

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 1147  
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40651-NLa-135

Short Title: IDD Omnibus.

(Public)

Sponsors: Representative Hawkins.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPLEMENT VARIOUS CHANGES RECOMMENDED BY THE  
3 LEGISLATIVE JOINT CAUCUS FOR INTELLECTUAL AND DEVELOPMENTAL  
4 DISABILITIES TO POSITIVELY IMPACT THE LIVES OF NORTH CAROLINA  
5 CITIZENS WITH INTELLECTUAL OR OTHER DEVELOPMENTAL DISABILITIES.

6 The General Assembly of North Carolina enacts:

7  
8 **PART I. DIRECT CARE WORKER WAGE INCREASES**

9 **SECTION 1.(a)** It is the intent of the General Assembly to assist in increasing the  
10 hourly wages of direct care workers in this State to a minimum of eighteen dollars (\$18.00) per  
11 hour. To that end, the Department of Health and Human Services, Division of Health Benefits  
12 (DHB), shall provide a Medicaid rate increase to all of the following:

- 13 (1) Home- and community-based providers enrolled in the Medicaid program.  
14 (2) Intermediate care facilities for individuals with intellectual disabilities  
15 (ICF/IIDs), including ICF/IID-level group homes.  
16 (3) Providers who provide services to Medicaid beneficiaries receiving services  
17 through the North Carolina Innovations waiver program, the Community  
18 Alternatives Program for Children, or the Community Alternatives Program  
19 for Disabled Adults, and who are either (i) enrolled in the Medicaid program  
20 or (ii) approved financial managers or financial support agencies billing for  
21 personal care service or waiver service hours provided by direct care workers  
22 that are hired by employers of record or managing employers under  
23 consumer-directed or self-directed options in accordance with any of the  
24 following Medicaid Clinical Coverage Policies:  
25 a. 8-P: North Carolina Innovations.  
26 b. 3K-1: Community Alternatives Program for Children (CAP/C).  
27 c. 3K-2: Community Alternatives Program for Disabled Adults  
28 (CAP/DA).  
29 d. 8H-1: 1915(i) Supported Employment.  
30 e. 8H-4: 1915(i) Respite.  
31 f. 8H-5: Community Living and Supports.  
32 g. 8H-6: 1915(i) Community Transition.

33 **SECTION 1.(b)** DHB, working with a workgroup of providers, shall determine the  
34 definition of direct care worker to be applied and the amount of the rate increases to be  
35 implemented under this section. DHB shall further determine the manner in which a provider or  
36 facility shall utilize the increased rate and demonstrate compliance with those utilization



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1 requirements, including the documentation required to be kept by the provider or facility. This  
2 documentation shall be made available upon request by DHB or by the relevant local  
3 management entity/managed care organization (LME/MCO).

4 **SECTION 1.(c)** Any rate increase provided under this section shall be effective on  
5 the date approved by the Centers for Medicare and Medicaid Services. Upon implementation of  
6 an applicable rate increase required by this section, DHB shall adjust the per member per month  
7 (PMPM) capitation amount paid to LME/MCOs and the entity operating the children and families  
8 specialty plan accordingly. All LME/MCOs and the entity operating the children and families  
9 specialty plan shall be required to implement the increase.

10 **SECTION 1.(d)** In addition to other allowable reasons for recoupment of funds, if  
11 DHB or an LME/MCO determines any funds related to a rate increase required under this section  
12 were not used to the benefit of direct care workers, then DHB or the LME/MCOs shall recoup  
13 part or all of those funds.

14 **SECTION 1.(e)** There is appropriated from the General Fund to the Department of  
15 Health and Human Services, Division of Health Benefits, the sum of one hundred eighty-three  
16 million dollars (\$183,000,000) in recurring funds and associated receipts beginning with the  
17 2026-2027 fiscal year to implement this section.

18 **SECTION 1.(f)** This section is effective July 1, 2026.

## 19 20 **PART II. FUND ADDITIONAL INNOVATIONS WAIVER SLOTS AND DEVELOP A** 21 **10-YEAR PLAN TO ADDRESS THE REGISTRY OF UNMET NEEDS**

22 **SECTION 2.(a)** The Department of Health and Human Services, Division of Health  
23 Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots  
24 available under the waiver by a minimum of 1,000 slots. These additional slots shall be made  
25 available upon approval by the Centers for Medicare and Medicaid Services.

26 **SECTION 2.(b)** There is appropriated from the General Fund to the Department of  
27 Health and Human Services, Division of Health Benefits, the sum of thirty-six million two  
28 hundred thousand dollars (\$36,200,000) in recurring funds and associated receipts beginning  
29 with the 2026-2027 fiscal year to increase the number of slots under the North Carolina  
30 Innovations waiver, as directed by subsection (a) of this section.

31 **SECTION 2.(c)** The Department of Health and Human Services, Division of Health  
32 Benefits (DHB), shall convene a workgroup of relevant stakeholders to develop a plan to satisfy  
33 the registry of unmet needs for the North Carolina Innovations waiver within the next 10 years.  
34 In developing the plan, the workgroup shall also consider the needs of individuals receiving  
35 services approved under the 1915(i) option and may propose an alternative means of distributing  
36 slots under the North Carolina Innovations waiver. The 10-year plan shall include a detailed cost  
37 analysis of all recommendations and methods proposed to address the registry of unmet needs.  
38 No later than February 1, 2026, DHB shall submit a report containing the 10-year plan to the  
39 Joint Legislative Oversight Committee on Medicaid.

40 **SECTION 2.(d)** Subsections (a) and (b) of this section are effective July 1, 2026.

## 41 42 **PART III. UPDATE TO NC MEDICAID BUY-IN PROGRAM**

43 **SECTION 3.(a)** No later than 90 days after this act becomes law, the Department of  
44 Health and Human Services, Division of Health Benefits, shall submit the necessary  
45 documentation to the Centers for Medicare and Medicaid Services (CMS) for approval to remove  
46 the unearned income limit and the resource limit from the eligibility requirements for the Health  
47 Coverage for Workers with Disabilities Medicaid eligibility category. Upon approval by CMS  
48 of the removal of the unearned income and resource limits, the Secretary of the Department of  
49 Health and Human Services shall notify the Revisor of Statutes of the effective date approved by  
50 CMS for the removal.

51 **SECTION 3.(b)** G.S. 108A-66.1 reads as rewritten:

1 **"§ 108A-66.1. Medicaid buy-in for workers with disabilities.**

2 (a) Title. – This section may be cited as the Health Coverage for Workers With  
3 Disabilities Act. The Department shall implement a Medicaid buy-in eligibility category as  
4 permitted under P.L. 106-170, Ticket to Work and Work Incentives Improvement Act of 1999.  
5 The Department shall establish rules, policies, and procedures to implement this act in  
6 accordance with this section.

7 ...

8 (c) Eligibility. – ~~An~~ Except as provided in subsection (c1) of this section, an individual  
9 is eligible for HCWD ~~if~~ if all of the following apply:

10 (1) The individual is at least 16 years of age and is less than 65 years of ~~age~~; age.

11 (2) The individual either meets Social Security Disability ~~criteria~~, criteria or the  
12 individual has been enrolled in HCWD and then becomes medically ~~improved~~  
13 improved, as defined in Ticket to Work and as further specified by the  
14 Department. An individual shall be determined to be eligible under this  
15 section without regard to the individual's ability to engage in, or actual  
16 engagement in, substantial gainful activity as defined in section 223 of the  
17 Social Security Act (42 U.S.C. § 423(d)(4)). In conducting annual  
18 redetermination of eligibility, the Department may not determine that an  
19 individual participating in HCWD is no longer disabled based solely on the  
20 individual's participation in employment or earned ~~income~~; income.

21 (3) ~~The individual's unearned income does not exceed one hundred fifty percent~~  
22 ~~(150%) of FPG, and countable resources for the individual do not exceed the~~  
23 ~~resource limit for the minimum community spouse resource standard under~~  
24 ~~42 U.S.C. § 1396r, and as further determined by the Department. In~~  
25 ~~determining an individual's countable income and resources, the Department~~  
26 ~~may not consider income or resources that are disregarded under the State~~  
27 ~~Medical Assistance Plan's financial methodology, including the~~  
28 ~~sixty-five dollar (\$65.00) disregard, impairment-related work expenses,~~  
29 ~~student earned income exclusions, and other SSI program work incentive~~  
30 ~~income disregards; and~~

31 (4) The individual is engaged in a substantial and reasonable work ~~effort~~  
32 ~~(employed)~~ effort, as provided in this ~~subdivision and subdivision~~, as further  
33 defined by the ~~Department~~ Department, and as allowable under federal law.  
34 For purposes of this subsection, "engaged in substantial and reasonable work  
35 effort" means all of the following:

- 36 a. Working in a competitive, inclusive work setting, or self-employed.  
37 b. Earning at least the applicable minimum wage.  
38 c. Having monthly earnings above the SSI basic sixty-five-dollar  
39 (\$65.00) earned-income disregard.  
40 d. Being able to provide evidence of paying applicable Medicare, Social  
41 Security, and State and federal income taxes.

42 (c1) Additional Earnings Requirements. – The Department may impose additional  
43 earnings requirements in defining "engaged in substantial and reasonable work effort" for  
44 individuals who are eligible for HCWD based on medical improvement.

45 (c2) Involuntary Unemployment. – Individuals who participate in HCWD but thereafter  
46 become unemployed for involuntary reasons, including health reasons, shall have continued  
47 eligibility in HCWD for up to 12 months from the time of involuntary unemployment, so long as  
48 the individual (i) maintains a connection with the workforce, as determined by the Department,  
49 (ii) meets all other eligibility criteria for HCWD during the period, and (iii) pays applicable fees,  
50 premiums, and co-payments.

1 (d) Fees, Premiums, and Co-Payments. – Individuals who participate in HCWD and have  
2 countable income greater than one hundred fifty percent (150%) of FPG shall pay an annual  
3 enrollment fee of fifty dollars (\$50.00) to their county department of social services. Individuals  
4 who participate in HCWD and have countable income greater than or equal to two hundred  
5 percent (200%) of FPG shall pay a monthly premium in addition to the annual fee. The  
6 Department shall set a sliding scale for premiums, which is consistent with applicable federal  
7 law. An individual with countable income equal to or greater than four hundred fifty percent  
8 (450%) of FPG shall pay not less than one hundred percent (100%) of the cost of the premium,  
9 as determined by the Department. The premium shall be based on the experience of all  
10 individuals participating in the Medical Assistance Program. Individuals who participate in  
11 HCWD are subject to co-payments equal to those required under the Medical Assistance  
12 Program.

13 (e) Countable Income. – In determining an individual's countable income, the  
14 Department may not consider income that is disregarded under the State Medical Assistance  
15 Plan's financial methodology, including the sixty-five dollar (\$65.00) disregard,  
16 impairment-related work expenses, student earned-income exclusions, and other SSI program  
17 work incentive income disregards."

18 **SECTION 3.(c)** This section is effective on the date approved by the Centers for  
19 Medicare and Medicaid Services for the removal of the unearned income and resource limits for  
20 Health Coverage for Workers with Disabilities program eligibility, as required by Section 1 of  
21 this act.

22 **SECTION 3.(d)** Effective July 1, 2026, there is appropriated from the General Fund  
23 to the Department of Health and Human Services, Division of Health Benefits, the sum of one  
24 hundred sixty-five thousand dollars (\$165,000) in recurring funds and associated receipts  
25 beginning with the 2026-2027 fiscal year.

#### 26 27 **PART IV. MEDICAID COMMUNITY ACTIVITIES AND EMPLOYMENT** 28 **TRANSITIONS SERVICES**

29 **SECTION 4.(a)** The Department of Health and Human Services, Division of Health  
30 Benefits (DHB), shall study the feasibility of adding coverage of a new Medicaid service, entitled  
31 "Community Activities and Employment Transitions" (CAET), that provides individualized  
32 services and supports for individuals age 16 or older with intellectual or other developmental  
33 disabilities and that meets the criteria established in this subsection. DHB shall consider the  
34 feasibility of adding the coverage in any of the following ways: (i) by adding an "in-lieu-of"  
35 service offered through the 1115 waiver for Medicaid transformation, (ii) by adding or amending  
36 a 1915(i) home- and community-based State Plan amendment to include the service, or (iii) by  
37 adding the service to any existing Medicaid waiver in this State. The new CAET service shall  
38 meet all of the following criteria:

- 39 (1) The new service shall be modeled after (i) the nonresidential components of  
40 the service, entitled "Long-Term Community Supports," currently provided  
41 by Vaya Health and (ii) similar services provided by Alliance Behavioral  
42 Healthcare that support a meaningful week when used either separately or  
43 with other available services.
- 44 (2) The CAET service shall not include any residential component.
- 45 (3) Services must originate from facilities that meet the home- and  
46 community-based services standards established by DHB and under federal  
47 law.

48 **SECTION 4.(b)** In studying the feasibility of a new CAET service in accordance  
49 with subsection (a) of this section, DHB shall collaborate with the Marketing Association for  
50 Rehabilitation Centers (MARC), the North Carolina Association for Rehabilitation Facilities  
51 (NCARF), the North Carolina Association of Professional Supported Employment (NCAPSE),

1 all LME/MCOs, and other appropriate stakeholders. Concurrent with the study of the feasibility  
2 of a new CAET service, the Commission for Mental Health, Developmental Disabilities, and  
3 Substance Abuse Services (Commission) established under Part 4 of Article 3 of Chapter 143B  
4 of the General Statutes also shall collaborate with those stakeholders to review any relevant rules,  
5 including 10A NCAC 27G .2301 through .2306. The Commission may amend any relevant rules  
6 and, if necessary, may adopt additional rules to account for the numerous community-based  
7 activities and employment services that may be provided to Medicaid beneficiaries as part of a  
8 new CAET service.

9 **SECTION 4.(c)** Consistent with the authority granted under G.S. 108A-54(e), DHB  
10 may submit any State Plan amendments or waivers, or request other approval from the Centers  
11 for Medicare and Medicaid Services, necessary for the implementation of any new CAET service  
12 determined to be feasible under subsection (a) of this section. Coverage of the new service may  
13 not begin earlier than January 1, 2027.

14 **SECTION 4.(d)** No later than April 1, 2027, DHB shall submit a report to the Joint  
15 Legislative Oversight Committee on Medicaid detailing the following information related to any  
16 new CAET service determined to be feasible under this section:

- 17 (1) The definition for the CAET service and any new Medicaid clinical coverage  
18 policy or changes to an existing Medicaid clinical coverage policy.
- 19 (2) The anticipated annual cost to the State of adding the CAET service.
- 20 (3) Any legislative changes necessary in order to implement the CAET service.
- 21 (4) Any recommendations regarding the future establishment of a new facility  
22 license for facilities providing the CAET service.
- 23 (5) Whether DHB is able to add coverage for the CAET service pursuant to its  
24 authority under G.S. 108A-54(e) or whether appropriations are required prior  
25 to implementation. If DHB intends to add coverage of the CAET service  
26 pursuant to its authority under G.S. 108A-54(e), the expected implementation  
27 date.

28 **SECTION 4.(e)** There is appropriated from the General Fund to the Department of  
29 Health and Human Services, Division of Health Benefits, the sum of two million dollars  
30 (\$2,000,000) in nonrecurring funds for the 2026-2027 fiscal year to be used to support the  
31 feasibility study required by subsection (a) of this section and for drafting the requests for the  
32 authorities or supports needed to implement any proposed new CAET service determined to be  
33 feasible under that subsection.

34 **SECTION 4.(f)** Subsection (e) of this section is effective July 1, 2026.

## 35 36 **PART V. STATE RENTAL ASSISTANCE PROGRAM (SRAP) FOR I/DD HOUSING**

37 **SECTION 5.(a)** The Department of Health and Human Services, Division of Mental  
38 Health, Development Disabilities, and Substance Use Services, shall develop a State Rental  
39 Assistance Program to provide vouchers to assist individuals with intellectual and developmental  
40 disabilities to transition to integrated housing as required by the 2024 consent order entered in  
41 Samantha R., et al. v. State of North Carolina, et al., 17 CVS 6357-910 (Wake County Superior  
42 Court). The program shall be modeled after the Transitions to Community Living program.

43 **SECTION 5.(b)** Effective July 1, 2026, there is appropriated to the Department of  
44 Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
45 Substance Use Services, the sum of one hundred thousand dollars (\$100,000) in recurring funds  
46 beginning with the 2026-2027 fiscal year to be used to support the program created pursuant to  
47 subsection (a) of this section.

48 **SECTION 5.(c)** The Department of Health and Human Services, Division of Mental  
49 Health, Developmental Disabilities, and Substance Use Services, shall convene a workgroup of  
50 relevant stakeholders to develop a five-year plan for monthly housing rental subsidies to be  
51 provided to individuals with intellectual or other developmental disabilities for use in integrated

1 settings. This plan shall create 200 new monthly housing rental subsidies to be provided to  
 2 individuals with intellectual or other developmental disabilities each year over the course of five  
 3 years, resulting in the creation of a total of 1,000 monthly housing rental subsidies by the end of  
 4 the five-year period. In developing the plan, the workgroup shall consider similar subsidy  
 5 programs in Virginia, Maryland, Connecticut, and Pennsylvania. The five-year plan shall include  
 6 a detailed cost analysis of the plan. Any plan developed under this subsection shall be in  
 7 furtherance of the State's compliance with the United States Supreme Court decision in *Olmstead*  
 8 *v. L.C.*, 527 U.S. 581 (1999). No later than October 1, 2026, the Division of Mental Health,  
 9 Developmental Disabilities, and Substance Use Services shall submit a report containing the  
 10 five-year plan to the Joint Legislative Oversight Committee on Medicaid and to the members of  
 11 the Legislative Joint Caucus for Intellectual and Developmental Disabilities.

12  
 13 **PART VI. STATE MATCH FOR REHABILITATION SERVICES ADMINISTRATION**  
 14 **(RSA) FEDERAL GRANT**

15 **SECTION 6.(a)** There is appropriated from the General Fund to the Department of  
 16 Health and Human Services, Division of Employment and Independence for People with  
 17 Disabilities (DEIPD), the sum of four million seven hundred fifty-five thousand seventy-one  
 18 dollars (\$4,755,071) in recurring funds beginning with the 2026-2027 fiscal year to be used to  
 19 increase pay to address the vacancy rate in DEIPD, raise rates for Community Rehabilitation  
 20 Programs, and sustain the vocational rehabilitation workforce to ensure individuals with  
 21 disabilities can access paid employment services. These funds shall provide a State match for  
 22 seventeen million five hundred sixty-nine thousand two hundred four dollars (\$17,569,204) in  
 23 recurring federal funds, and those federal funds are appropriated to DEIPD for the same purpose.

24 **SECTION 6.(b)** There is appropriated from the General Fund to the Department of  
 25 Health and Human Services, Division of Services for the Blind (DSB), the sum of nine hundred  
 26 ninety-five thousand one hundred sixty-three dollars (\$995,163) in recurring funds beginning  
 27 with the 2026-2027 fiscal year to be used to increase pay to address the vacancy rate in DSB,  
 28 raise rates for Community Rehabilitation Programs, and sustain the vocational rehabilitation  
 29 workforce to ensure individuals with disabilities can access paid employment services. These  
 30 funds shall provide a State match for three million six hundred seventy-six thousand nine hundred  
 31 fifty-nine dollars (\$3,676,959) in recurring federal funds, and those federal funds are  
 32 appropriated to DSB for the same purpose.

33 **SECTION 6.(c)** This section is effective July 1, 2026.

34  
 35 **PART VII. BAN USE OF PRONE RESTRAINT AND REQUIRE INCREASED**  
 36 **PARENTAL NOTIFICATION AND TEACHER TRAINING ON THE USE OF**  
 37 **SECLUSION AND RESTRAINT**

38 **SECTION 7.(a)** G.S. 115C-391.1 reads as rewritten:

39 **"§ 115C-391.1. Permissible use of seclusion and restraint.**

40 ...

41 (c) Physical Restraint:

42 ...

43 (5) Physically restraining a student in a prone position is prohibited.

44 ...

45 (j) Notice, Consent, Reporting, and Documentation. –

46 (1) Notice of procedures. – Each governing body of a public school unit shall  
 47 provide copies of this section and all governing body policies developed to  
 48 implement this section to school personnel and parents or guardians at the  
 49 beginning of each school year. The public school unit shall request  
 50 confirmation that parents have received the policy.

51 (2) Notice of specified incidents:

- a. School personnel shall promptly notify the principal or principal's designee of:
  - 1. Any use of aversive procedures.
  - 2. Any ~~prohibited~~ use of mechanical restraint.
  - 3. Any use of physical ~~restraint resulting in observable physical injury to a student~~ restraint.
  - 4. Any ~~prohibited~~ use of ~~seclusion or seclusion that exceeds 10 minutes or the amount of time specified on a student's behavior intervention plan~~ seclusion.
  - 5. If the seclusion or restraint was used in a prohibited manner, caused observable physical injury to a student, or exceeded 10 minutes or the amount of time specified on a student's behavior intervention plan.
- b. When a principal or principal's designee has personal knowledge or actual notice of any of the events described in this subdivision, the principal or principal's designee shall promptly notify the student's parent or guardian and will provide the name of a school employee the parent or guardian can contact regarding the incident.

(3) As used in subdivision (2) of this subsection, "promptly notify" means by the end of the ~~workday school day~~ school day during which the incident ~~occurred when reasonably possible, but in no event later than the end of following workday~~ occurred.

...."

**SECTION 7.(b)** G.S. 115C-270.30(b)(1) reads as rewritten:

"(1) For all teachers, at least eight continuing education credits with at least three credits required in a teacher's academic subject ~~area~~ and at least one credit on the use of seclusion and restraint, including State policies, safe techniques, and trauma-informed practices."

**SECTION 7.(c)** This section is effective when it becomes law and applies beginning with the 2026-2027 school year.

**PART VIII. DASHBOARD FOR SUSPENSION RATES FOR STUDENTS WITH IEPS**

**SECTION 8.(a)** G.S. 115C-12(27) reads as rewritten:

"(27) Reporting Dropout Rates, Corporal Punishment, Suspensions, Expulsions, and Alternative Placements. – The State Board shall report by March 15 of each year to the Joint Legislative Education Oversight Committee on the numbers of students who have dropped out of school, been subjected to corporal punishment, been suspended, been expelled, been reassigned for disciplinary purposes, or been provided alternative education services. The data shall be reported in a disaggregated manner, reflecting the local school administrative unit, race, gender, grade level, ethnicity, and disability status of each affected student. Such data shall be readily available to the ~~public~~ public via an electronic dashboard established and maintained by the State Board. The State Board shall not include students that have been expelled from school when calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school and the reasons for the expulsion."

**SECTION 8.(b)** This section is effective when it becomes law and applies beginning with the 2026-2027 school year.

**PART IX. ADDITIONAL FUNDS FOR NORTH CAROLINA PERSONAL EDUCATION STUDENT ACCOUNTS FOR CHILDREN WITH DISABILITIES PROGRAM**

**SECTION 9.(a)** There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of twenty-five million dollars (\$25,000,000) in recurring funds beginning in the 2026-2027 fiscal year to be allocated to the State Education Assistance Authority for the North Carolina Personal Education Student Accounts for Children with Disabilities Program in accordance with Article 41 of Chapter 115C of the General Statutes.

**SECTION 9.(b)** G.S. 115C-600(a) reads as rewritten:

"(a) The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the Program in accordance with this Article:

<b>Fiscal Year</b>	<b>Appropriation</b>
...	
2027-2028	<u>\$77,643,166</u> <u>\$102,643,166</u>
2028-2029	<u>\$78,643,166</u> <u>\$103,643,166</u>
2029-2030	<u>\$79,643,166</u> <u>\$104,643,166</u>
2030-2031	<u>\$80,643,166</u> <u>\$105,643,166</u>
2031-2032	<u>\$81,643,166</u> <u>\$106,643,166</u>
2032-2033 and each subsequent fiscal year thereafter	<u>\$82,643,166</u> <u>\$107,643,166</u>

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this section, the Director of the Budget shall include the appropriated amount specified in this section for that fiscal year."

**SECTION 9.(c)** This section becomes effective July 1, 2026.

**PART X. SUPPORT FOR STUDENTS WITH DISABILITIES**

**SECTION 10.(a)** Program Established. – Beginning with the 2026-2027 fiscal year, the Department of Public Instruction shall establish a grant program for local school administrative units to apply for funds from the Special State Reserve Fund (SSRF) for children with disabilities for the purpose of covering the extraordinary costs of certain students with disabilities, including costs associated with the placement of students in private schools with approved nonpublic education programs providing special education in accordance with a student's individualized education program (IEP). The grant program shall provide funds for students with disabilities on an ongoing basis according to the students' IEPs. The grant program established by this act shall be administered separately from the grant program funded from the SSRF available to local school administrative units for high costs related to emergency situations for children with disabilities in a school year. Funds administered pursuant to this act shall be to supplement and not supplant existing federal, State, and local funding for children with disabilities.

**SECTION 10.(b)** Applications. – A local school administrative unit may apply for grant funds for a student with disabilities served by the unit for extraordinary costs associated with services provided to the student, including for a placement in a private school that has an approved nonpublic education program providing special education in accordance with a student's IEP. To be eligible for a grant, the local school administrative unit must demonstrate that the total cost of the services equals or exceeds four times the State average per pupil expenditure for children with disabilities in the prior fiscal year. The local school administrative unit shall provide documentation to the Department of Public Instruction to support the funding

1 request. The student's IEP must support the determination of the services, including if the  
2 placement of the student is at a private school. Grant funds shall be student-specific and follow  
3 the student for special education and related services provided within the State. The Department  
4 shall require documentation for renewal of the grant for each school year with a request for funds  
5 for the student. The Department shall reimburse seventy-five percent (75%) of the extraordinary  
6 costs and disburse funds in quarterly amounts to providers on an approved list from the  
7 Department.

8 For the purposes of this act, extraordinary costs shall only include costs directly  
9 attributable to providing the special education services on the student's IEP, such as salary of  
10 educational personnel; salary of related services personnel; costs for specialized books, materials,  
11 or equipment; tuition costs; and consultant costs, if directly attributable to the student's  
12 instructional program. Extraordinary costs shall not include administrative or overhead costs, the  
13 costs of adapting classrooms or materials that are used by more than one student, nor the costs  
14 associated with evaluation, development of the IEP, or service coordination for the student with  
15 disabilities.

16 **SECTION 10.(c) Oversight.** – The Department of Public Instruction shall ensure  
17 that, if a student who is covered by grant funds is placed in a private school that has an approved  
18 nonpublic education program providing special education in accordance with a student's  
19 individualized education program (IEP), the school is approved by the Department as adhering  
20 to State and federal laws governing education services for students with disabilities and State and  
21 federal laws governing seclusion and restraint of students. The student's local school  
22 administrative unit shall remain legally responsible for ensuring the student is receiving a free  
23 appropriate public education (FAPE) in the least restrictive environment (LRE) while the student  
24 is placed in the private school, as required by State and federal laws governing education services  
25 for students with disabilities, and the unit shall conduct an annual review of the student's IEP and  
26 any interim reviews requested by the student's parent or legal guardian for purposes of  
27 educational decision making in accordance with federal and State laws. Prior to approving a  
28 renewal of the grant for a particular student, the Department shall ensure that the annual review  
29 of the student's IEP has been completed and the student's parent or legal guardian, for purposes  
30 of educational decision making, has received the notice of procedural safeguards required by  
31 State and federal laws governing education services for students with disabilities.

32 **SECTION 10.(d) Appropriation.** – There is appropriated from the General Fund to  
33 the Special State Reserve Fund the sum of one million dollars (\$1,000,000) in recurring funds  
34 beginning with the 2026-2027 fiscal year for the Department of Public Instruction to implement  
35 the grant program established pursuant to this section.

36 **SECTION 10.(e) Report.** – By March 15, 2027, the Department of Public Instruction  
37 shall report to the Joint Legislative Education Oversight Committee, the House Appropriations  
38 Education Committee, the Senate Appropriations on Education/Higher Education Committee,  
39 and the Fiscal Research Division on the amount of grant applications for the 2026-2027 school  
40 year, the amount of grant funds awarded, the types of out-of-school system placements and  
41 service providers, and the type of extraordinary costs reimbursed.

42 **SECTION 10.(f) G.S. 115C-107.5 reads as rewritten:**

43 **"§ 115C-107.5. Annual reports.**

44 The State Board shall report no later than October 15 of each year to the Joint Legislative  
45 Education Oversight Committee on the implementation of this Article and the educational  
46 performance of children with disabilities. The report may be filed electronically. Each annual  
47 report shall include the following information:

48 ...

- 49 (4) A summary analysis of the following data to be monitored and collected by  
50 the Department of Public Instruction on students with disabilities in each local  
51 school administrative unit on a monthly basis:

- 1           a.     The number of new and continued homebound placements.
- 2           b.     The number of new and continued modified day placements.
- 3           c.     The number of new and continued Home/Hospital, Separate Schools,
- 4                     and Residential placements.
- 5           d.     The number of new and continued PRTF placements.
- 6           The data collected by the Department under this subdivision shall be
- 7           disaggregated by gender, race, ethnicity, disability, grade level, and school
- 8           within a local school administrative unit. The report may reflect de-identified
- 9           data for individual students, when available, regarding disciplinary outcomes,
- 10           length of homebound, modified day, or institutionalized placements,
- 11           including total number of homebound, modified day, and institutionalized
- 12           placements over the course of a student's public school enrollment, and over
- 13           the current and two prior school years, and the regular education, special
- 14           education, and related services being received (i) prior to and (ii) during the
- 15           homebound, modified day, or an institutionalized setting placement. The
- 16           report shall also include any findings by the Office of Special Education
- 17           Programs that relate to the implementation of a free and public education in
- 18           the State, including any findings of noncompliance or deficiencies."

19           **SECTION 10.(g)** The State Board of Education shall submit the information  
 20 required pursuant to G.S. 115C-107.5(4), as enacted by this section, beginning with the report  
 21 submitted to the Joint Legislative Education Oversight Committee by October 15, 2027.

22           **SECTION 10.(h)** This section becomes effective July 1, 2026.

23  
 24 **PART XI. DEVELOP AN OFFICE FOR ACCESSIBLE TRANSPORTATION**

25           **SECTION 11.(a)** The Secretary of the Department of Transportation shall create and  
 26 administer an office within the Department of Transportation to be known as the Office of  
 27 Accessible Transportation and Mobility.

28           **SECTION 11.(b)** The purpose of the Office is to provide resources and expertise for  
 29 expanding and improving accessible transportation and mobility across the State at the direction  
 30 of the Secretary.

31           **SECTION 11.(c)** All appropriate State and local agencies shall coordinate with the  
 32 Department of Transportation toward the goal of expanding and improving accessible  
 33 transportation and mobility across the State.

34           **SECTION 11.(d)** The Office shall consult with stakeholders, selected by the  
 35 Department, who are consumers of accessible transportation as well as professionals with  
 36 experience in transportation, disability, and aging.

37           **SECTION 11.(e)** No later than March 31, 2027, the Department shall submit a report  
 38 containing the following information to the House Appropriations Committee on Transportation,  
 39 the Senate Appropriations Committee on Department of Transportation, and the Fiscal Research  
 40 Division:

- 41           (1)    A detailed statement on the Office's mission and scope of responsibilities.
- 42           (2)    A five-year strategic plan to guide the Office's work.

43  
 44 **PART XII. EFFECTIVE DATE**

45           **SECTION 12.** Except as otherwise provided, this act is effective when it becomes  
 46 law.