred. The Pension Fund shall not award fully
 33 credited service based on payments received later than March 31 subsequent to the end of the
 34 calendar year in which the month occurred unless the payment is applied as provided in
 35 G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the
 36 member and shall be kept by the custodian so it is available for payment on withdrawal from
 37 membership or retirement.

38 (b) A member may elect to terminate membership in the fund ~~Pension Fund~~ at any time
 39 and request the refund of payments previously made to the fund. However, a ~~A~~ member's
 40 delinquency in making the monthly payments required by this section ~~Article~~ does not result in
 41 the termination of membership without such an election to terminate membership in the Pension
 42 Fund made by the member."

43 **SECTION 41.23.(d)** G.S. 58-86-40 reads as rewritten:

44 **"§ 58-86-40. Rescue squad worker's application for membership in funds; monthly**
 45 **payments by members; payments credited to separate accounts of members;**
 46 **Pension Fund; termination of membership.**

47 (a) ~~Those rescue~~ Rescue squad workers eligible for membership in the Pension Fund
 48 pursuant to G.S. 58-86-30 may apply to the board ~~Board~~ for membership. Those rescue squad
 49 workers eligible pursuant to G.S. 58-86-30 may apply to the board for membership. Each eligible
 50 rescue squad worker upon becoming a member shall pay the director of the fund the sum of
 51 fifteen dollars (\$15.00) per month; each payment shall be made no later than March 31

1 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall
 2 not award fully credited service based on payments received later than March 31 subsequent to
 3 the end of the calendar year in which the month occurred unless the payment is applied as
 4 provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account
 5 of the member and shall be kept by the custodian so it is available for payment on withdrawal
 6 from membership or retirement.

7 (b) A member may elect to terminate membership in the ~~fund~~ Pension Fund at any time
 8 and request the refund of payments previously made to the fund. ~~However, a~~ A member's
 9 delinquency in making the monthly payments required by this ~~section~~ Article does not result in
 10 the termination of membership without ~~such an election to terminate membership in the Pension~~
 11 Fund made by the member."

12 **SECTION 41.23.(e)** G.S. 58-86-45 reads as rewritten:

13 **"§ 58-86-45. Additional retroactive membership.**

14 ...

15 (a1) Any firefighter or rescue squad worker who is 35 years of age or older and who is a
 16 current or former member of a fire department or rescue squad chartered by the State of North
 17 Carolina may purchase credit for any periods of service to any chartered fire department or rescue
 18 squad not otherwise creditable by making a lump sum payment to the Annuity Savings Fund
 19 equal to the full liability of the service credits calculated on the basis of the assumptions used for
 20 purposes of the actuarial valuation of the system's liabilities, which payment shall take into
 21 account the retirement allowance arising on account of the additional service credit commencing
 22 at the earliest age at which the member could retire on a retirement allowance, as determined by
 23 the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be
 24 set by the board of trustees. This provision for the payment of a lump sum for service "not
 25 otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to
 26 which timely payments were not previously made ~~pursuant to G.S. 58-86-35 or G.S. 58-86-40,~~
 27 whichever is applicable in accordance with G.S. 58-86-41.

28 (b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply
 29 to the Board for membership in the ~~fund~~ Pension Fund at any time. Upon becoming a member,
 30 the worker may make a lump sum payment ~~of fifteen dollars (\$15.00) per month in the amount~~
 31 required under G.S. 58-86-41 at the time of the payment for each month retroactively to the time
 32 the worker first became eligible to become a member, plus interest at an annual rate to be set by
 33 the ~~board~~ Board upon advice from actuary for each year of retroactive payments. Upon making
 34 this lump sum payment, the worker shall be given credit for all prior service in the same manner
 35 as if the worker had applied for membership upon first becoming eligible.

36 (c) A member of the Pension Fund who is not yet 35 years old may receive credit for the
 37 prior service upon making a lump sum payment ~~of fifteen dollars (\$15.00) in the amount required~~
 38 under G.S. 58-86-41 at the time of the payment for each month since the worker first became
 39 eligible, plus interest at an annual rate to be set by the Board for each year of retroactive
 40 payments. Upon making this lump sum payment, the date of membership shall be the same as if
 41 the worker had applied for membership upon first becoming eligible. This provision for the
 42 payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all
 43 purchases of service credits for months as to which timely payments were not previously made
 44 pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue
 45 squad worker who is not yet 35 years of age or older and who is a current or former member of
 46 a fire department or rescue squad chartered by the State of North Carolina."

47 **SECTION 41.23.(f)** The Revisor of Statutes shall replace the phrase "G.S. 58-86-35
 48 or G.S. 58-86-40" with the phrase "G.S. 58-86-41" in each instance it appears in G.S. 58-86-2.

49 **SECTION 41.23.(g)** This section applies to pension benefit amounts payable from
 50 the Pension Fund due to a member or beneficiary on or after January 1, 2026. If a member or
 51 beneficiary becomes eligible to receive a pension benefit from the Pension Fund on or before

1 December 31, 2025, but the pension benefit amount is paid from the Pension Fund on or after
2 January 1, 2026, then the pension benefit amount due to the member or beneficiary shall be the
3 amount applicable to the pension benefit amount that was effective for each respective month to
4 which the benefit applies.

5 **SECTION 41.23.(h)** This section is effective January 1, 2026.

6
7 **INCREASE BENEFITS PAYABLE UNDER NORTH CAROLINA NATIONAL GUARD**
8 **PENSION FUND**

9 **SECTION 41.24.(a)** G.S. 127A-40 reads as rewritten:

10 "**§ 127A-40. Pensions for the members of the North Carolina National Guard.**

11 (a) Every member and former member of the North Carolina National Guard who meets
12 the requirements of this section shall receive, commencing at age 60, a pension of one hundred
13 ~~five-eight~~ dollars ~~(\$105.00)-(\$108.00)~~ per month for 20 years' creditable military service with an
14 additional ten dollars and ~~fifty cents~~ ~~(\$10.50)-eighty cents~~ ~~(\$10.80)~~ per month for each additional
15 year of ~~such~~ creditable military service; provided, however, that the total pension shall not exceed
16 two hundred ~~ten-sixteen~~ dollars ~~(\$210.00)-(\$216.00)~~ per month. ~~The requirements for~~

17 (a1) To receive a pension are that under this section, each member shall:shall meet all of
18 the following requirements:

- 19 (1) ~~Have~~ The individual served and qualified for at least 20 years' creditable
20 military service, including National Guard, reserve and active duty, under the
21 same requirement specified for entitlement to retired pay for nonregular
22 service under Chapter 67, Title 10, United States Code.
- 23 (2) ~~Have at~~ At least 15 years of the ~~aforementioned~~ service required under
24 subdivision (1) of this subsection was as a member of the North Carolina
25 National Guard.
- 26 (3) ~~Have~~ The individual received an honorable discharge from the North Carolina
27 National Guard.

28"

29 **SECTION 41.24.(b)** This section applies to pension benefit amounts payable from
30 the Pension Fund due to a member on or after January 1, 2026. If a member becomes eligible to
31 receive a pension benefit from the Pension Fund on or before December 31, 2025, but the pension
32 benefit amount is paid from the Pension Fund on or after January 1, 2026, then the pension benefit
33 amount due to the member shall be the amount applicable to the pension benefit amount that was
34 effective for each respective month to which the benefit applies.

35 **SECTION 41.24.(c)** This section is effective January 1, 2026.

36
37 **PROVIDE AN ADDITIONAL SPECIAL SEPARATION ALLOWANCE OPTION FOR**
38 **STATE AND LOCAL LAW ENFORCEMENT OFFICERS WITH AT LEAST**
39 **THIRTY YEARS OF CREDITABLE SERVICE**

40 **SECTION 41.25.(a)** G.S. 143-166.41 reads as rewritten:

41 "**§ 143-166.41. Special separation allowance.**allowance options for State law enforcement
42 officers.

43 (a) Annual Special Separation Allowance. – Notwithstanding any other provision of law,
44 every sworn law-enforcement officer ~~as defined by G.S. 135-1(11e) or G.S. 143-166.30(a)(4)~~
45 employed by a State department, agency, or institution who qualifies under this section shall
46 ~~receive,~~ receive an annual special separation allowance beginning in the month in which ~~he~~ the
47 officer retires on a basic service retirement under the provisions of G.S. 135-5(a), an annual
48 separation allowance equal to eighty-five hundredths percent (0.85%) of the annual equivalent
49 of the base rate of compensation most recently applicable to him for each year of creditable
50 service. G.S. 135-5(a). The allowance shall be paid in equal installments on the payroll frequency
51 used by the employer. ~~To qualify for the allowance the officer shall:~~

- 1 (1) ~~Have (i) completed 30 or more years of creditable service or, (ii) have attained~~
 2 55 years of age and completed five or more years of creditable service; and
 3 (2) ~~Not have attained 62 years of age; and~~
 4 (3) ~~Have completed at least five years of continuous service as a law enforcement~~
 5 officer as herein defined immediately preceding a service retirement. Any
 6 break in the continuous service required by this subsection because of
 7 disability retirement or disability salary continuation benefits shall not
 8 adversely affect an officer's qualification to receive the allowance, provided
 9 the officer returns to service within 45 days after the disability benefits cease
 10 and is otherwise qualified to receive the allowance. employer from which the
 11 officer retired.

12 ...
 13 (b) As used in this section, "creditable service" means the Definitions. – The following
 14 definitions apply in this section:

- 15 (1) Allowance. – The annual special separation allowance for State law
 16 enforcement officers provided for under this section.
 17 (2) Creditable service. – The service for which credit is allowed under the
 18 retirement system of which the officer is a member, ~~provided that at least fifty~~
 19 percent (50%) of the service is as a law enforcement officer as herein defined
 20 or as a probation/parole officer as defined in G.S. 135-1(17a). member.
 21 (3) Law enforcement officer. – As defined in either G.S. 135-1 or
 22 G.S. 143-166.30(a).
 23 (4) Officer. – A law enforcement officer.
 24 (5) Probation/parole officer. – As defined in G.S. 135-1.

25 (b1) Eligibility for Allowance and Calculation of Allowance Amount. – To be eligible for
 26 an allowance under this section, an officer is required to meet one of the following sets of criteria
 27 that shall also determine the allowance amount:

- 28 (1) For officers meeting all of the following criteria, the annual special separation
 29 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the
 30 annual base rate of compensation most recently applicable to the officer for
 31 each year of that officer's creditable service:
 32 a. The officer (i) has completed 30 or more years of creditable service or
 33 (ii) is 55 years of age or older and completed five or more years of
 34 creditable service.
 35 b. The officer is less than 62 years of age.
 36 c. The officer has completed at least five years of continuous service as
 37 a law enforcement officer immediately preceding the officer's service
 38 retirement. Any break in this required continuous service that is a
 39 result of disability retirement or disability salary continuation benefits
 40 shall not adversely affect an officer's qualification to receive an
 41 allowance under this subdivision so long as the officer returned to
 42 service within 45 days after the disability benefits had ceased and is
 43 otherwise qualified to receive the allowance.
 44 d. At least fifty percent (50%) of the officer's creditable service is as a
 45 law enforcement officer, or for service prior to July 1, 2017, as a
 46 probation/parole officer.
 47 (2) For officers meeting all of the following criteria, the annual special separation
 48 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the
 49 annual equivalent of the base rate of compensation at the time the officer
 50 attained 30 years of service multiplied by 30:

- 1 a. Prior to attaining 62 years of age, the officer has completed 30 or more
 2 years of creditable service, at least fifty percent (50%) of which was
 3 as a law enforcement officer, or for service prior to July 1, 2017, as a
 4 probation/parole officer.
 5 b. The officer has completed at least five years of continuous service as
 6 a law enforcement officer immediately preceding the officer's service
 7 retirement. Any break in this required continuous service that is a
 8 result of disability retirement or disability salary continuation benefits
 9 shall not adversely affect an officer's qualification to receive an
 10 allowance under this subdivision so long as the officer returned to
 11 service within 45 days after the disability benefits had ceased and is
 12 otherwise qualified to receive the allowance.

13 If an officer meets all of the criteria under each subdivision of this subsection, then the
 14 employer making the allowance payments shall allow the officer to choose which of the two
 15 calculation formulas to use for that officer's allowance. This election by the officer is a one-time,
 16 irrevocable election and shall be made prior to the first allowance payment. If no election is made
 17 by the officer, then the calculation amount under subdivision (2) of this subsection shall be used.

18 (c) Cessation of Payment. – Payment of the allowance to a retired officer under the
 19 provisions of this section shall cease at the first ~~of~~ occurrence of one of the following:

- 20 (1) The death of the ~~officer;~~ officer.
 21 (2) The last day of the month in which either of the following applies:
 22 a. If the officer is receiving an allowance in an amount determined under
 23 subdivision (b1)(1) of this section, the officer attains 62 years of ~~age;~~
 24 ~~or~~ age.
 25 b. If the officer is receiving an allowance in an amount determined under
 26 subdivision (b1)(2) of this section, there has been a period of receiving
 27 the allowance that is equivalent to the total of 62 years minus the age
 28 at which the officer first completed 30 years of creditable service.
 29 (3) The first day of reemployment by any State department, agency, or institution,
 30 except that this subdivision does not apply to an officer returning to State
 31 employment in a position exempt from the North Carolina Human Resources
 32 Act in an agency other than the agency from which that officer retired.

33 (d) Impact of Other Benefits or Actions. – This section does not affect the benefits to
 34 which an individual may be entitled from State, federal, or private retirement systems. The
 35 benefits payable under this section shall not be subject to any increases in salary or retirement
 36 allowances that may be authorized by the General Assembly for employees of the State or retired
 37 employees of the State.

38 (e) Eligibility Determinations. – The head of each State department, agency, or institution
 39 shall determine the eligibility of employees for the benefits provided ~~herein~~ under this section.

40 (f) Transfer of Funds. – The Director of the Budget may authorize from time to time the
 41 transfer of funds within the budgets of each State department, agency, or institution necessary to
 42 carry out the purposes of this ~~Article~~ section. These funds shall be taken from ~~those funds~~
 43 appropriated to the department, agency, or institution for salaries and related fringe benefits.

44 (g) Responsibility for Payment. – The head of each State department, agency, or
 45 institution shall make the payments set forth in ~~subsection (a)~~ this section to those persons
 46 certified under subsection (e) of this section from funds available under subsection ~~(f)~~ (f) of this
 47 section."

48 **SECTION 41.25.(b)** G.S. 143-166.42 reads as rewritten:

49 "**§ 143-166.42. Special separation ~~allowances~~ allowance options for local law enforcement**
 50 **officers.**"

1 (a) Annual Special Separation Allowance. – On and after January 1, 1987, every sworn
2 law enforcement officer as defined by G.S. 128-21(11d) or G.S. 143-166.50(a)(3) employed by
3 a local government employer who qualifies under this section shall ~~receive~~, receive an annual
4 special separation allowance beginning in the month in which the officer retires on a basic service
5 retirement under the provisions of G.S. 128-27(a), ~~an annual separation allowance equal to~~
6 ~~eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate of compensation~~
7 ~~most recently applicable to the officer for each year of creditable service.~~ G.S. 128-27(a). The
8 allowance shall be paid in equal installments on the payroll frequency used by the employer. ~~To~~
9 ~~qualify for the allowance, the officer shall:~~

- 10 (1) ~~Have (i) completed 30 or more years of creditable service or (ii) have attained~~
11 ~~55 years of age and completed five or more years of creditable service; and~~
12 (2) ~~Not have attained 62 years of age; and~~
13 (3) ~~Have completed at least five years of continuous service as a law enforcement~~
14 ~~officer as herein defined immediately preceding a service retirement. Any~~
15 ~~break in the continuous service required by this subsection because of~~
16 ~~disability retirement or disability salary continuation benefits shall not~~
17 ~~adversely affect an officer's qualification to receive the allowance, provided~~
18 ~~the officer returns to service within 45 days after the disability benefits cease~~
19 ~~and is otherwise qualified to receive the allowance.~~ employer from which the
20 officer retired.

21 (b) ~~As used in this section, "creditable service" means the service~~ Definitions. – The
22 following definitions apply in this section:

- 23 (1) Allowance. – The annual special separation allowance for local law
24 enforcement officers provided for under this section.
25 (2) Creditable service. – The service for which credit is allowed under the
26 retirement system of which the officer is a member, provided that at least fifty
27 percent (50%) of the service is as a law enforcement officer as herein
28 defined. member.
29 (3) Law enforcement officer. – As defined in G.S. 128-21 or G.S. 143-166.50(a).
30 (4) Officer. – Law enforcement officer.

31 (b1) Qualification for Allowance and Calculation of Allowance. – To be eligible for an
32 allowance under this section, an officer is required to meet one of the following sets of criteria,
33 which shall also determine the allowance amount:

- 34 (1) For officers meeting all of the following criteria, the annual special separation
35 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the
36 annual base rate of compensation most recently applicable to the officer for
37 each year of that officer's creditable service:
38 a. The officer (i) has completed 30 or more years of creditable service or
39 (ii) is 55 years of age or older and completed five or more years of
40 creditable service.
41 b. The officer is less than 62 years of age.
42 c. The officer has completed at least five years of continuous service as
43 a law enforcement officer immediately preceding the officer's service
44 retirement. Any break in this required continuous service that is a
45 result of disability retirement or disability salary continuation benefits
46 shall not adversely affect an officer's qualification to receive an
47 allowance under this subdivision so long as the officer returned to
48 service within 45 days after the disability benefits had ceased and is
49 otherwise qualified to receive the allowance.
50 d. At least fifty percent (50%) of the officer's creditable service is as a
51 law enforcement officer.

1 (2) For officers meeting all of the following criteria, the annual special separation
2 allowance to be paid is equal to eighty-five hundredths percent (0.85%) of the
3 annual equivalent of the base rate of compensation at the time the officer
4 attained 30 years of service multiplied by 30:

5 a. Prior to attaining 62 years of age, the officer has completed 30 or more
6 years of creditable service, at least fifty percent (50%) of which was
7 as a law enforcement officer.

8 b. The officer has completed at least five years of continuous service as
9 a law enforcement officer immediately preceding the officer's service
10 retirement. Any break in this required continuous service that is a
11 result of disability retirement or disability salary continuation benefits
12 shall not adversely affect an officer's qualification to receive an
13 allowance under this subdivision so long as the officer returned to
14 service within 45 days after the disability benefits had ceased and is
15 otherwise qualified to receive the allowance.

16 If an officer meets all of the criteria under each subdivision of this subsection, then the
17 employer making the allowance payments shall allow the officer to choose which of the two
18 calculation formulas to use for that officer's allowance. This election by the officer is a one-time,
19 irrevocable election and shall be made prior to the first allowance payment. If no election is made
20 by the officer, then the calculation amount under subdivision (2) of this subsection shall be used.

21 (c) Cessation of Payment. – Payment of the allowance to a retired officer under the
22 provisions of this section shall cease at the first occurrence of one of the following:

23 (1) The death of the officer; officer.

24 (2) The last day of the month in which either of the following applies:

25 a. If the officer is receiving an allowance in an amount determined under
26 subdivision (b1)(1) of this section, the officer attains 62 years of age;
27 or age.

28 b. If the officer is receiving an allowance in an amount determined under
29 subdivision (b1)(2) of this section, there has been a period of receiving
30 the allowance that is equivalent to the total of 62 years minus the age
31 at which the officer first completed 30 years of creditable service.

32 (3) The first day of reemployment by a local government employer in any
33 capacity.

34 (c1) Exceptions to the Cessation of Payments. – Notwithstanding the provisions of
35 subdivision (3) of subsection (c) of this section, payments to a retired officer shall not cease when
36 a local government employer employs a retired officer for any of the following: in any of the
37 following manners:

38 (1) In a public safety position in a capacity not requiring participation in the Local
39 Governmental Employees' Retirement System.

40 (2) In service to a county board of elections on an election day or during the hours
41 for early voting under Part 5 of Article 14A of Chapter 163 of the General
42 Statutes in a capacity that complies with G.S. 128-21(19) and does not result
43 in cessation or suspension of the retiree's benefit from the Local Government
44 Employees' Retirement System.

45 (d) Impact of Other Benefits or Actions. – This section does not affect the benefits to
46 which an individual may be entitled from State, local, federal, or private retirement systems. The
47 benefits payable under this section shall not be subject to any increases in salary or retirement
48 allowances that may be authorized by local government employers or for retired employees of
49 local governments.

50 (e) Eligibility Determinations. – The governing body of each local employer shall
51 determine the eligibility of employees for the benefits provided herein under this section.

(f) Responsibility for Payment. – The governing body of each local employer shall make the payments set forth in ~~subsection (a)~~ of this section to those persons certified under subsection (e) of this section from funds available."

SECTION 41.25.(c) This section becomes effective July 1, 2025, and applies to law enforcement officers retiring on or after that date.

EXPAND ELIGIBILITY UNDER THE PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS ACT TO INCLUDE INDIVIDUALS KILLED ON THE WAY TO OR FROM WORK

SECTION 41.27(a) G.S. 143-166.2 reads as rewritten:

"§ 143-166.2. Definitions.

The following definitions apply in this Article:

...

(9) Official duties. – All duties to which an individual is assigned as part of the individual's job function. This term shall also include those duties performed by an individual while (i) en route to, engaged in, or returning from duty or training; (ii) in the course of responding to, engaged in, or returning from a call by the department of which the individual is a member; or (iii) in the course of responding to, engaged in, or returning from a call for assistance from any department or organization within the State of North Carolina or within a service area contiguous to the borders of the State of North Carolina when served or aided by a department from within the State of North Carolina. While within the State of North Carolina, any covered person who renders service or assistance, of his or her own volition, at the scene of an emergency, is performing his or her official duties when both of the following apply:

...."

SECTION 41.27.(b) This section is effective when it becomes law and applies to applicable deaths of covered persons occurring on or after that date.

PART XLII. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 42.1.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Department of Agriculture and Consumer Services	
Raleigh State Farmers Market–Improvements	DACs23-3
Research Stations–New Maintenance Shop Facilities	DACs23-8
Research Stations–Multipurpose Facilities	DACs23-10
NCFS–New County Offices, Region 3	DACs23-11
Department of Administration	
State Government Executive Headquarters	DOA22-1
Department of Instruction Building Renovation	DOA22-3
Service Campus	DOA23-1
Archdale Building Demolition	DOA23-3
Caswell Square Demolition	DOA23-4
Parking Deck–Wilmington Street	DOA23-5
Department of Public Instruction	

1	NC School for the Deaf	
2	Superintendent's House	DPI25-1
3		
4	Department of Public Safety	
5	State Highway Patrol–	
6	Auditorium	DPS23-3
7	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
8	Cadet Dormitory 1	DPS23-7
9	National Guard–	
10	NCNG Matching Fund	NG23-1
11	Ballentine Building	NG23-2
12	Constable Building	NG23-3
13	Rocky Mount Complex/MILCON	NG23-4
14	Special Forces Complex	NG23-5
15		
16	General Assembly	
17	Education Campus Project	NCGA21-3
18		
19	Department of Transportation	
20	North Carolina Global TransPark Authority–	
21	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
22		
23	The University of North Carolina	
24	Appalachian State University–	
25	Peacock Hall/Business	UNC/ASU21-1
26	Innovation Campus	UNC/ASU21-2
27	Hickory Campus	UNC/ASU22-1
28	Walker Hall–Interior Renovation	UNC/ASU23-1
29	University of North Carolina at Charlotte–	
30	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
31	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
32	University of North Carolina at Chapel Hill–	
33	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
34	Elizabeth City State University–	
35	Sky Bridge	UNC/ECS21-2
36	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
37	Safety & Security	UNC/ECS25-1
38	East Carolina University–	
39	Brody School of Medicine	UNC/ECU21-1
40	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
41	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
42	Fayetteville State University–	
43	Butler Targeted Renovation	UNC/FSU23-1
44	North Carolina Agricultural & Technical State University–	
45	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
46	Health and Human Sciences Bldg.	UNC/A&T23-2
47	North Carolina Central University–	
48	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
49	University Theater Renovation	UNC/NCC23-3
50	North Carolina State University–	
51	Mann Hall–Renovation, Phase 2	UNC/NCS23-1

1	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
2	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
3	Engineering Classroom Building	UNC/NCS23-5
4	Advanced Research & Test Reactor	UNC/NCS23-6
5	Poe Hall	UNC/NCS25-1
6	North Carolina School of Science and Math–	
7	Durham Campus	
8	Renovation of Residence Halls	UNC/SSM23-2
9	Academic Commons Addition	UNC/SSM23-4
10	Temporary Housing	UNC/SSM25-1
11	University of North Carolina at Asheville–	
12	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
13	Carol Belk Theatre	UNC/AVL25-1
14	University of North Carolina at Greensboro–	
15	Moore Building–Renovation	UNC/GBO23-1
16	University of North Carolina at Pembroke–	
17	Health Sciences Center	UNC/PEM21-1
18	Givens Performing Arts Center	UNC/PEM23-1
19	University of North Carolina School of the Arts–	
20	New High School Residence Hall	UNC/SA23-2
21	University of North Carolina at Wilmington–	
22	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
23	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
24	DeLoach Hall–Modernization	UNC/WIL23-3
25	Health Education/I.S.A.T. Building	UNC/WIL23-4
26	Western Carolina University–	
27	Replacement Engineering Building	UNC/WCU23-1
28	Winston-Salem State University–	
29	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
30	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
31	PBS North Carolina	UNC/PBS23-1
32	UNC Board of Governors–	
33	NC Care Hospital Investment	UNC/BOG23-2
34	Children's Hospital	UNC/BOG23-3
35	Systems Office–Project Management Personnel	UNC/BOG25-1

36		
37	Repairs and Renovations–The University of North Carolina	UNC/R&R21
38	Repairs and Renovations–State Agencies (non-UNC)	R&R21
39	SCIF-Related Personnel	PERS21

40 **SECTION 42.1.(b)** This subsection authorizes the following capital projects in the
 41 2025-2027 fiscal biennium based upon projected cash flow needs for the authorized projects. The
 42 authorizations provided in this subsection represent the maximum amount of funding from the
 43 State Capital and Infrastructure Fund that may be expended on each project and do not reflect
 44 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action
 45 by the General Assembly is required to increase the maximum authorization for any of the
 46 projects listed:

47 **Capital Improvements–**

48 State Capital and	Previous	New/Updated
49 Infrastructure Fund	Project Authorization	Project Authorization
50 NCGA21-3	\$320,000,000	\$331,300,000
51 DPI25-1	N/A	2,500,000

1	DPS23-3	35,000,000	53,466,000
2	DPS23-7	43,336,785	72,572,000
3	NG23-1	24,000,000	28,000,000
4	NG23-2	12,500,000	13,300,000
5	NG23-3	16,428,582	18,678,582
6	DOA22-1	88,000,000	0
7	UNC/ASU21-1	40,000,000	45,000,000
8	UNC/ASU21-2	54,000,000	74,000,000
9	UNC/ECS21-2	2,500,000	7,500,000
10	UNC/ECS25-1	N/A	12,000,000
11	UNC/NCC23-2	12,999,424	19,499,424
12	UNC/NCS23-1	30,000,000	40,000,000
13	UNC/NCS23-6	3,000,000	16,000,000
14	UNC/NCS24-1	5,000,000	185,000,000
15	UNC/AVL23-1	26,150,000	30,150,000
16	UNC/AVL25-1	N/A	3,000,000
17	UNC/SSM23-2	28,988,042	43,988,042
18	UNC/SSM25-1	N/A	2,180,000
19	UNC/PEM23-1	61,000,000	131,004,985
20	UNC/WIL24-1	8,000,000	83,000,000
21	UNC/WCU23-1	95,300,000	157,900,000
22	UNC/BOG23-2	150,000,000	0
23	UNC/BOG23-3	319,746,392	216,246,392
24	UNC/BOG25-1	N/A	4,000,000

25 **SECTION 42.1.(c)** The Board of Governors of The University of North Carolina
26 shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations
27 pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in
28 Section 40.1(d) of S.L. 2021-180. The cost for any single repair and renovation project other than
29 those specifically listed in Section 40.1(d) of S.L. 2021-180 shall not exceed fifteen million
30 dollars (\$15,000,000). The Board of Governors may reallocate funds in accordance with
31 G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however,
32 reallocation of funds intended for a project located at a particular constituent institution may only
33 be reallocated for repairs and renovations projects at that particular constituent institution. The
34 provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of
35 S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on
36 Governmental Operations in accordance with G.S. 143C-8-13(b).

37 **SECTION 42.1.(d)** For project code R&R21, the provisions of Section 40.1(c) of
38 S.L. 2021-180 shall apply to funds allocated for the project code during the 2025-2027 fiscal
39 biennium.

40 **SECTION 42.1.(e)** In order to position North Carolina State University to receive
41 future federal funding, the University shall use funds allocated for project code UNC/NCS23-6
42 to conduct advanced planning for a new advanced research and test reactor at the University, to
43 include reactor design, surveys, site characterization, safety and environmental assessments, and
44 preliminary facility design. In addition, project funds shall be used to engage regulatory entities
45 and key stakeholders.

46 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

47 **SECTION 42.2.** It is the intent of the General Assembly to fund capital improvement
48 projects on a cash flow basis and to plan for future project funding based upon projected
49 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed
50 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for
51

1 the projects listed in future years. The following schedule lists capital improvement projects that
 2 will begin or be completed in fiscal years outside of the 2025-2027 fiscal biennium and estimated
 3 amounts (in thousands) needed for completion of those projects:
 4

5	Project Code	FY25-26	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31
6							
7	PERS21	3,154.9	3,154.9	3,154.9	3,154.9	3,154.9	3,154.9
8	UNC/R&R21	200,000	200,000	200,000	200,000	200,000	200,000
9	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
10	DACS23-3	2,000	4,000	4,000	N/A	N/A	N/A
11	DACS23-8	2,000	1,000	1,000	1,000	N/A	N/A
12	DACS23-10	2,000	2,000	2,200	N/A	N/A	N/A
13	DACS23-11	N/A	1,500	1,500	N/A	N/A	N/A
14	DOA22-3	N/A	N/A	21,000	N/A	24,000	N/A
15	DOA23-1	N/A	N/A	1,000	20,244	12,500	N/A
16	DOA23-3	N/A	N/A	N/A	11,000	N/A	N/A
17	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
18	DOA23-5	N/A	N/A	20,000	20,000	N/A	N/A
19	DPS23-3	14,791.5	25,774.5	8,500	N/A	N/A	N/A
20	DPS23-4	N/A	N/A	N/A	19,000	48,500	77,600
21	DPS23-7	14,472.4	42,931.7	8,834.2	N/A	N/A	N/A
22	NG23-4	1,000	N/A	5,500	N/A	N/A	N/A
23	NG23-5	N/A	N/A	800	4,000	3,200	N/A
24	TRAN23-1	60,000	65,000	50,000	N/A	N/A	N/A
25	UNC/ASU22-1	12,300	14,350	10,250	N/A	N/A	N/A
26	UNC/ASU23-1	N/A	9,900	6,300	N/A	N/A	N/A
27	UNC/CLT23-1	N/A	12,600	19,800	N/A	N/A	N/A
28	UNC/CLT23-2	N/A	N/A	4,500	N/A	15,000	25,500
29	UNC/CH23-1	N/A	N/A	2,500	10,000	N/A	10,000
30	UNC/ECU21-1	N/A	N/A	84,007.28	85,742.7	N/A	N/A
31	UNC/ECU23-1	8,237.5	20,162.5	12,300	N/A	N/A	N/A
32	UNC/ECU23-2	N/A	N/A	1,890	N/A	10,000	7,010
33	UNC/PEM21-1	30,500	24,400	4,250	N/A	N/A	N/A
34	UNC/PEM23-1	N/A	N/A	32,150	22,750	30,000	40,005
35	UNC/ECS23-2	N/A	N/A	1,250	N/A	11,250	N/A
36	UNC/FSU23-1	N/A	N/A	2,075	N/A	12,000	6,675
37	UNC/A&T23-1	N/A	N/A	N/A	N/A	5,335	N/A
38	UNC/A&T23-2	5,335	N/A	2,000	18,912	29,455	69,798
39	UNC/NCC23-2	N/A	4,549.8	7,149.7	6,500	N/A	N/A
40	UNC/NCC23-3	N/A	2,975	4,675	N/A	N/A	N/A
41	UNC/NCS23-1	27,000	N/A	N/A	N/A	2,000	8,000
42	UNC/NCS23-2	24,000	28,000	20,000	N/A	N/A	N/A
43	UNC/NCS23-3	18,900	22,050	15,750	N/A	N/A	N/A
44	UNC/NCS23-5	5,000	N/A	35,000	67,000	80,000	13,000
45	UNC/NCS24-1	25,049	74,957.9	79,993.4	N/A	N/A	N/A
46	UNC/SSM23-2	3,000	4,800	6,500	7,938	9,000	N/A
47	UNC/SSM23-4	1,000	N/A	9,000	N/A	N/A	N/A
48	UNC/GBO23-1	N/A	8,470	13,310	N/A	N/A	N/A
49	UNC/SA23-2	N/A	N/A	2,450	8,575	N/A	13,475
50	UNC/WIL23-1	2,000	5,725	17,770	10,550	N/A	N/A
51	UNC/WIL23-2	1,200	4,000	N/A	8,840	5,400	N/A

1	UNC/WIL23-3	N/A	N/A	3,000	4,860	N/A	N/A
2	UNC/WIL24-1	N/A	N/A	29,644	23,723	21,633	N/A
3	UNC/WCU23-1	N/A	9,530	39,955	87,415	19,000	N/A
4	UNC/WSS23-1	N/A	N/A	N/A	N/A	1,080	5,140
5	UNC/WSS23-2	N/A	N/A	N/A	N/A	1,600	8,000
6	UNC/PBS23-1	10,000	7,325	18,412.5	8,812.5	N/A	N/A
7	UNC/BOG25-1	1,000	1,000	1,000	1,000	N/A	N/A

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 42.3.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

13	14	15	
		16	
17		18	
19		20	
21		22	
23		24	
25		26	
27		28	
29		30	
31		32	
33		34	
35		36	
37		38	
39		40	
41		42	
43		44	
45		46	
47		48	
49		50	
51		52	
Amount of Non-General Fund/Non-SCIF		Funding Authorized	
Name of Project		FY 2025-2026	FY 2026-2027
Department of Natural and Cultural Resources			
Jennette's Pier Aquarium–			
Solar Covered Walkway		\$450,000	\$0
Roanoke Island Aquarium–			
Invertebrate Tank		500,000	0
Pine Knoll Shores Aquarium–			
Invertebrate Tank		2,000,000	0
NC Zoo–			
Elephant Shelters & Barn Bollard Repair		2,500,000	2,500,000
State Historic Sites–			
House in the Horseshoe–			
Alston House Rehabilitation		445,000	445,000
Department of Agriculture and Consumer Services			
State Fairgrounds Infrastructure Improvements		0	5,000,000
NC Forest Service Nursery Greenhouse		0	350,000
Department of Public Safety			
Alcoholic Beverage Control–			
ABC Warehouse Repairs		1,150,000	0
Wildlife Resources Commission			
Sykes Depot Greenhouse		331,600	0
D7 Storage Building		400,000	0
Caswell Shooting Range Renovation		3,850,000	0
Coastal Restoration and Resiliency		6,500,000	0
Ransom Road Depot		9,000,000	0
Land Acquisition		5,000,000	5,000,000
WRC Game Land Improvements		0	2,000,000
McKinney Lake Hatchery Building Replacement		1,300,000	0
Table Rock Hatchery Residence		0	640,000
WRC New Shooting Range		0	2,000,000
New Tillery Office Depot		0	1,500,000
Agency Infrastructure Repairs & Renovations		1,500,000	1,500,000
Boating Access Repairs & Renovations		800,000	800,000
Caswell Depot Expansion		100,000	0
TOTAL AMOUNT OF NON-GENERAL FUND/NON-SCIF CAPITAL PROJECTS			

AUTHORIZED

\$35,826,000

\$21,375,000

SECTION 42.3.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2025-2026 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2026-2027 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

SECTION 42.3.(c) G.S. 120-76.1 reads as rewritten:

"§ 120-76.1. Prior consultation with the Commission; reporting requirements.

(a) The Governor shall consult the Commission before doing any of the following:

- (1) Authorizing expenditures in excess of the total requirements of a purpose or program as enacted by the General Assembly and as provided by G.S. 143C-6-4.
- (2) Proceeding to reduce programs subsequent to a reduction of ten percent (10%) or more in the federal fund level certified to a department and any subsequent changes in distribution formulas.
- (3) Taking measures under Article III, Section 5(3) of the North Carolina Constitution to effect necessary economies in State expenditures required for balancing the budget due to a revenue shortfall, including, but not limited to, (i) making loans among funds, (ii) personnel freezes or layoffs, (iii) capital project reversions, (iv) program eliminations, and (v) use of reserves. However, if the Commission fails to meet within 10 calendar days of a request from the Governor for its consultation, the Governor may proceed to take the actions the Governor deems appropriate and necessary and shall then report those actions at the next meeting of the Commission.
- (4) ~~Approving a new capital improvement project funded from gifts, grants, receipts, special funds, self liquidating indebtedness, and other funds or any combination of funds for the project not specifically authorized by the General Assembly. The budget for each capital project must include projected revenues in an amount not less than projected expenditures.~~

...."

VARIOUS CAPITAL CHANGES

SECTION 42.4.(a) G.S. 143C-1-1(d) reads as rewritten:

"(d) Definitions. – The following definitions apply in this Chapter:

...

- (5) Capital improvement. – A term that includes real property acquisition, new construction or rehabilitation of existing facilities, and repairs and renovations over one hundred fifty thousand dollars ~~(\$100,000)~~ (\$150,000) in value.

...."

SECTION 42.4.(d) Section 7(b) of S.L. 2019-230, as amended by Section 40.3(b) of S.L. 2022-74, reads as rewritten:

"SECTION 7.(b) There is appropriated from the State Capital and Infrastructure Fund to the Growing Rural Economies with Access to Technology Fund the sum of ~~twenty-five~~ million dollars ~~(\$20,000,000)~~ (\$5,000,000) for each fiscal year from the ~~2019-2020~~ 2025-2026 fiscal year through the 2028-2029 fiscal year."

SECTION 42.4.(e) Section 40.1(i) of S.L. 2023-134 is repealed.

NATIONAL GUARD PROJECTS

SECTION 42.5.(a) From the funds allocated in this Part for Project Code NG23-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210 and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding six million dollars (\$6,000,000) during the 2025-2026 fiscal year.

SECTION 42.5.(b) No later than June 1, 2027, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) The status of all projects undertaken pursuant to this section.
- (2) The estimated total cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project, including federal matching funds.
- (6) Facilities planned for closure or reversion.
- (7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

DOWNTOWN GOVERNMENT COMPLEX

SECTION 42.7.(a) The Department of Administration shall sell the property situated on the parcel of land in the City of Raleigh, with Wake County real estate ID# 0179265, commonly known as 304 N. Dawson Street, for fair market value. No service charge into the State Land Fund shall be deducted from or levied against the proceeds of the sale of the property listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the property listed in this subsection shall be handled in accordance with the following priority:

- (1) First, in accordance with the provisions of any trust or other instrument of title whereby title to the subject real property was acquired by the State.
- (2) Second, to reimburse the Department of Administration for any funds expended in the sale of the subject real property.
- (3) Third, to be deposited into the State Capital and Infrastructure Fund, established in G.S. 143C-4-3.1.

The Department of Administration shall obtain an appraisal assessing the value for the property listed in this subsection according to their best and highest use and shall submit the appraisal to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than January 1, 2026.

SECTION 42.7.(b) The Department of Administration shall prepare a plan that, within 18 months of the effective date of this section, would consolidate and move the offices of the State Records Center and any storage or satellite facilities related to the State Records Center to another location outside of the downtown government complex. The Department of Administration shall consider options for lease or purchase and shall submit its plan and cost estimates to the Joint Legislative Oversight Committee on Capital Improvements and the Fiscal Research Division no later than March 1, 2026.

SECTION 42.7.(c) This section is effective when it becomes law.

UNC BOARD OF GOVERNORS APPROVAL/CAPITAL EXPENDITURES

SECTION 42.8. G.S. 116-31.11 reads as rewritten:

1 **"§ 116-31.11. Powers of Board regarding certain fee negotiations, contracts, and capital**
2 **improvements.**

3 (a) Notwithstanding G.S. 143-341(3) and G.S. 143-135.1, the Board shall, with respect
4 to the design, construction, or renovation of buildings, utilities, and other property developments
5 of The University of North Carolina requiring the estimated expenditure of public money of four
6 million dollars (\$4,000,000) or less:

- 7 (1) Conduct the fee negotiations for all design contracts and supervise the letting
8 of all construction and design contracts.
- 9 (2) Develop procedures governing the responsibilities of The University of North
10 Carolina and its affiliated and constituent institutions to perform the duties of
11 the Department of Administration and the Director or Office of State
12 Construction under G.S. 133-1.1(d) and G.S. 143-341(3).
- 13 (3) Develop procedures and reasonable limitations governing the use of open-end
14 design agreements, subject to G.S. 143-64.34 and the approval of the State
15 Building Commission.
- 16 (4) Use existing plans and specifications for construction projects, where feasible.
17 Prior to designing a project, the Board shall consult with the Department of
18 Administration on the availability of existing plans and specifications and the
19 feasibility of using them for a project.

20 (b) The Board may delegate its authority under subsection (a) of this section to a
21 constituent or affiliated institution if the institution is qualified under guidelines adopted by the
22 Board and approved by the State Building Commission and the Director of the Budget.

23 (c) The University shall use the standard contracts for design and construction currently
24 in use for State capital improvement projects by the Office of State Construction of the
25 Department of Administration.

26 (d) A contract may not be divided for the purpose of evading the monetary limit under
27 this section.

28 (e) Notwithstanding any other provision of this Chapter, the Department of
29 Administration shall not be the awarding authority for contracts awarded pursuant to this section.

30 (e1) The Board shall be responsible for making the final determination on all budgeted
31 expenditures and project scope for capital improvement projects at The University of North
32 Carolina and its constituent institutions.

33 (f) The Board of Governors shall annually report to the State Building Commission the
34 following:

- 35 (1) A list of projects governed by this section.
- 36 (2) The estimated cost of each project along with the actual cost.
- 37 (3) The name of each person awarded a contract under this section.
- 38 (4) Whether the person or business awarded a contract under this section meets
39 the definition of "minority business" or "minority person" as defined in
40 G.S. 143-128.2(g)."

41
42 **USE OF CAPITAL FUNDS ON SUSTAINABILITY ELEMENTS**

43 **SECTION 42.9.(a)** G.S. 143C-8-7.1 reads as rewritten:

44 **"§ 143C-8-7.1. Procedures for disbursement of capital funds.**

45 (a) Appropriations made by an act of the General Assembly for capital improvements are
46 for constructing, repairing, or renovating State buildings, utilities, and other capital facilities; for
47 acquiring sites for them where necessary; for acquiring buildings and land for State government
48 purposes and other purposes as set forth in G.S. 143C-4-3.1; and shall be disbursed for the
49 purposes provided by that act. Expenditure of funds shall not be made by any State department,
50 institution, or agency until an allotment has been issued by the Governor as Director of the
51 Budget, which shall not be unreasonably withheld. The allotment shall be issued upon

1 compliance with the provisions of this Chapter. Prior to the award of construction contracts for
2 projects to be financed in whole or in part with self-liquidating appropriations, the Director of
3 the Budget shall approve the elements of the method of financing of those projects, including the
4 source of funds, interest rate, and liquidation period. Provided, however, that if the Director of
5 the Budget approves the method of financing a project, the Director shall report that action to the
6 Joint Legislative Commission on Governmental Operations within 30 days.

7 (b) Where direct capital improvement appropriations include the purpose of furnishing
8 fixed and movable equipment for any project, those funds for equipment shall not be subject to
9 transfer into construction accounts except as authorized by the Director of the Budget. The
10 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and
11 approved by the Director of the Budget prior to commitment of funds.

12 (c) Capital improvement projects authorized by an act of the General Assembly shall be
13 completed, including fixed and movable equipment and furnishings, within the limits of the
14 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided
15 in that act. Capital improvement projects authorized by an act of the General Assembly for the
16 design phase only shall be designed within the scope of the project as defined by the approved
17 cost estimate filed with the Director of the Budget, including costs associated with site
18 preparation, demolition, and movable and fixed equipment. Amounts contracted for projects
19 authorized by the General Assembly cannot exceed the total project cost authorization.

20 (d) Disbursement of funds from the State Capital and Infrastructure Fund for projects
21 authorized by an act of the General Assembly shall be made as needed to initiate or advance a
22 capital project. Funds authorized for any particular project shall remain in the State Capital and
23 Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation
24 for that project.

25 (e) Funds disbursed for capital improvement projects may not be used for certification
26 under Leadership in Energy and Environmental Design (LEED), Green Globes, Living Building
27 Challenge, or other similar environmental or sustainability certification or rating by an equivalent
28 or greater, nationally recognized certification or rating system, unless the estimated operating
29 costs for the first 10 years post-construction would be less than the cost of construction or
30 renovation if the project were not subject to the requirements of this section plus the estimated
31 operating costs for the first 10 years post-construction. All third-party certification costs before
32 and after construction or renovation shall be included in determining construction and operating
33 costs."

34 **SECTION 42.9.(b)** G.S. 115D-9 reads as rewritten:

35 "**§ 115D-9. Powers of State Board regarding certain fee negotiations, contracts, and capital**
36 **improvements.**

37 (a) The expenditures of any State funds for any capital improvements of existing
38 institutions shall be subject to the prior approval of the State Board of Community Colleges and
39 the Governor. The expenditure of State funds at any institution herein authorized to be approved
40 by the State Board under G.S. 115D-4 shall be subject to the terms of the State Budget Act unless
41 specifically otherwise provided in this Chapter.

42 (b) Notwithstanding G.S. 143-341(3), the State Board of Community Colleges may, with
43 respect to design, construction, repair, or renovation of buildings, utilities, and other State-funded
44 property developments of the North Carolina Community College System requiring the estimated
45 expenditure of public money of four million dollars (\$4,000,000) or less:

- 46 (1) Conduct the fee negotiations for all design contracts and supervise the letting
47 of all construction and design contracts.
- 48 (2) Develop procedures governing the responsibilities of the North Carolina
49 Community College System and its community colleges to perform the duties
50 of the Department of Administration and the Director or Office of State
51 Construction under G.S. 133-1.1(d) and G.S. 143-341(3).

1 (3) Use existing plans and specifications for construction projects, where feasible.
2 Prior to designing a project, the State Board shall consult with the Department
3 of Administration on the availability of existing plans and specifications and
4 the feasibility of using them for a project.

5 (c) The State Board may delegate its authority under subsection (b) of this section to a
6 community college if the community college is qualified under guidelines adopted by the State
7 Board.

8 (d) The North Carolina Community College System shall use the standard contracts for
9 design and construction currently in use for State capital improvement projects by the Office of
10 State Construction of the Department of Administration.

11 (e) A contract may not be divided for the purpose of evading the monetary limit under
12 this section.

13 (f) Notwithstanding any other provision of this Chapter, the Department of
14 Administration shall not be the awarding authority for contracts awarded under subsections (b)
15 or (c) of this section.

16 (g) For projects two million dollars (\$2,000,000) or more, funded with public money, the
17 Community Colleges System Office shall report no later than October 1 of each year to the State
18 Building Commission the following:

19 (1) A list of projects governed by this section.

20 (2) The estimated cost of each project along with the actual cost.

21 (3) The name of each person awarded a contract under this section.

22 (4) Whether the person or business awarded a contract under this section meets
23 the definition of "minority business" or "minority person" as defined in
24 G.S. 143-128.2(g).

25 (h) The provisions of G.S. 143-341(3) shall not apply to a capital improvement project
26 funded with non-State funds or for projects less than two million dollars (\$2,000,000) that have
27 been delegated pursuant to subsection (c) of this section if the State Board of Community
28 Colleges determines that the college has the expertise necessary to manage the project unless the
29 assistance of the Office of State Construction is requested.

30 (i) Capital improvement projects involving the use of State funds shall not include
31 certification under Leadership in Energy and Environmental Design (LEED), Green Globes,
32 Living Building Challenge, or other similar environmental or sustainability certification or rating
33 by an equivalent or greater, nationally recognized certification or rating system, unless the
34 estimated operating costs for the first 10 years post-construction would be less than the cost of
35 construction or renovation if the project were not subject to the requirements of this section plus
36 the estimated operating costs for the first 10 years post-construction. All third-party certification
37 costs before and after construction or renovation shall be included in determining construction
38 and operating costs."

40 USE OF CAPITAL FUNDS FOR PUBLIC-PRIVATE PARTNERSHIPS

41 SECTION 42.10. G.S. 143C-8-7.1 reads as rewritten:

42 "§ 143C-8-7.1. Procedures for disbursement of capital funds.

43 (a) Appropriations made by an act of the General Assembly for capital improvements are
44 for constructing, repairing, or renovating State buildings, utilities, and other capital facilities; for
45 acquiring sites for them where necessary; for acquiring buildings and land for State government
46 purposes and other purposes as set forth in G.S. 143C-4-3.1; and shall be disbursed for the
47 purposes provided by that act. Expenditure of funds shall not be made by any State department,
48 institution, or agency until an allotment has been issued by the Governor as Director of the
49 Budget, which shall not be unreasonably withheld. The allotment shall be issued upon
50 compliance with the provisions of this Chapter. Prior to the award of construction contracts for
51 projects to be financed in whole or in part with self-liquidating appropriations, the Director of

1 the Budget shall approve the elements of the method of financing of those projects, including the
2 source of funds, interest rate, and liquidation period. Provided, however, that if the Director of
3 the Budget approves the method of financing a project, the Director shall report that action to the
4 Joint Legislative Commission on Governmental Operations within 30 days.

5 (a1) State funds appropriated for a capital improvement project at a State agency that is
6 not a public-private partnership project shall not be used in conjunction with or for the benefit of
7 a public-private partnership project without express authorization by an act of the General
8 Assembly. For the purposes of this subsection, the term "public-private partnership" means a
9 capital improvement project undertaken for the benefit of a governmental entity and a private
10 entity that may involve a contract, a financing arrangement, or other agreement, and includes
11 construction of a public facility or other improvements, including paving, grading, utilities,
12 infrastructure, reconstruction, or repair, and may include both public and private facilities.

13 (b) Where direct capital improvement appropriations include the purpose of furnishing
14 fixed and movable equipment for any project, those funds for equipment shall not be subject to
15 transfer into construction accounts except as authorized by the Director of the Budget. The
16 expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and
17 approved by the Director of the Budget prior to commitment of funds.

18 (c) Capital improvement projects authorized by an act of the General Assembly shall be
19 completed, including fixed and movable equipment and furnishings, within the limits of the
20 amounts of the direct or self-liquidating appropriations provided, except as otherwise provided
21 in that act. Capital improvement projects authorized by an act of the General Assembly for the
22 design phase only shall be designed within the scope of the project as defined by the approved
23 cost estimate filed with the Director of the Budget, including costs associated with site
24 preparation, demolition, and movable and fixed equipment. Amounts contracted for projects
25 authorized by the General Assembly cannot exceed the total project cost authorization.

26 (d) Disbursement of funds from the State Capital and Infrastructure Fund for projects
27 authorized by an act of the General Assembly shall be made as needed to initiate or advance a
28 capital project. Funds authorized for any particular project shall remain in the State Capital and
29 Infrastructure Fund until such time as disbursement is necessary to satisfy a financial obligation
30 for that project."
31

32 STATE CAPITOL LONG-TERM MASTER MAINTENANCE PLAN CHANGES

33 **SECTION 42.11.(a)** Section 40.1 of S.L. 2021-180 reads as rewritten:

34 "...

35 **"SECTION 40.1.(j)** For project code NCGA21-4, the Legislative Services Office shall
36 utilize the funds allocated to develop and update a long-term master maintenance plan for the
37 State Capitol Building, including the Capitol Square, ~~with a focus on to include the roof and~~
38 structural integrity of the structure and potential capital repairs, rehabilitation, renovation, and
39 restoration expenditures for the ~~structure and its structure,~~ infrastructure system ~~components,~~
40 components, and the update and preservation of the grounds. In addition, the Legislative Services
41 Office shall, in recognition of America's semiquincentennial celebration, place a monument on
42 the grounds of the State Capitol that celebrates North Carolina's contributions in the
43 Revolutionary War and shall also place on the grounds of the State Capitol a monument of the
44 Reverend William Franklin "Billy" Graham, Jr. The Legislative Services Office shall seek input
45 from the Department of Administration, the Department of Natural and Cultural Resources
46 Resources, and The North Carolina State Capitol Foundation, Inc., to ensure the integrity and
47 historic significance of the structure is properly considered and maintained.

48 **"SECTION 40.1.(k)** For project code NCGA21-4, the General Assembly shall be
49 considered the funded agency, pursuant to G.S. 143-135.26(1) and, notwithstanding
50 G.S. 143-341 or any other provision of law to the contrary, shall have final authority over any
51 rehabilitation, renovation, or restoration activity identified by the long-term master maintenance

1 plan developed pursuant to subsection (j) of this section. The Department of Administration and
 2 the Department of Natural and Cultural Resources shall provide resources and guidance to the
 3 Legislative Services Office on any rehabilitation, renovation, or restoration activity undertaken
 4 pursuant to ~~this subsection~~, subsections (j) and (k) of this section. Any rehabilitation, renovation,
 5 or restoration activity undertaken pursuant to this subsection shall be in compliance with
 6 G.S. 143-138.

7"

8 **SECTION 42.11.(b)** G.S. 121-9(h) reads as rewritten:

9 "(h) Preservation and Custodial Care of State Capitol. – The rotunda, corridors, and
 10 stairways of the first floor of the State Capitol and all portions of the second, third, and loft floors
 11 of the said building shall be placed in the custody of the Department of Natural and Cultural
 12 Resources; and the Department shall, subject to the availability of funds for the purpose, care for
 13 and administer these areas for the edification of present and future generations. The aforesaid
 14 areas shall be preserved as historic shrines and shall be maintained insofar as practicable as they
 15 shall appear following the restoration of the Capitol. The Department of Natural and Cultural
 16 Resources is authorized to deny the use of the legislative chambers for meetings in order that
 17 they, with their historic furnishings, may be better preserved for posterity; provided, however,
 18 ~~that that, upon request of the Legislative Services Officer or by resolution,~~ the General Assembly
 19 may hold therein such sessions or other purposes as it may ~~by resolution~~ deem proper.

20 The Department of Natural and Cultural Resources is hereby entrusted with the
 21 responsibilities herein specified as being the agency with the experience best qualified to preserve
 22 and administer historic properties in a suitable manner. However, for the purposes of carrying
 23 out the provisions of this section, it is hereby directed that such cooperation and assistance shall
 24 be made available to the said Department of Natural and Cultural Resources and such labor
 25 supplied, as may be feasible, by the Department of Administration.

26 The offices and working areas of the first floor as well as all washrooms and the exterior of
 27 the Capitol shall remain under the jurisdiction of the Department of Administration: Provided,
 28 however, that the Department of Administration shall seek the advice of the Department of
 29 Natural and Cultural Resources in matters relating to any alteration, renovation, and furnishing
 30 of said offices and areas."

31
 32 **PART XLIII. TRANSPORTATION**

33
 34 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

35 **SECTION 43.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2023-134 are
 36 repealed.

37 **SECTION 43.1.(b)** The General Assembly authorizes and certifies anticipated
 38 revenues for the Highway Fund as follows:

39	For Fiscal Year 2027-28	\$3,399 million
40	For Fiscal Year 2028-29	\$3,553 million
41	For Fiscal Year 2029-30	\$3,612 million
42	For Fiscal Year 2030-31	\$3,666 million
43	For Fiscal Year 2031-32	\$3,723 million

44 **SECTION 43.1.(c)** The General Assembly authorizes and certifies anticipated
 45 revenues for the Highway Trust Fund as follows:

46	For Fiscal Year 2027-28	\$2,614 million
47	For Fiscal Year 2028-29	\$2,685 million
48	For Fiscal Year 2029-30	\$2,738 million
49	For Fiscal Year 2030-31	\$2,780 million
50	For Fiscal Year 2031-32	\$2,853 million

1 **SECTION 43.1.(d)** The Department of Transportation, in collaboration with the
2 Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year
3 revenue forecast developed under this subsection shall be used (i) to develop the five-year cash
4 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
5 Improvement Program, and (iii) by the Department of the State Treasurer to compute
6 transportation debt capacity.

7 8 **CONTINGENCY FUNDS**

9 **SECTION 43.2.(a)** The funds appropriated in this act to the Department of
10 Transportation, Construction – Contingency Fund Code for the 2025-2027 fiscal biennium shall
11 be allocated statewide for rural or small urban highway improvements and related transportation
12 enhancements to public roads and public facilities, industrial access roads, railroad infrastructure,
13 and spot safety projects, including pedestrian walkways that enhance highway safety. Projects
14 funded pursuant to this subsection require prior approval by the Secretary of Transportation.
15 Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but
16 shall remain available until expended. The use of funds that do not revert under this subsection
17 is not restricted to the fiscal year in which the funds were allocated.

18 **SECTION 43.2.(b)** The Department of Transportation shall report to the members
19 of the General Assembly on projects funded pursuant to subsection (a) of this section in each
20 member's district prior to construction. The Department shall make a quarterly comprehensive
21 report on the use of these funds to the Joint Legislative Transportation Oversight Committee and
22 the Fiscal Research Division.

23 24 **TRANSPORTATION DISASTER RECOVERY FOR HURRICANE HELENE**

25 **SECTION 43.3.(a)** Cash Flow Reallocation. – For the 2025-2027 fiscal biennium,
26 the Department of Transportation may reallocate funds as necessary for cash flow and federal
27 matching purposes related to recovery from Hurricane Helene.

28 **SECTION 43.3.(b)** Cash Watch Weekly Report. – In addition to the other items
29 published in the weekly report required under G.S. 143C-6-11(n), the Department shall include
30 the total sum of Hurricane Helene expenditures and the total sum of federal reimbursements
31 received by the Department. This requirement shall remain in effect until recovery is complete
32 and the Department has received all federal reimbursements.

33 34 **DISASTER REIMBURSEMENT REPORTS**

35 **SECTION 43.4.** Article 2A of Chapter 136 of the General Statutes is amended by
36 adding a new section to read:

37 **"§ 136-44.2F. Disaster reimbursement reports.**

38 (a) Disaster Detailed Report. – No later than the end of each month, the Department of
39 Transportation shall submit a report to the Joint Legislative Transportation Oversight Committee
40 and the Fiscal Research Division on disaster expenditures that qualify for federal reimbursement.
41 The report shall be categorized by disaster and include the following information:

- 42 (1) Project number.
- 43 (2) Project description.
- 44 (3) Highway division.
- 45 (4) County.
- 46 (5) Total project expenditures to date.
- 47 (6) Federal disaster program eligibility.
- 48 (7) Estimated expenditures eligible for reimbursement.
- 49 (8) Date of initial reimbursement submission.
- 50 (9) Date of last reimbursement submission.
- 51 (10) Eligible expenditures submitted for reimbursement.

1 (11) Anticipated reimbursement.

2 (12) An explanation if the anticipated amount of reimbursement is less than the
3 estimate of expenditures eligible for reimbursement.

4 (13) Reimbursements received to date.

5 (b) Disaster Summary Report. – No later than the end of each quarter, the Department
6 shall submit a summary report to the Joint Legislative Transportation Oversight Committee and
7 the Fiscal Research Division for all disaster expenditures resulting from a disaster that occurred
8 on or after January 1, 2016, and that qualify for federal reimbursement. The report shall be by
9 disaster and contain the source of federal reimbursement and the total eligible expenditures as of
10 the date of the report.

11 (c) Failure to Submit Report. – If the Department fails to submit a report under this
12 section within 60 days of the required submission date, the Secretary of the Department shall
13 provide to the Joint Legislative Commission on Governmental Operations and the Fiscal
14 Research Division an explanation for not submitting the required report."

16 **POWELL BILL FUNDS**

17 **SECTION 43.5.** For the 2025-2027 fiscal biennium:

18 (1) The Department of Transportation shall not reduce the funds appropriated
19 under this act to the State Aid – Powell Bill Fund for allocation under the
20 Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).

21 (2) Notwithstanding G.S. 136-41.1(a), eligible municipalities with a population
22 of 400,000 or more shall receive the same amount of Powell Bill Program
23 funds allocated for the 2020-2021 fiscal year. The remaining Powell Bill
24 Program funds shall be allocated to municipalities with a population of fewer
25 than 400,000 in accordance with the requirements of G.S. 136-41.1(a).

27 **MODIFICATION TO MONTHLY STATEMENT REPORT**

28 **SECTION 43.6.** The Department of Transportation shall modify its monthly
29 financial statement report, as required by G.S. 143C-6-11(q), by separating the additional
30 registration fee charged for plug-in electric and plug-in hybrid electric vehicles charged under
31 G.S. 20-87(13) and G.S. 20-87(13a) from staggered registration in the "Statement of Fees, Taxes,
32 and Other" for the Highway Fund.

34 **RENAMING OF THE OFFICE OF CIVIL RIGHTS**

35 **SECTION 43.7.(a)** The North Carolina Department of Transportation's Office of
36 Civil Rights is hereby renamed the "Office of Small Business Development."

37 **SECTION 43.7.(b)** Consistent with subsection (a) of this section, the Revisor of
38 Statutes is authorized to change in the General Statutes the name of the Office of Civil Rights to
39 the Office of Small Business Development.

41 **CAPITAL INFRASTRUCTURE PLAN**

42 **SECTION 43.8.** The Department of Transportation shall prepare a cash flow
43 financing plan to fund capital replacement needs for the Division of Highways operating facilities
44 over an eight-year period. The basis for the plan shall be the building replacement schedule found
45 in Appendix A5 of the 2024 Report on the NCDOT Facilities Management Division Capital
46 Projects. The plan shall include examining the disposal of unused and underutilized real property
47 of the Department to fund this plan. The Department shall submit the plan to the Joint Legislative
48 Transportation Oversight Committee and the Fiscal Research Division by March 15, 2026.

TRANSFER CERTAIN NONSWORN PERSONNEL FROM THE LICENSE AND THEFT BUREAU OF THE DEPARTMENT OF TRANSPORTATION TO THE STATE HIGHWAY PATROL AND ESTABLISH NEW BUDGET FUND

SECTION 43.9.(a) The following positions, including the salaries, property, and other funds allocated for the positions, are transferred from the Department of Transportation, Division of Motor Vehicles License and Theft Bureau, to the State Highway Patrol:

<u>Position</u>	<u>Position Number</u>
Program Coordinator III	60030052
Administrative Specialist II	60030907
Administrative Specialist I	60031075
Program Analyst I	60031189
Program Analyst I	60031341
Administrative Specialist II	60029790
Administrative Specialist I	60031033
Program Coordinator II	60030760
Program Coordinator II	60030921
Electronics Technician II	60030924
Administrative Specialist I	60030909
Program Coordinator III	60092620
Program Coordinator III	60030920
Program Coordinator III	60030933
Program Coordinator III	60090052
Program Supervisor I	60092613
Program Supervisor I	60092614
Program Coordinator III	60092615
Program Coordinator III	60092616
Program Coordinator III	60092617
Program Coordinator III	60092618
Program Coordinator III	60092619
Program Coordinator III	60030904
Program Coordinator III	60092622
Program Coordinator III	60092623
Program Coordinator III	60092625
Program Coordinator III	60092626
Program Coordinator III	60092627
Program Coordinator I	60029918
Program Supervisor I	60030890
Program Coordinator III	60030922
Program Coordinator I	60031074
Program Coordinator I	60031114
Program Coordinator I	60031142
Program Coordinator I	60031143
Administrative Specialist I	60030847
Program Coordinator III	60030894
Administrative Specialist I	60030899
Program Supervisor I	60030917
Administrative Specialist I	60030934
Administrative Specialist I	60031312
Program Coordinator III	65037940
Program Coordinator III	65037942
Program Supervisor I	65037786

1	Program Coordinator III	65037941
2	Program Supervisor I	60030929
3	Program Coordinator III	60030844
4	Program Coordinator I	60030893
5	Program Coordinator III	60030898
6	Program Coordinator III	60031077
7	Program Coordinator I	60031284
8	Program Coordinator I	60031320
9	Program Coordinator III	60030916
10	Program Coordinator III	60030905
11	Program Coordinator III	60092628
12	Program Coordinator III	60092629
13	Administrative Specialist I	60030937
14	Administrative Specialist I	60030962
15	Administrative Specialist I	60029801
16	Administrative Specialist I	60031024
17	Administrative Specialist I	60030997
18	Administrative Specialist I	60031026
19	Administrative Specialist I	60030996
20	Administrative Specialist I	60031140
21	Administrative Specialist I	60030995
22	Administrative Specialist I	60031193
23	Program Coordinator III	60031112
24	Program Coordinator III	60031115
25	Administrative Specialist I	60031076

26 **SECTION 43.9.(b)** Within the Highway Fund (Budget Code # 84210), the Office of
 27 State Budget and Management shall establish a new budget fund for ongoing support of: (i) all
 28 positions transferred from the Department of Transportation to the State Highway Patrol pursuant
 29 to Subpart III-E of S.L. 2024-57 and subsection (a) of this section and (ii) the recurring transfer
 30 of funds from the Department of Transportation to the State Highway Patrol required by Section
 31 3E.3(b) of S.L. 2024-57.

32
 33 **ROAD AND BRIDGE NAMING DESIGNATIONS**

34 **SECTION 43.10.** Notwithstanding any provision of law to the contrary, the
 35 Department of Transportation shall make the following naming designations:

- 36 (1) The bridge on North Carolina Highway 904 that crosses the Columbus and
 37 Robeson County Line, also known as Robeson Bridge 31, shall be renamed
 38 the "Assistant Chief Lenneau D. Hammond Bridge."
- 39 (2) Complex Street located in the Town of Tabor City shall be renamed "Shane
 40 Miller Street."

41
 42 **DMV DRIVER LICENSE EXAMINER AND CALL CENTER POSITIONS**

43 **SECTION 43.11.(a)** Of the funds appropriated in this act to the Department of
 44 Transportation, the Department shall use (i) eight hundred thousand dollars (\$800,000) to create
 45 40 additional full-time equivalent (FTE) Driver License Examiner I and II positions in the
 46 2025-2026 fiscal year and (ii) one million eight hundred forty-eight thousand nine hundred
 47 seventy-six dollars (\$1,848,976) to create 21 additional FTE Driver License Examiner I and II
 48 positions in the 2026-2027 fiscal year.

49 **SECTION 43.11.(b)** The Department is authorized to create up to 30 additional FTE
 50 Administrative Specialist II positions in the 2025-2026 fiscal year to support the Division of
 51 Motor Vehicles Customer Contact Center.

1 **SECTION 43.11.(c)** In addition to the funds appropriated in this act, the Department
2 may use existing funds in Personal Services and Purchased Services to fund the positions
3 authorized by this section. Notwithstanding any other provision of law to the contrary, the
4 Department may reclassify temporary or vacant positions to create the new positions authorized
5 by this section. Any reclassification pursuant to this section shall be in accordance with the
6 classification system established by the State Human Resources Commission.

7 8 **DMV IT MODERNIZATION**

9 **SECTION 43.12.(a)** The ongoing efforts of the Division of Motor Vehicles (DMV)
10 of the Department of Transportation to modernize the DMV's Information Technology (IT)
11 systems shall include both of the following:

- 12 (1) The development of a system for the electronic submission and verification of
13 Commercial Drivers License credentials.
- 14 (2) The development of a system to electronically track and automatically report
15 on the number of drivers license issuance and renewal transactions processed
16 by the DMV within each county. The reporting system shall collect all of the
17 following for each county:
 - 18 a. Drivers license issuances and renewals processed for in-county
19 residents.
 - 20 b. Drivers license issuances and renewals processed for out-of-county
21 residents.
 - 22 c. For drivers license issuances and renewals processed for out-of-county
23 residents, the license holder's county of residence.

24 **SECTION 43.12.(b)** Beginning on October 1, 2026, and continuing until the
25 complete development of the systems required by subsection (a) of this section, the DMV shall
26 quarterly report both of the following to the Joint Legislative Transportation Oversight
27 Committee and the Fiscal Research Division:

- 28 (1) A manual estimate of the drivers license issuance and renewals processed by
29 the DMV within each county, including estimates of all of the following:
 - 30 a. Drivers license issuances and renewals processed for in-county
31 residents.
 - 32 b. Drivers license issuances and renewals processed for out-of-county
33 residents.
 - 34 c. For drivers license issuances and renewals processed for out-of-county
35 residents, the license holder's county of residence.
- 36 (2) The current status of the development of the systems required by subsection
37 (a) of this section.

38 **SECTION 43.12.(c)** Notwithstanding any other provision of law, for each quarterly
39 report required by subsection (b) of this section that the DMV fails to submit, the Director of the
40 Budget shall withhold the next quarterly allotment of funds appropriated to the DMV for IT
41 modernization for the 2026-2027 fiscal year until the report is properly submitted.

42 43 **FERRY DRY DOCK USE OF FUNDS REPORT**

44 **SECTION 43.13.** No later than October 1, 2025, and quarterly thereafter until the
45 funds are expended, the Ferry Division shall submit a progress report to the Joint Legislative
46 Transportation Oversight Committee and the Fiscal Research Division on the use of funds
47 appropriated by this act to the Ferry Division for marine vessel dry docking. The report shall
48 include the following information by fiscal year:

- 49 (1) A list of all marine vessels scheduled or under contract for dry docking.
- 50 (2) The estimated cost of the work to be completed for each marine vessel sent to
51 a private shipyard for dry dock.

1 (3) The actual cost of the work and the total funds used as of the report date.

2
3 **SOUTH DOCK FERRY TERMINAL**

4 **SECTION 43.14.** Notwithstanding any provision of law or the Committee Report
5 described in Section 43.2 of S.L. 2023-134 to the contrary, the sum of one million five hundred
6 thousand dollars (\$1,500,000) in nonrecurring funds for the 2023-2024 fiscal year allocated to
7 build stacking lanes and a concrete barrier on NC 12 at the South Dock Ferry Terminal on
8 Ocracoke shall instead be used for ramp rehabilitation on the South Dock Ferry Terminal to
9 address safety and reliability concerns.

10
11 **FERRY CAPITAL FUND MODIFICATIONS**

12 **SECTION 43.15.** G.S. 136-82(d) reads as rewritten:

13 "(d) Use of Toll Proceeds. – The Department of Transportation shall deposit the proceeds
14 from tolls collected on North Carolina Ferry System routes and route-generated receipts
15 authorized under subsection (f) of this section to fund codes within the Ferry Capital Special
16 Fund for each of the Highway Divisions in which system terminals are located and fares are
17 earned. For the purposes of this subsection, fares are earned based on the terminals from which
18 a passenger trip originates and terminates. Commuter pass receipts shall be deposited
19 proportionately to each fund code based on the distribution of trips originating and terminating
20 in each Highway Division. ~~The proceeds deposited to each fund code shall be used exclusively~~
21 ~~for prioritized North Carolina Ferry System ferry passenger vessel replacement projects in the~~
22 ~~Division in which the proceeds are earned.~~ Proceeds deposited to each fund code may be used to
23 fund ferry passenger vessel replacement projects or supplement funds allocated for ferry
24 passenger vessel replacement projects approved in the Transportation Improvement
25 Program. Program for any route in the North Carolina Ferry System."

26
27 **NORTH CAROLINA RAILROAD**

28 **SECTION 43.16.(b)** G.S. 124-3 reads as rewritten:

29 **"§ 124-3. Report of railroad, canal, etc.; contents.**

30 (a) The president or other chief officer of every railroad, canal, or other public work of
31 internal improvement in which the State owns an interest, shall, report annually to the Joint
32 Legislative Commission on Governmental ~~Operations.~~ Operations, the House of Representatives
33 Appropriations Committee on Transportation, the Senate Appropriations Committee on the
34 Department of Transportation, the Joint Legislative Transportation Oversight Committee, the
35 State Auditor, and the Fiscal Research Division. This report shall include:

- 36 (1) Number of shares owned by the State.
37 (2) Number of shares owned otherwise.
38 (3) Par value of the shares.
39 (4) Repealed by Session Laws 2000-146, s. 3, effective July 1, 2000.
40 (5) Amount of bonded debt, and for what purpose contracted.
41 (6) Amount of other debt, and how incurred.
42 (7) If interest on bonded debt has been punctually paid as agreed; if not, how
43 much in arrears.
44 (8) Amount of gross receipts for past year, and from what sources derived.
45 (9) An itemized account of expenditures for past year.
46 (10) A summary of all leases, sales, or acquisitions of real property to which the
47 company has been a party since the last report.
48 (11) Suits at law pending against his company concerning its bonded debt, or in
49 which title to all or any part of such road or canal is concerned.
50 (12) Any sales of stock owned by the State, by whose order made, and disposition
51 of the proceeds.

1 (13) Annual financial statements, including notes, audited by an independent
2 certified public accounting firm.

3"

4 **SECTION 43.16.(c)** G.S. 124-17 reads as rewritten:

5 "**§ 124-17. Enhanced annual report of State-owned railroad company; additional reporting**
6 **requirements to Governor and General Assembly.**

7 (a) A State-owned railroad company shall submit an annual report to the Joint Legislative
8 Commission on Governmental ~~Operations and~~ Operations, the Joint Legislative Transportation
9 Oversight ~~Committee~~ Committee, the House of Representatives Appropriations Committee on
10 Transportation, the Senate Appropriations Committee on the Department of Transportation, the
11 State Auditor, and the Fiscal Research Division. The report shall include the following:

12 (1) The information required under G.S. 124-3.

13 (2) A copy of the strategic plan and the capital investment plan required under
14 G.S. 124-16.

15 (3) Any failures to meet strategic objectives and what corrective actions were
16 taken under G.S. 124-16(b).

17 (4) Anticipated dividends for the next three fiscal years.

18 (5) A description of the State-owned railroad company's business, subsidiaries,
19 and markets in which it operates.

20 (6) A list of the properties owned by the State-owned railroad company.

21 (7) A list of the directors and executive officers of the State-owned railroad
22 company and a description of the background and experience of each.

23 (8) A description of the State-owned railroad company's code of ethics and
24 conflicts of interest policy.

25 (9) A summary of the fees paid to an accounting firm during the year.

26 (10) A list of the compensation paid to directors and officers of the State-owned
27 railroad company.

28 (11) A description of the State-owned railroad company's disagreements with its
29 accountants if there has been a change in accountants.

30 (12) A description of any transactions between the State-owned railroad company
31 and its directors, officers, and their family members.

32 (b) Upon the request of the Governor or any committee of the General Assembly, the
33 State Auditor, or the Fiscal Research Division, a State-owned railroad company shall provide all
34 additional information and data within its possession or ascertainable from its records. The
35 State-owned railroad company shall not be deemed to have waived any attorney-client privilege
36 when complying with this subsection. At the time a State-owned railroad company provides
37 information under this section, it shall indicate whether the information is confidential.
38 Confidential information shall be subject to subsection (c) of this section.

39 ...

40 (d) A State-owned railroad company shall be subject to audit and investigation by the
41 State Auditor under Article 5A of Chapter 147 of the General Statutes."

42 43 **DMV LICENSE RENEWAL PRIVATIZATION PILOT PROGRAM**

44 **SECTION 43.17.(a)** Intent. – It is the intent of the General Assembly to evaluate the
45 feasibility, efficiency, customer service impact, and cost-effectiveness of allowing private
46 entities to perform certain functions traditionally administered by the Division of Motor Vehicles
47 of the Department of Transportation (DMV) by implementing pilot programs in Guilford and
48 Harnett Counties authorizing certain third-party vendors to provide drivers license renewal
49 services.

50 **SECTION 43.17.(b)** RFP Issuance. – No later than January 1, 2026, the DMV shall
51 issue a Request for Proposals (RFP) to solicit bids from third-party vendors to provide renewal

1 services for Class C regular drivers licenses in Guilford and Harnett Counties. The RFP shall
2 require that proposals include, at minimum, the following information:

- 3 (1) A description of the systems the third-party vendor will implement to comply
4 with:
 - 5 a. All federal requirements and the requirements of Chapter 20 of the
6 General Statutes.
 - 7 b. The DMV's data security protocols.
- 8 (2) The minimum requirements the third-party vendor will impose for personnel
9 and facilities.
- 10 (3) Plans for maintaining financial sustainability while providing drivers license
11 renewal services at a cost that does not exceed any fee established by Chapter
12 20 of the General Statutes.
- 13 (4) A description of performance benchmarks, including, but not limited to,
14 provisions for customer service evaluation and customer complaint resolution,
15 and a plan for submitting quarterly written reports to the DMV evaluating
16 compliance with those benchmarks.
- 17 (5) A plan for transitioning back to DMV's provision of drivers license renewal
18 services if the pilot program is not continued.

19 **SECTION 43.17.(c)** Contract Awards and Duration. – No later than July 1, 2026,
20 the DMV shall award one or more contracts to third-party vendors in Guilford and Harnett
21 Counties. The duration of a contract may not extend beyond January 1, 2029.

22 **SECTION 43.17.(d)** Pilot Program Implementation Date and Requirements. – The
23 pilot program shall begin January 1, 2027, and, notwithstanding any other provision of law, the
24 selected third-party vendors are authorized to issue renewed Class C regular drivers licenses on
25 or after that date. No third-party vendor shall issue a renewed license unless the license meets all
26 of the requirements for renewal pursuant to federal law and Chapter 20 of the General Statutes.
27 A third-party vendor shall not charge any fee for renewal in excess of the fee established by
28 statute.

29 **SECTION 43.17.(e)** Third-Party Vendor Reporting Requirements. – Each
30 third-party vendor contracting with the DMV pursuant to this section shall quarterly submit a
31 written report to the DMV evaluating compliance with the performance benchmarks established
32 in the RFP.

33 **SECTION 43.17.(f)** DMV Oversight. – The DMV shall provide oversight of the
34 pilot program, including periodic audits, and may terminate or suspend the participation of any
35 third-party vendor for noncompliance with the General Statutes or any other program
36 requirements, including, but not limited to, unsatisfactory customer service or customer
37 complaint resolution.

38 **SECTION 43.17.(g)** DMV Reporting Requirements. – The DMV shall submit a first
39 report no later than December 31, 2027, and a second report no later than December 31, 2028, to
40 the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The
41 reports shall evaluate the pilot program, and, at minimum, include:

- 42 (1) The number of renewals processed by third-party vendors.
- 43 (2) An evaluation of each third-party vendor's performance benchmarks.
- 44 (3) A cost-benefit and efficiency analysis.
- 45 (4) A description of all audit results.
- 46 (5) Recommendations regarding the continuation, expansion, or termination of
47 privatized renewal services, including a plan for transitioning back to DMV
48 provision of drivers license renewal services if the pilot program is not
49 continued.

1 **SECTION 43.17.(h)** State-Offered Services During Pilot Program. – Nothing in this
2 section limits the authority of State-operated DMV offices to provide drivers license renewal
3 services in Guilford and Harnett Counties.

4 **SECTION 43.17.(i)** Sunset. – This section expires January 1, 2029.

5
6 **DMV IN-HOME LICENSE RENEWAL PILOT PROGRAM**

7 **SECTION 43.18.(a)** Intent. – It is the intent of the General Assembly to improve the
8 accessibility of and customer service provided by the Division of Motor Vehicles of the
9 Department of Transportation (DMV) by implementing a pilot program in Forsyth County
10 authorizing either the DMV or certain third-party vendors to provide in-home drivers license
11 renewal services. For purposes of this section, the term "in-home drivers license renewal service"
12 means a process by which personnel, employed either by the DMV or a third-party vendor
13 authorized by the DMV, travel to a license holder's residence to conduct the necessary procedures
14 for drivers license renewal.

15 **SECTION 43.18.(b)** RFP Issuance. – No later than January 1, 2026, the DMV shall
16 issue a Request for Proposals (RFP) to solicit bids from third-party vendors to provide in-home
17 drivers license renewal services for Class C regular drivers licenses in Forsyth County. The RFP
18 shall require that proposals include, at minimum, the following information:

- 19 (1) A description of the systems the third-party vendor will implement to comply
20 with:
- 21 a. All federal requirements and the requirements of Chapter 20 of the
22 General Statutes.
 - 23 b. The DMV's data security protocols.
- 24 (2) The minimum requirements the third-party vendor will impose for personnel
25 and facilities.
- 26 (3) Plans for acquiring access to the software and equipment necessary to provide
27 in-home drivers license services.
- 28 (4) Plans for maintaining financial sustainability.
- 29 (5) A description of performance benchmarks, including, but not limited to,
30 provisions for customer service evaluation and customer complaint resolution,
31 and a plan for submitting quarterly written reports to the DMV evaluating
32 compliance with those benchmarks.

33 **SECTION 43.18.(c)** Contract Awards and Duration. – No later than July 1, 2026,
34 the DMV shall award one or more contracts to third-party vendors in Forsyth County. The
35 duration of a contract may not extend beyond January 1, 2029.

36 **SECTION 43.18.(d)** Pilot Program Implementation Date and Requirements. – The
37 pilot program shall begin January 1, 2027, and, notwithstanding any other provision of law, the
38 selected third-party vendors are authorized to provide in-home drivers license renewal services
39 for Class C regular drivers licenses to residents of Forsyth County on or after that date. No
40 third-party vendor shall issue a renewed license unless the license meets all of the requirements
41 for renewal pursuant to federal law and Chapter 20 of the General Statutes.

42 **SECTION 43.18.(e)** Fees. – Notwithstanding any other provision of law, either the
43 DMV or a third-party vendor providing in-home drivers license renewal services may charge a
44 fee of up to double the fee set by Chapter 20 of the General Statutes for the issuance of a renewed
45 license.

46 **SECTION 43.18.(f)** Third-Party Vendor Reporting Requirements. – Each
47 third-party vendor contracting with the DMV pursuant to this section shall quarterly submit a
48 written report to the DMV evaluating compliance with the performance benchmarks established
49 in the RFP.

50 **SECTION 43.18.(g)** DMV Oversight. – The DMV shall provide oversight of the
51 pilot program, including periodic audits, and may terminate or suspend the participation of any

1 third-party vendor for noncompliance with the General Statutes or any other program
2 requirements, including, but not limited to, unsatisfactory customer service or customer
3 complaint resolution.

4 **SECTION 43.18.(h)** DMV Reporting Requirements. – The DMV shall submit a first
5 report no later than December 31, 2027, and a second report no later than December 31, 2028, to
6 the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. The
7 reports shall evaluate the pilot program, and, at minimum, include:

- 8 (1) The number of in-home renewals processed by third-party vendors.
- 9 (2) An evaluation of each third-party vendor's performance benchmarks.
- 10 (3) A cost-benefit and efficiency analysis.
- 11 (4) A description of all audit results.
- 12 (5) Recommendations regarding the continuation, expansion, or termination of
13 privatized in-home renewal services.

14 **SECTION 43.18.(i)** State-Offered Services During Pilot Program. – Nothing in this
15 section limits the authority of State-operated DMV offices to provide drivers license renewal
16 services, including in-home drivers license renewal services, in Forsyth County.

17 **SECTION 43.18.(j)** Sunset. – This section expires January 1, 2029.

18
19 **PILOT PROGRAM TO ALLOW COMMERCIAL DRIVER TRAINING SCHOOLS TO**
20 **ADMINISTER EXAMINATIONS REQUIRED FOR DRIVERS LICENSING**

21 **SECTION 43.19.(a)** The Division of Motor Vehicles shall develop a pilot program
22 to authorize commercial driver training schools licensed under Article 14 of Chapter 20 of the
23 General Statutes to additionally administer all examinations required for drivers licensing and
24 permitting in accordance with G.S. 20-7, 20-11, and 20-37.13. The Division's plan for
25 implementation of the pilot program shall include all of the following:

- 26 (1) The Division shall select at least two but not more than five counties in diverse
27 geographic regions in which to implement the pilot program.
- 28 (2) Commercial driver training schools must offer the same examinations as those
29 administered by the Division, using the same scoring methods and standards,
30 and must administer examinations in compliance with all applicable State and
31 federal requirements.
- 32 (3) Examinations may be offered by participating commercial driver training
33 schools outside of standard Division office hours on any day of the week.
- 34 (4) The Division shall develop a process for a prospective licensee to demonstrate
35 successful completion of an examination administered by a commercial driver
36 training school, whereby documentation may be provided to the prospective
37 licensee or submitted directly to the Division by the school administering the
38 examination.
- 39 (5) Upon successful completion of examinations required for licensing or
40 permitting administered by a commercial driver training school in accordance
41 with the pilot program established by the Division, a prospective licensee must
42 appear in person at a Division office to be photographed and present required
43 documentation. The Division shall update its appointment system to provide
44 appropriate appointment availability for purposes of the pilot program.
- 45 (6) For each type of drivers licensing – graduated, regular drivers, and
46 commercial drivers – the Division shall develop a plan for informing
47 prospective licensees about required examinations that will be administered
48 by commercial driver training schools through the pilot program.
- 49 (7) The Division shall maintain complete oversight over administration of
50 examinations by commercial driver training schools participating in the pilot

1 program, including providing schools with training, guidelines, and materials
2 required to administer examinations in accordance with Division standards.

- 3 (8) The Division must take prompt and appropriate remedial action against any
4 participating commercial driver training school that fails to comply with
5 Division standards or applicable State and federal requirements.

6 **SECTION 43.19.(b)** The Division shall report its plan for implementation of the
7 pilot program outlined in subsection (a) of this section to the Joint Legislative Transportation
8 Oversight Committee and the Fiscal Research Division no later than April 1, 2026. The report
9 shall include an examination of the anticipated costs of implementing the pilot program, the
10 number of anticipated participating licensed commercial driver training schools in selected
11 counties, and any recommendations or legislative proposals related to the proposed pilot
12 program.

13 **SECTION 43.19.(c)** Nothing in this section shall limit any authorization set forth in
14 Article 14 of Chapter 20 of the General Statutes.

15 **SECTION 43.19.(d)** The Division shall implement the pilot program on January 1,
16 2027. No later than January 1, 2029, the Division shall submit a report to the Joint Legislative
17 Transportation Oversight Committee and the Fiscal Research Division evaluating the
18 effectiveness of the pilot program in improving the drivers licensing process and any
19 recommendations related to extending, expanding, or terminating the program. The pilot program
20 shall terminate on July 1, 2029.

21 **VETERANS SPECIAL REGISTRATION PLATE MODIFICATIONS**

22 **SECTION 43.20.(a)** G.S. 20-63 reads as rewritten:

23 **"§ 20-63. Registration plates furnished by Division; requirements; replacement of regular**
24 **plates with First in Flight plates, First in Freedom plates, or National/State**
25 **Mottos plates; surrender and reissuance; displaying; preservation and cleaning;**
26 **alteration or concealment of numbers; commission contracts for issuance.**
27

28 ...

29 (b1) The following special registration plates do not have to be a "First in Flight" plate,
30 "First in Freedom" plate, or "National/State Mottos" plate as provided in subsection (b) of this
31 section. The design of the plates that are not "First in Flight" plates, "First in Freedom" plates, or
32 "National/State Mottos" plate must be developed in accordance with G.S. 20-79.4(a3). For
33 special plates authorized in G.S. 20-79.7 on or after July 1, 2013, the Division may not issue the
34 plate on a background under this subsection unless it receives the required number of applications
35 set forth in G.S. 20-79.3A(a).

36 ...

37 (30a) Military Veteran.

38"

39 **SECTION 43.20.(b)** G.S. 20-79.4 reads as rewritten:

40 **"§ 20-79.4. Special registration plates.**

41 ...

42 (b) Types. – The Division shall issue the following types of special registration plates:

43 ...

44 (130) Military Veteran. – Issuable to an individual who served honorably in the
45 Armed Forces of the United States. The plate shall bear (i) the words "U.S.
46 Military Veteran" across the top of the plate and (ii) the name and insignia of
47 the branch of service in which the individual ~~served.~~ served on the left side of
48 the plate. The plate authorized by this subdivision is not subject to the
49 provisions of G.S. 20-79.3A or G.S. 20-79.8.

50"

51 **SECTION 43.20.(c)** This section becomes effective October 1, 2025.

1
2 **AUTHORIZE BOARD OF TRANSPORTATION TO SET FEES**

3 **SECTION 43.21.(a)** Article 2 of Chapter 136 of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 136-17.3. Fees set by the Board of Transportation.**

6 (a) The Board of Transportation is authorized to set reasonable fees for the following
7 services provided by the Department of Transportation:

- 8 (1) Express permit review under G.S. 136-93.1.
- 9 (2) Driveway connections under G.S. 136-18(29).
- 10 (3) Development and construction of school driveways under G.S. 136-18(17)
11 and G.S. 136-18(29a).
- 12 (4) Driveways to cemeteries and rural fire district firehouses under
13 G.S. 136-18(20) and G.S. 136-18(24).
- 14 (5) Traffic impact analysis under G.S. 136-93.1A.
- 15 (6) Petition, review, and inspection of secondary road additions under
16 G.S. 136-18(2), 136-18(7), 136-18(8), 136-18(26), 136-18(29), 136-44.2D,
17 136-44.10, and 136-102.6.
- 18 (7) Various utility encroachments under G.S. 136-18(10).
- 19 (8) Grading and alteration of drainage on controlled access right-of-way under
20 G.S. 136-18(10).
- 21 (9) Private bridges under G.S. 136-18(37).
- 22 (10) Wireless communication infrastructure under G.S. 136-18.3A.
- 23 (11) Utility right-of-way agreements under G.S. 136-19.5.
- 24 (12) Relocation of automatic license plate reader systems under G.S. 20-183.30.
- 25 (13) Openings and interference of State roads under G.S. 136-93(a).
- 26 (14) Electric vehicle charging stations at rest areas under G.S. 136-18.02.
- 27 (15) Department of Transportation owned rail corridors under G.S. 136-18(10).

28 (b) The Board shall conduct a public hearing before any fee is set by the Board under
29 subsection (a) of this section.

30 (c) Notwithstanding G.S. 143B-350(g), the Board may not delegate the authority granted
31 under this section to the Secretary of Transportation."

32 **SECTION 43.21.(b)** G.S. 136-18.02 reads as rewritten:

33 **"§ 136-18.02. Operation of electric vehicle charging stations at rest stops; report.**

34 (a) The Department of Transportation may operate an electric vehicle charging station at
35 State-owned rest stops along the highways only if all of the following conditions are met:

- 36 (1) The electric vehicle charging station is accessible by the public.
- 37 (2) The ~~Department~~ Board of Transportation, in accordance with G.S. 136-17.3,
38 has developed a mechanism to charge the user of the electric vehicle charging
39 station a fee in order to recover the cost of electricity consumed, the cost of
40 processing the user fee, and a proportionate cost of the operation and
41 maintenance of the electric vehicle charging station.

42 (b) If the cost of the electricity consumed at the electric vehicle charging stations cannot
43 be calculated as provided by subsection (a) of this section, the ~~Department~~ Board shall develop
44 an alternative mechanism, other than electricity metering, to recover the cost of the electricity
45 consumed at the vehicle charging station.

46 (c) The ~~Department~~ Board may consult with other State agencies and industry
47 representatives in order to develop the mechanisms for cost recovery required pursuant to
48 subsection (a) of this section.

49"

50 **SECTION 43.21.(c)** G.S. 136-93.1(e) reads as rewritten:

1 "(e) Fees. – The ~~Department~~ Board of Transportation, in accordance with G.S. 136-17.3,
2 may determine the fees for an express application review under the express review program
3 conducted by highway division staff. ~~Unless a contracted engineering firm is utilized, the~~
4 ~~maximum permit application fee to be charged under this section for an express review of a~~
5 ~~project application requiring all of the permits listed under subsection (a) of this section shall not~~
6 ~~exceed four thousand dollars (\$4,000). Notwithstanding Chapter 150B of the General Statutes,~~
7 ~~the Department shall establish the procedure by which the amount of the fees under this~~
8 ~~subsection are established and applied for an express review program permitted by this section.~~
9 The fee schedule established by the ~~Department~~ Board shall be applicable to all divisions
10 participating in an express permit review program."

11 **SECTION 43.21.(d)** G.S. 150B-1(d) is amended by adding a new subdivision to
12 read:

13 "(35) The Board of Transportation with respect to fees set by the Board of
14 Transportation pursuant to G.S. 136-17.3 and G.S. 136-93.1(e)."

15 **SECTION 43.21.(e)** Any fee imposed under Title 19A of the North Carolina
16 Administrative Code that corresponds to a fee adopted by the Board of Transportation pursuant
17 to G.S. 136-17.3 and G.S. 136-93.1(e), as enacted by this section, is repealed upon the effective
18 date of the fee set by the Board.

19 **UNIT PRICING COST**

20 **SECTION 43.22.** G.S. 136-18.05(b)(1a) reads as rewritten:

21 "(1a) Efficiency. – The Department shall adopt procedures in all stages of the
22 construction process to streamline project delivery, including consolidating
23 environmental review processes, expediting multiagency reviews,
24 accelerating right-of-way acquisitions, and pursuing design build and other
25 processes to collapse project stages. By December 1, 2015, the Department
26 shall establish a baseline unit pricing structure for transportation goods used
27 in highway maintenance and construction projects and set annual targets for
28 three years based on its unit pricing. In forming the baseline unit prices and
29 future targets, the Department shall collect data from each Highway Division
30 on its expenditures on transportation goods ~~during the 2015-2016 fiscal year.~~
31 based upon a rolling average of the three previous fiscal years. Beginning
32 January 1, 2016, no Highway Division shall exceed a ten percent (10%)
33 variance over a baseline unit price set for that year in accordance with this
34 subdivision. The Department of Transportation shall institute annual tracking
35 to monitor pricing variances. The ten percent (10%) maximum variance set
36 under this subdivision is intended to account for regional differences requiring
37 varying product mixes. If a Highway Division exceeds the unit pricing
38 threshold, the Department shall submit a report to the Joint Legislative
39 Transportation Oversight Committee, the Fiscal Research Division of the
40 General Assembly, the chairs of the House of Representatives Appropriations
41 Committee on Transportation, and the chairs of the Senate Appropriations
42 Committee on the Department of Transportation no later than the fifteenth day
43 of February following the end of the calendar year on why the variance
44 occurred and what steps are being taken to bring the Highway Division back
45 into compliance. In order to drive savings, unit pricing may be reduced
46 annually as efficiencies are achieved."
47
48

49 **WORK ZONE DYNAMIC SPEED DISPLAY SIGNS**

50 **SECTION 43.23.** Of the funds appropriated from the Highway Fund to the
51 Department of Transportation in this act, one million dollars (\$1,000,000) shall be used to

1 purchase dynamic speed display signs and implement their use in highway work zones. For
2 purposes of this section, the following definitions apply:

- 3 (1) Dynamic speed display signs. – A system designed to measure the speed of
4 motor vehicles and alert drivers who are driving in excess of the posted speed
5 limit via flashing lights and a digital message display.
- 6 (2) Highway work zone. – As defined in G.S. 20-141(j2).

7 8 **EXTEND TABOR CITY PARTICIPATION IN RAILROAD REVITALIZATION** 9 **PROGRAMS**

10 **SECTION 43.24.(a)** Section 7.4 of G.S. 2021-189 reads as rewritten:

11 "**SECTION 7.4.(a)** Tabor City is authorized to participate in State and federal railroad
12 revitalization programs necessary to ensure continued or improved rail service to the city as are
13 authorized in Article 2D of Chapter 136 of the General Statutes. Tabor City is authorized to enter
14 into contracts with the North Carolina Department of Transportation to provide for the nonfederal
15 matching funds for railroad revitalization programs. Such funds may be comprised of State funds
16 distributed under the provisions of G.S. 136-44.38 and of city funds.

17 **SECTION 7.4.(b)** This section applies only to Tabor City.

18 **SECTION 7.4.(c)** This section is effective when it becomes law and expires December 31,
19 ~~2026-2028.~~"

20 **SECTION 43.24.(b)** This section is effective when it becomes law.

21 22 **SYNCHRONIZED STREETS STUDY**

23 **SECTION 43.25.(a)** The Department of Transportation shall study the effectiveness
24 and implementation of synchronized streets. For the purposes of this section, "synchronized
25 streets" means a street where traffic signals are coordinated to allow vehicles to move through
26 multiple intersections with minimal stops. The study shall:

- 27 (1) Consider the effectiveness of synchronized streets in areas where they have
28 already been implemented, including the effects implementation has had on
29 (i) motor vehicle safety, ii) motorist travel time, and iii) economic and
30 environmental indicators.
- 31 (2) Develop criteria for the implementation of synchronized streets, that
32 considers, at minimum:
 - 33 a. Areas where the implementation of synchronized streets in lieu of
34 alternative signaling and improved traffic flow measures would be
35 appropriate.
 - 36 b. The compatibility of synchronized streets with (i) major roads or
37 transportation routes used for commercial or industrial purposes and
38 (ii) vehicles requiring commercial drivers' licenses.

39 **SECTION 43.25.(b)** No later than July 1, 2026, the Department shall report the
40 findings of the study required by this section to the Joint Legislative Transportation Oversight
41 Committee and the Fiscal Research Division.

42 43 **PART XLIV. FINANCE**

44 45 **MODIFY RATE REDUCTION TRIGGER AMOUNTS**

46 **SECTION 44.1.(a)** G.S. 105-153.7(a1) reads as rewritten:

47 "(a1) Rate Reduction Trigger. – Notwithstanding the tax rates set out in subsection (a) of
48 this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger
49 amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent
50 tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half
51 percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of

1 this subsection, total General Fund revenue is the amount stated in the final accounting of total
 2 General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the
 3 Office of State Controller in August following the end of the fiscal year.

Fiscal Year	Trigger Amount	Taxable Year Beginning
FY 2025-2026	\$33,042,000,000	\$36,306,000,000 In 2027
FY 2026-2027	\$34,100,000,000	\$37,725,000,000 In 2028
FY 2027-2028	\$34,760,000,000	\$39,200,000,000 In 2029
FY 2028-2029	\$35,750,000,000	\$40,611,000,000 In 2030
FY 2029-2030	\$36,510,000,000	\$41,968,000,000 In 2031
FY 2030-2031	\$38,000,000,000	\$43,302,000,000 In 2032
FY 2031-2032	\$38,500,000,000	\$44,714,000,000 In 2033
FY 2032-2033	\$39,000,000,000	\$46,190,000,000 In 2034"

13 **SECTION 44.1.(b)** This section is effective when it becomes law.

14
 15 **INCREASE THE STANDARD DEDUCTION**

16 **SECTION 44.1A.(a)** G.S. 105-153.5(a)(1) reads as rewritten:

17 "(1) Standard deduction amount. – The standard deduction amount is zero for a
 18 person who is not eligible for a standard deduction under section 63 of the
 19 Code. For all other taxpayers, the standard deduction amount is equal to the
 20 amount listed in the table below based on the taxpayer's filing status:

Filing Status	Standard Deduction
Married, filing jointly/surviving spouse	\$25,500 \$26,500
Head of Household	19,125 19,875
Single	12,750 13,250
Married, filing separately	12,750 13,250."

26 **SECTION 44.1A.(b)** This section is effective for taxable years beginning on or after
 27 January 1, 2026.

28
 29 **CREATE DEDUCTION FOR THE FIRST \$5,000 RECEIVED AS TIPS**

30 **SECTION 44.1B.(a)** G.S. 105-153.5(b) reads as rewritten:

31 "(b) Other Deductions. – In calculating North Carolina taxable income, a taxpayer may
 32 deduct from the taxpayer's adjusted gross income any of the following items that are included in
 33 the taxpayer's adjusted gross income:

- 34 ...
- 35 (17) Up to five thousand dollars (\$5,000) received as tips that are required to be
 36 reported to the taxpayer's employer pursuant to section 6053(a) of the Code."

37 **SECTION 44.1B.(b)** This section is effective for taxable years beginning on or after
 38 January 1, 2026.

39
 40 **INSTITUTE BACK-TO-SCHOOL SALES TAX HOLIDAY**

41 **SECTION 44.2A.(a)** G.S. 105-164.13C is reenacted as it existed immediately before
 42 its repeal and reads as rewritten:

43 **"§ 105-164.13C. Sales and use tax holiday.**

44 (a) The taxes imposed by this Article do not apply to any of the following items of
 45 tangible personal property if sold between 12:01 A.M. on the first Friday of August and 11:59
 46 P.M. the following Sunday:

- 47 (1) Clothing with a sales price of one hundred dollars (\$100.00) or less per item.
 48 (2) School supplies with a sales price of one hundred dollars (\$100.00) or less per
 49 item.
 50 (2a) School instructional materials with a sales price of three hundred dollars
 51 (\$300.00) or less per item.

- 1 (3) Computers with a sales price of three thousand five hundred dollars (\$3,500)
 2 or less per item.
 3 (3a) ~~Computer~~ School computer supplies with a sales price of two hundred fifty
 4 dollars (\$250.00) or less per item.
 5 (4) Sport or recreational equipment with a sales price of fifty dollars (\$50.00) or
 6 less per item.
 7 (b) The exemption allowed by this section does not apply to any of the following:
 8 (1) Sales of clothing accessories or equipment.
 9 (2) Sales of protective equipment.
 10 (3) Sales of furniture.
 11 (4) Repealed by Session Laws 2003-284, s. 45.7, effective October 1, 2003.
 12 (5) Sales of an item for use in a trade or business.
 13 (6) Rentals.
 14 (c) Repealed by Session Laws 2003-284, s. 45.7, effective October 1, 2003."

15 **SECTION 44.2A.(b)** G.S. 105-164.3 reads as rewritten:

16 **"§ 105-164.3. Definitions.**

17 The following definitions apply in this Article:

18 ...

19 (36) Clothing accessories or equipment. – Incidental items worn on the person or
 20 in conjunction with clothing. The term includes briefcases; cosmetics; hair
 21 notions, including barrettes, hair bows, and hair nets; handbags;
 22 handkerchiefs; jewelry; nonprescription sunglasses; umbrellas; wallets;
 23 watches; and wigs and hair pieces.

24 ...

25 (192) Protective equipment. – An item for human wear and designed as protection
 26 of the wearer against injury or disease or as protections against damage or
 27 injury of other persons or property but not suitable for general use. The term
 28 includes breathing masks; clean room apparel and equipment; ear and hearing
 29 protectors; face shields; hard hats; helmets; paint or dust respirators;
 30 protective gloves; safety glasses and goggles; safety belts; tool belts; and
 31 welder's gloves and masks.

32 ...

33 (240) School computer supply. – An item commonly used by a student in a course
 34 of study in which a computer is used. The following is an all-inclusive list:
 35 computer storage media; diskettes and compact disks; handheld electronic
 36 schedulers, except devices that are cellular phones; personal digital assistants,
 37 except devices that are cellular phones; computer printers; printer supplies for
 38 computers; printer paper; and printer ink.

39 (240a) School instructional material. – Written material commonly used by a student
 40 in a course of study as a reference and to learn the subject being taught. The
 41 following is an all-inclusive list: reference books; reference maps and globes;
 42 textbooks; and workbooks.

43 (240b) School supply. – An item commonly used by a student in a course of study.
 44 The following is an all-inclusive list: binders; book bags; calculators;
 45 cellophane tape; blackboard chalk; compasses; composition books; crayons;
 46 erasers; folders that are expandable, pocket, plastic, and manila; glue, paste,
 47 and paste sticks; highlighters; index card and index card boxes; legal pads;
 48 lunch boxes; markers; notebooks; paper that is loose leaf ruled notebook
 49 paper, copy paper, graph paper, tracing paper, manila paper, colored paper,
 50 poster board, or construction paper; pencil boxes and other school supply

boxes; pencil sharpeners; pencils; pens; protractors; rulers; scissors; and writing tablets.

...

(254) Sport or recreational equipment. – An item designed for human use and worn in conjunction with an athletic or recreational activity that is not suitable for general use. The terms include ballet and tap shoes; cleated or spiked athletic shoes; gloves, including baseball, bowling, boxing, hockey, and golf; goggles; hand and elbow guards; life preservers and vests; mouth guards; roller and ice skates; shin guards; shoulder pads; ski boots; waders; and wetsuits and fins.

...."

SECTION 44.2A.(c) This section is effective July 1, 2026, and applies to purchases made on or after that date.

MODIFY SPORTS WAGERING REVENUE DISTRIBUTION

SECTION 44.5.(a) G.S. 105-113.128 reads as rewritten:

"§ 105-113.128. Use of tax proceeds.

The Secretary shall distribute the taxes collected under this Article, less the allowance to the Department of Revenue and reimbursement to the Lottery Commission for administrative expenses, in accordance with this section. The Secretary may retain the cost of administering this Article, not to exceed five hundred thousand dollars (\$500,000) a year, as reimbursement to the Department. The Lottery Commission shall, no later than 20 days after the end of the month, notify the Department of its unreimbursed expenses from administering the provisions of Article 9 of Chapter 18C of the General Statutes from the previous month. The Department shall reimburse the Lottery Commission from the tax revenues collected under this Article no later than the end of the month in which the Department was notified. The Secretary shall credit the remainder of the net proceeds of the tax collected under this Article ~~are to be credited~~ in the following priority:

- (1) Two million dollars (\$2,000,000) annually to the Department of Health and Human Services for gambling addiction education and treatment programs.
- (2) One million dollars (\$1,000,000) annually to North Carolina Amateur Sports to expand opportunities for persons up to age 18 to engage in youth sports, which shall be distributed through a grant program. In making individual grants, North Carolina Amateur Sports shall comply with the following:
 - a. Awards shall be used to provide for the purchase of youth sports equipment, or to provide for public facility upgrades or improvements which would benefit youth sports.
 - b. Awards may be given only to applicants who are either local governments, including local school administrative units, or nonprofit organizations exempt from taxation under section 501(c)(3) of the Internal Revenue Code.
 - c. Awards may be given only to applicants who demonstrate that a primary purpose for the funding is to facilitate opportunities for persons up to age 18 to engage in youth sports.
 - d. The total dollar amount awarded each year to all applicants in any one county may not exceed one percent (1%) of the total funding available on July 1 of that year.
- (3) ~~Three hundred thousand dollars (\$300,000) The following amounts annually shall be appropriated to each of the institutions listed~~ public universities as provided and that meet the criteria in this subdivision to support collegiate athletic departments. If there are not sufficient funds for each of these institutions the public universities to receive an appropriation of three hundred

1 ~~thousand dollars (\$300,000), the amount of each appropriation shall be~~
 2 ~~reduced by the same proportion so that all institutions receive an appropriation~~
 3 ~~of the same amount. the designated amounts, the amounts shall be~~
 4 ~~proportionally reduced. The institutions amounts and corresponding public~~
 5 ~~universities are listed as follows:~~

- 6 a. ~~Appalachian State University. Three hundred thousand dollars~~
 7 ~~(\$300,000) to each public university for which the majority of its~~
 8 ~~athletic teams compete in Division II of the National Collegiate~~
 9 ~~Athletic Association.~~
 10 b. ~~East Carolina University. One million dollars (\$1,000,000) to each~~
 11 ~~public university for which (i) the majority of its athletic teams~~
 12 ~~compete in Division I of the National Collegiate Athletic Association~~
 13 ~~and (ii) the men's football program, if any, does not compete in the~~
 14 ~~Division I Football Bowl Subdivision of the National Collegiate~~
 15 ~~Athletic Association.~~
 16 e. ~~Elizabeth City State University.~~
 17 d. ~~Fayetteville State University.~~
 18 e. ~~North Carolina Agricultural & Technical State University.~~
 19 f. ~~North Carolina Central University.~~
 20 g. ~~University of North Carolina at Asheville.~~
 21 h. ~~University of North Carolina at Charlotte.~~
 22 i. ~~University of North Carolina at Greensboro.~~
 23 j. ~~University of North Carolina at Pembroke.~~
 24 k. ~~University of North Carolina at Wilmington.~~
 25 l. ~~Western Carolina University.~~
 26 m. ~~Winston Salem State University.~~

27 (4) ~~One Three million dollars (\$1,000,000) (\$3,000,000) annually to the North~~
 28 ~~Carolina Youth Outdoor Engagement Commission for grants, in the discretion~~
 29 ~~of the Commission, as follows:~~

- 30 a. ~~Grants not to exceed five thousand dollars (\$5,000) per sporting team~~
 31 ~~or group per county per year requesting grant assistance to travel to~~
 32 ~~in-State or out-of-state sporting events.~~
 33 b. ~~Incentive grants not to exceed twenty-five thousand dollars (\$25,000)~~
 34 ~~to attract State, regional, area, and national sporting events,~~
 35 ~~tournaments, and programs for nonprofessional sporting participants~~
 36 ~~in programs administered by city, county, and local school~~
 37 ~~administrative units, or appropriate nonprofit organizations exempt~~
 38 ~~from taxation under section 501(c)(3) of the Internal Revenue Code as~~
 39 ~~determined by the North Carolina Youth Outdoor Engagement~~
 40 ~~Commission.~~

41 (4a) ~~Ten million dollars (\$10,000,000) annually to the North Carolina Major~~
 42 ~~Events, Games, and Attractions Fund established under G.S. 143B-437.112.~~

43 (5) ~~Of the remaining proceeds, as follows:~~

- 44 a. ~~Twenty Seventy percent (20%) (70%) annually to be distributed~~
 45 ~~equally among the institutions listed classes of public universities in~~
 46 ~~this sub-subdivision to support collegiate athletic departments, not to~~
 47 ~~supplant general funding to that institution. the public universities. The~~
 48 ~~institutions are listed as follows: seventy percent (70%) shall be~~
 49 ~~subdivided into the following classes:~~

1 **SECTION 44.6.(b)** This section becomes effective July 1, 2025, and applies to net
2 proceeds distributed on or after that date.

3
4 **GROSS PREMIUMS TAX OFFSET CHANGES**

5 **SECTION 44.7.(a)** Article 8B of Chapter 105 of the General Statutes is amended by
6 adding a new section to read:

7 **"§ 105-228.5C. Transfer to Health Advancement Receipts Special Fund.**

8 Each fiscal year, the Secretary of Revenue shall transfer at the beginning of each quarter from
9 the State insurance tax net collections received by the Department of Revenue under this Article
10 to the State Treasurer for the Health Advancement Receipts Special Fund, the gross premiums
11 tax offset amount, as defined in G.S. 108A-147.12, and adjusted as provided in this section. If
12 the gross premiums offset amount under G.S. 108A-147.12 for the applicable quarter is negative,
13 the amount to be transferred under this section for the applicable quarter shall be zero, and the
14 negative amount of gross premiums tax offset for the applicable quarter shall be applied to the
15 amount to be transferred under this section in future quarters until the negative amount has been
16 fully reconciled. The Office of State Budget and Management shall calculate the amount of the
17 gross premiums tax offset, as defined in G.S. 108A-147.12, and any adjustments to that amount
18 required by this section and shall certify the amount for the Secretary of Revenue that is required
19 to transfer each quarter using data in the North Carolina Financial System."

20 **SECTION 44.7.(b)** G.S. 108A-147.11 reads as rewritten:

21 **"§ 108A-147.11. Health advancement reconciliation adjustment component.**

22 (a) The health advancement reconciliation adjustment component is a positive or
23 negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two
24 quarters prior to the current quarter minus the sum of the following specified amounts:

- 25 (1) The presumptive service cost component calculated under G.S. 108A-147.5
26 for the quarter that is two quarters prior to the current quarter.
27 (2) ~~The positive or negative gross premiums tax offset amount calculated under~~
28 ~~G.S. 108A-147.12(b) amount transferred during the current quarter by the~~
29 ~~Department of Revenue to the State Treasurer for the Health Advancement~~
30 ~~Receipts Special Fund under G.S. 105-228.5C.~~
31 (3) The HASP health advancement component calculated under G.S. 108A-147.6
32 for the quarter that is two quarters prior to the current quarter.

33 "

34 **SECTION 44.7.(c)** G.S. 143C-9-10 reads as rewritten:

35 **"§ 143C-9-10. Health Advancement Receipts Special Fund.**

36 (a) Creation. – The Health Advancement Receipts Special Fund is established as a
37 nonreverting special fund in the Department of Health and Human Services.

38 (b) Source of Funds. – Each State fiscal quarter, the Department of Health and Human
39 Services shall deposit in the Health Advancement Receipts Special Fund an amount of funds
40 equal to the total nonfederal receipts for health advancement calculated under
41 G.S. 108A-147.3(b) for that quarter, minus the State retention component under G.S. 108A-147.8
42 for that quarter, and plus the ~~positive or negative gross premiums tax offset amount calculated~~
43 ~~under G.S. 108A-147.12(b) for that quarter amount transferred by the Department of Revenue to~~
44 ~~the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.5C.~~

45 (c) Use of Funds. – The Department of Health and Human Services shall use funds in the
46 Health Advancement Receipts Special Fund only for the purposes described in
47 G.S. 108A-147.13."

48 **SECTION 44.7.(d)** Section 1.6(d) of S.L. 2023-7 expires on June 30, 2025.

49 **SECTION 44.7.(e)** Section 9E.11 of this act expires on the day this act becomes law.

50
51 **PART XLV. MISCELLANEOUS**

STATE BUDGET ACT APPLIES

SECTION 45.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 45.2.(a) The North Carolina House of Representatives Appropriations Committee Report on the Current Operations Appropriations Act of 2025, Senate Bill 257 Proposed Committee Substitute, as amended, which was distributed in the House and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 45.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2025-2027 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2025-2027 fiscal biennium, dated March 2025, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 45.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 45.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

- (1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.
- (2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

SECTION 45.3. The Fiscal Research Division shall issue a report on budget actions taken by the 2025 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 45.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's internet website for public access.

MOST TEXT APPLIES ONLY TO THE 2025-2027 FISCAL BIENNIUM

SECTION 45.4. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2025-2027 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2025-2027 fiscal biennium.

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APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

SECTION 45.5. Except where expressly repealed or amended by this act, the provisions of any legislation enacted during the 2025 Regular Session of the General Assembly affecting the State budget shall remain in effect.

EFFECT OF HEADINGS

SECTION 45.6. The headings to the Parts, subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or subpart.

SEVERABILITY CLAUSE

SECTION 45.7. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

EFFECTIVE DATE

SECTION 45.8. Except as otherwise provided, this act becomes effective July 1, 2025.