

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

FILED SENATE
Mar 24, 2025
S.B. 440
PRINCIPAL CLERK

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SENATE BILL DRS15173-NExfa-111A

Short Title: 2025 Governor's Budget. (Public)

Sponsors: Senators Jackson, Hise, and Lee (Primary Sponsors).

Referred to:

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

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

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

INTRODUCTION

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

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

Current Operations – General Fund	FY 2025-2026	FY 2026-2027
EDUCATION		
Community College System	1,835,773,238	1,817,233,999
Public Instruction	12,940,561,945	13,312,131,679
Appalachian State University	209,862,595	209,862,595
East Carolina University		



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General Assembly Of North Carolina**Session 2025**

1	Academic Affairs	274,127,761	274,127,761
2	Health Affairs	107,144,915	107,144,915
3	Elizabeth City State University	48,513,547	48,513,547
4	Fayetteville State	87,586,990	87,586,990
5	NC A&T State University	162,728,474	162,743,010
6	NC Central University	98,572,636	98,572,636
7	NC State University		
8	Academic Affairs	564,312,136	564,676,069
9	Agricultural Extension	46,543,237	46,543,237
10	Agricultural Research	63,465,016	63,465,016
11	UNC-Asheville	51,101,094	51,101,094
12	UNC-Chapel Hill		
13	Academic Affairs	385,597,924	385,597,924
14	Health Affairs	249,399,553	249,399,553
15	AHEC	57,855,450	57,855,450
16	UNC-Charlotte	331,584,743	331,584,743
17	UNC-Greensboro	204,987,083	204,987,083
18	UNC-Pembroke	95,473,853	95,473,853
19	UNC-School of the Arts	42,015,189	42,015,189
20	UNC-Wilmington	217,239,729	217,239,729
21	Western Carolina University	164,563,738	164,589,450
22	Winston-Salem State University	68,743,773	68,743,773
23	General Administration	50,098,094	50,098,094
24	University Institutional Programs	445,200,342	418,908,192
25	Related Educational Programs	155,756,139	494,956,139
26	NC School of Science and Math	47,142,167	46,042,167
27	Aid to Private Institutions	11,209,300	1,209,300
28	Total University of North Carolina	4,240,825,478	4,543,037,509
29			
30	HEALTH AND HUMAN SERVICES		
31	Department of Health and Human Services		
32	Aging and Adult Services	52,921,202	52,835,960
33	Central Management and Support	264,668,458	280,846,739
34	Child Development and Early Education	382,372,308	402,337,850
35	Child and Family Well Being	67,730,469	66,899,077
36	Health Benefits	6,713,749,640	6,915,372,354
37	Health Services Regulation	28,910,644	27,684,055
38	Mental Hlth/Dev. Disabl./Subs. Abuse Serv.	872,910,215	861,901,094
39	Public Health	145,202,462	141,115,801
40	Services for the Blind, Deaf and Hard of Hearing	10,914,745	10,582,156
41	Social Services	237,776,745	237,389,031
42	Vocational Rehabilitation	49,986,020	48,988,234
43	Total Health and Human Services	8,827,142,908	9,045,952,351
44			
45	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
46	Agriculture and Consumer Services	212,663,368	187,645,965
47			
48	Department of Commerce		
49	Commerce	32,609,149	32,416,005
50	General State Aid	19,655,810	19,655,810
51	Economic Development	166,248,245	161,248,245

1			
2	Environmental Quality	140,680,891	128,482,814
3			
4	Labor	28,121,857	27,647,075
5			
6	Department of Natural and Cultural Resources	307,296,564	300,576,669
7			
8	Wildlife Resources Commission	18,351,461	17,633,011
9			
10	JUSTICE AND PUBLIC SAFETY		
11	Judicial Department	827,773,076	820,165,360
12			
13	Judicial Department – Indigent Defense Services	185,962,469	175,026,742
14			
15	Department of Justice	90,804,406	89,863,913
16			
17	Department of Public Safety	702,776,742	686,556,053
18			
19	Department of Adult Correction	2,177,127,587	2,157,937,189
20			
21	State Bureau of Investigation	75,468,655	64,814,302
22			
23	GENERAL GOVERNMENT		
24	Department of Administration	74,678,938	74,260,897
25			
26	Office of Administrative Hearings	8,898,948	8,839,511
27			
28	State Board of Elections	11,759,995	11,682,822
29			
30	Office of State Auditor	20,631,544	20,427,667
31			
32	Office of State Controller	37,735,638	37,484,996
33			
34	General Assembly	106,202,329	103,830,055
35			
36	Office of the Governor	12,123,401	12,059,283
37			
38	Office of State Budget and Management		
39	Office of State Budget and Management	13,505,238	13,404,735
40	OSBM – Reserve for Special Appropriations	35,300,000	15,300,000
41			
42	Housing Finance Agency	70,660,000	60,660,000
43			
44	Office of State Human Resource	13,247,160	15,358,377
45			
46	Department of Insurance		
47	Insurance	109,006,753	84,282,862
48	Insurance – Industrial Commission	16,099,148	14,739,941
49			
50	Office of Lieutenant Governor	1,417,641	1,405,203
51			

1	Department of Military and Veterans Affairs	10,522,771	10,436,405
2			
3	Department of Revenue	135,835,446	135,281,182
4			
5	Department of Secretary of State	21,063,124	20,875,289
6			
7	Department of State Treasurer		
8	Treasurer	622,074	209,074
9	Treasurer – Retirement System	24,044,657	24,044,657
10			
11	Information Technology	95,908,367	97,150,367
12			

RESERVES, DEBT, AND OTHER BUDGETS

13			
14	Statewide Reserves	0	0
15			
16	Total Net Appropriation	33,649,107,021	34,349,758,014
17			

18 **SECTION 2.1.(b)** For purposes of this act, the requirements set forth in this section
19 represent the total amount of funds, including agency receipts, appropriated to an agency,
20 department, or institution.

GENERAL FUND AVAILABILITY

21
22 **SECTION 2.2.(a)** The General Fund availability derived from State tax revenue,
23 nontax revenue, and other adjustments used in developing the budget for each year of the
24 2025-2027 fiscal biennium is as follows:

25		FY 2025-2026	FY 2026-2027
26			
27			
28			
29	Unappropriated Balance from Prior Fiscal Year	48,073,341	364,074,833
30	Projected Over Collections FY 2024-25	543,900,000	-
31	Anticipated Reversions FY 2024-25	300,000,000	-
32	Total, Current Beginning Unreserved Balance	891,973,341	364,074,833
33			
34	Statutorily Required Reservations of Revenue		
35	State Capital and Infrastructure Fund	(1,120,000,000)	(1,159,200,000)
36	Unfunded Liability Solvency Reserve	(38,514,750)	(117,406,800)
37	Subtotal	(1,158,514,750)	(1,276,606,800)
38			
39	Investments to Reserves		
40	State Emergency Response and Disaster Relief Fund	500,000,000	0
41	Subtotal, Investments to Reserves	(500,000,000)	0
42			
43	Tax Revenues		
44	Individual Income	16,980,000,000	16,114,000,000
45	Sales and Use	11,582,500,000	11,895,200,000
46	Corporate Income	1,483,600,000	1,340,100,000
47	Franchise	785,800,000	809,700,000
48	Insurance	1,503,300,000	1,415,600,000
49	Alcoholic Beverage	560,000,000	572,700,000
50	Tobacco Products	245,400,000	240,900,000
51	Other Tax Revenue	248,200,000	268,900,000

1	Subtotal, Tax Revenues	33,388,800,000	32,657,100,000
2			
3	Non-tax Revenues		
4	Judicial Fees	207,400,000	204,600,000
5	Investment Income	681,900,000	594,100,000
6	Disproportionate Share	107,700,000	109,000,000
7	Master Settlement Agreement	105,100,000	102,000,000
8	Insurance	124,000,000	126,900,000
9	Other Non-tax Revenues	274,800,000	273,400,000
10	Subtotal, Non-tax Revenue	1,500,900,000	1,410,000,000
11			
12	Total, Net Revenues	34,889,700,000	34,067,100,000
13			
14	Adjustments to Revenues:		
15	Maintain Individual Income Tax at 4.25%	386,300,000	1,801,800,000
16	Maintain Lowest Corporate Tax Rate at 2.25%	68,400,000	166,200,000
17	Working Families Tax Credit – 20% of federal		
18	Earned Income Tax Credit	(426,800,000)	(425,800,000)
19	Child and Dependent Care Tax Credit	(59,000,000)	(60,300,000)
20	Child Deduction to Refundable Child Tax Credit	(23,000,000)	(23,000,000)
21	Sales Tax Back-to-School Holiday	(29,000,000)	(30,000,000)
22	PHP Gross Tax Revenue Offset	(78,035,000)	(75,623,000)
23	Subtotal, Adjustments to Tax Revenue	(161,135,000)	1,353,277,000
24			
25	Adjustments to Availability		
26	Insurance Non-Tax Transfer	51,158,263	25,646,165
27			
28	Revised Total Net General Fund Availability	34,013,181,854	34,533,491,198
29			
30	Less General Fund Net Appropriations	(33,649,107,021)	(34,349,758,014)
31			
32	Unappropriated Balance Remaining	364,074,833	183,733,184

SECTION 2.2.(b) IT Reserve – The State Controller shall transfer the sum of one hundred seventeen million eight hundred ninety-five thousand five hundred ninety dollars (\$117,895,590) from the unreserved fund balance in the Information Technology Project Reserve to the Office of State Budget and Management. Funds appropriated from the Information Technology Project Reserve shall be allocated by the Director of the State Budget in consultation with the State Chief Information Officer and the head of the department with primary ownership over the information technology project based on documented project needs. Funds transferred under this section are appropriated in the year in which they are transferred and shall be used for the following information technology projects:

- (1) The Office of State Budget and Management's replacement for the integrated budget information system (IBIS).
- (2) The Department of Information Technology's cybersecurity tools continuation of protection offerings, and constituent portal and citizen identity software.
- (3) The Department of Adult Correction's rounds tracking software.
- (4) The Office of the State Auditor's modernization of audit IT infrastructure.
- (5) The Department of Public Instruction's PSU school business system modernization.

- (6) The Office of State Human Resources' human capital management (HCM) vendor integration and HARP data analytics improvements (GDAC).
- (7) The Department of Revenue's DataPower end of life replacement, datacenter hardware replacement, and replacement of OFP and RCA desktop clients.
- (8) The State Board of Elections' election modernization.
- (9) The State Bureau of Investigation's headquarters data center and investigative case management system.
- (10) The Office of Administrative Hearings' database development system.
- (11) The Department of Commerce's new career information system.
- (12) The Department of Environmental Quality's completion of the permit transformation project.
- (13) The Department of Health and Human Services, Division of State Operated Health Facilities' electronic health records.
- (14) The Department of Health and Human Services, Division of Health Benefits' Medicaid enterprise system and other technology.
- (15) The Department of Justice's legal case management system.

SECTION 2.2.(c) SERDRF – The State Controller shall reserve to the State Emergency Response and Disaster Relief Reserve established in G.S. 166A-19.42 from funds available in the General Fund the sum of five hundred million dollars (\$500,000,000) in nonrecurring funds for the 2025-2026 fiscal year. The State Controller shall transfer funds available in the State Emergency Response and Disaster Relief Reserve the sum of one hundred fourteen million dollars (\$114,000,000) to the Department of Public Safety, Emergency Management Division, to be used as state matching funds to draw down remaining federal funding for storms that occurred prior to 2024. The funds are appropriated for the five-year period ending June 30, 2030.

SECTION 2.2.(d) Federal Infrastructure Match Reserve. – The State Controller shall transfer funds available in the Federal Infrastructure Match Reserve to agencies and departments as needed to draw down federal funds in accordance with the following schedule, and the funds transferred are appropriated for the 2025-2027 fiscal biennium:

- (1) Five million dollars (\$5,000,000) to the Department of Agriculture and Consumer Services for Farmland Preservation Agricultural Military Buffer Conservation Easements;
- (2) Ten million five hundred thousand dollars (\$10,500,000) to the Department of Commerce, Office of Science, Technology, and Innovation, for the NC Coalition Strategic Support Fund to leverage federal funding and grow the semiconductor and chip industries in the state; and
- (3) Twenty-two million six hundred fourteen thousand one hundred dollars (\$22,614,100) to the Department for Environmental Quality for Drinking Water and Clean Water State Revolving Funds match funds.

SECTION 2.2.(e) Except as otherwise specifically provided, nothing in this section shall be construed as appropriating funds reserved pursuant to this section. Funds reserved pursuant to this section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 2.2.(f) The State Controller shall ensure that the transfers required under this section are completed as soon as practicable but no later than the end of the fiscal year in which they are directed. In making the transfers required under this section, the State Controller shall prioritize transfers to Reserves that support expenditures.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2027, according to the following schedule:

Current Operations – Highway Fund	FY 2025-2026	FY 2026-2027
Department of Transportation		
Administration	\$143,308,209	\$143,308,209
Division of Highways		
Administration	38,487,904	38,412,904
Construction	77,543,078	77,543,078
Maintenance	2,231,198,332	2,248,723,293
Governor's Highway Safety Program	601,695	601,695
OSHA Program	358,030	358,030
State Aid to Municipalities	185,875,000	185,875,000
Intermodal Divisions		
Ferry	92,551,173	84,147,728
Public Transportation, Bicycle, and Pedestrian	70,570,554	70,570,554
Aviation	158,376,982	159,889,238
Rail	49,367,607	50,367,607
Division of Motor Vehicles	173,788,575	166,853,269
Compensation, Benefits, Reserves, Transfers, and Other	76,660,123	69,756,123
Capital Improvements	6,712,738	47,793,272
Total Highway Fund Appropriations	3,305,400,000	3,344,200,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability used in developing the 2025-2027 fiscal biennial budget is shown below:

Highway Fund Availability	FY 2025-2026	FY 2026-2027
Motor Fuels Tax	\$1,853,000,000	\$1,878,100,000
Highway Short Term Lease	113,100,000	114,900,000
Licenses and Fees	1,104,500,000	1,123,300,000
Investment Income	50,200,000	37,600,000
Aviation Fuel Tax	13,100,000	13,400,000
Sales Tax	171,500,000	176,900,000
Total Highway Fund Availability	\$3,305,400,000	\$3,344,200,000

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2027, according to the following schedule:

Current Operations – Highway Trust Fund	FY 2025-2026	FY 2026-2027
Program Administration	\$44,621,733	\$44,621,733
Bonds	121,440,275	121,436,275
Turnpike Authority	49,000,000	49,000,000

1	State Ports Authority	45,000,000	45,000,000
2	FHWA State Match	6,048,440	6,048,440
3	Strategic Prioritization Funding Plan for		
4	Transportation Investments	2,222,253,974	2,280,386,974
5	Transfer to Visitor Center	640,000	640,000
6	Transfer to Department of Revenue	0	371,000
7	Uncommitted Trust Fund	495,578	495,578
8	Total Highway Trust Fund Appropriations	\$2,489,500,000	\$2,548,000,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability used in developing the 2025-2027 fiscal biennial budget is shown below:

Highway Trust Fund Availability	FY 2025-2026	FY 2026-2027
Highway Use Tax	\$1,150,500,000	\$1,179,800,000
Motor Fuels Tax	619,500,000	627,900,000
Fees	172,100,000	172,500,000
Sales Tax	514,400,000	530,600,000
Investment Income	33,000,000	37,200,000
Total Highway Trust Fund Availability	\$2,489,500,000	\$2,548,000,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

CASH BALANCES AND OTHER APPROPRIATIONS

SECTION 4.1.(a) Cash balances, federal funds, departmental receipts, grants, and gifts from the General Fund, revenue funds, enterprise funds, and internal service funds are appropriated for the 2025-2027 fiscal biennium as follows:

- (1) For all budget codes listed in the Governor's Recommended Budget for the 2025-2027 fiscal biennium, dated March 2025, and in the Budget Support Document, fund balances and receipts are appropriated up to the amounts specified, as adjusted by the General Assembly, for the 2025-2026 fiscal year and the 2026-2027 fiscal year. Funds may be expended only for the programs, purposes, objects, and line items or as otherwise authorized by the General Assembly. Expansion budget funds listed in those documents are appropriated only as otherwise provided in this act.
- (2) Notwithstanding the provisions of subdivision (1) of this subsection:
 - a. Any receipts that are required to be used to pay debt service requirements for various outstanding bond issues and certificates of participation are appropriated up to the actual amounts received for the 2025-2026 fiscal year and the 2026-2027 fiscal year and shall be used only to pay debt service requirements.
 - b. Other funds, cash balances, and receipts of funds that meet the definition issued by the Governmental Accounting Standards Board of a trust or agency fund are appropriated for and in the amounts required to meet the legal requirements of the trust agreement for the 2025-2026 fiscal year and the 2026-2027 fiscal year.

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 over-realized receipts in the fiscal year in which

the receipts were collected is authorized by the State Budget Act. Over-realized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Notwithstanding subsections (a) and (b) of this section, there is appropriated from the Reserve for Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year an amount equal to the amount of the distributions required by law to be made from that reserve for that fiscal year.

EDUCATION LOTTERY AND OTHER WAGERING FUNDS/CHANGES TO REVENUE ALLOCATIONS

SECTION 4.2. The appropriations for the 2025-2027 fiscal biennium made from the Education Lottery Fund equal one billion, eight hundred and four million seven hundred thousand dollars (\$1,804,700,000); and from E-Instant Games equal four hundred fifty-two million three hundred thousand dollars (\$452,300,000) and are as follows:

	FY 2025-2026	FY 2026-2027
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	105,002,110	111,402,110
NC Pre-K Wrap-Around Summer Child Care	10,000,000	10,000,000
Universal School Breakfast	85,300,000	85,300,000
1-1 Device Refresh	68,250,000	68,250,000
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	258,252,612	258,252,612
Public School Repairs and Renovations	50,000,000	50,000,000
Scholarship Reserve Fund for Public Colleges and Universities	41,194,733	41,194,733
LEA Transportation	21,386,090	21,386,090
TOTAL APPROPRIATION	\$1,125,300,000	\$1,131,700,000

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATION

SECTION 4.3. Notwithstanding G.S. 143C-9-7, the appropriations from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, Textbooks, and Digital Resources Allotment, are as follows. These receipts are appropriated in the year in which they are received.

	FY 2025-2026	FY 2026-2027
Textbooks and Digital Resources Allotment	\$22,700,000	\$13,700,000
Classroom Materials	1,000,000	1,000,000
TOTAL APPROPRIATION	\$23,700,000	\$14,700,000

CIVIL PENALTY AND FORFEITURE FUND

SECTION 4.4. Allocations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2027, as follows:

	FY 2025-2026	FY 2026-2027
School Technology Fund	\$18,000,000	\$18,000,000
Drivers Education	31,493,768	31,493,768
State Public School Fund	166,041,640	166,041,640
1-1 Device Refresh	11,300,000	11,300,000
TOTAL APPROPRIATION	\$226,835,408	\$226,835,408

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

SECTION 5.1.(a) Notwithstanding G.S. 123.1, 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.

CAP STATE FUNDED PORTION OF NONPROFIT SALARIES

SECTION 5.2. No more than one hundred forty thousand dollars (\$140,000) in State funds, including any interest earnings accruing from those funds, may be used for the annual salary of any individual employee of a nonprofit organization.

PART VI. COMMUNITY COLLEGE SYSTEM**PROPEL NC FUNDING MODEL ADJUSTMENT**

SECTION 6.1.(a) The funds appropriated in this act for Propel NC shall be used to shift North Carolina Community College System's enrollment formula from the current tier-based allocation model to a labor-market driven model. This new model shall link courses to workforce sectors that are ranked and valued by statewide salary job demand data.

SECTION 6.1.(b) The State Board of Community Colleges in consultation with the Department of Commerce shall identify the workforce sectors aligned with the State's high-demand, high-salary jobs and allocate the funds appropriated in this act to those workforce sectors. Appropriated funds may also be used for customized training and Small Business Centers at the individual colleges.

PROPEL NC ENROLLMENT GROWTH RESERVE

SECTION 6.2. G.S. 115D-31 reads as rewritten:
"§ 115D-31. State financial support of institutions.

...

(e) If receipts for community college tuition and fees exceed the amount certified in General Fund Codes at the end of a fiscal year, the State Board of Community Colleges shall ~~transfer-retain~~ the amount of receipts and fees above those budgeted to the Enrollment Growth Reserve. ~~Funds in the Enrollment Growth Reserve shall not revert to the General Fund and shall remain available to the State Board until expended. The State Board may allocate these funds in this reserve to colleges experiencing an enrollment increase greater than five percent (5%) of budgeted enrollment levels, proportionally to colleges based on actual receipt collections from the prior fiscal year.~~

(f) The Enrollment Growth Reserve shall be established as a recurring, nonreverting reserve under the direction of the State Board of Community Colleges. Funds appropriated by the North Carolina General Assembly shall be allocated based on actual fall semester FTE. The method of allocation shall be as follows: at one-half the average FTE value per FTE for the greater of FTE increases in excess of 5% for each category of instruction, or for increases in total FTE greater than 325. If enrollment growth exceeds the funds appropriated in a given year, the value per FTE would be reduced proportionally.

**AUTHORIZE USE OF MOTORCYCLE SAFETY EDUCATION PROGRAM FUNDS
FOR A CAPITAL PROJECT**

SECTION 6.3.(a) Notwithstanding G.S. 115D-72, of the funds received for the North Carolina Motorcycle Safety Education Program (NCMSEP), the State Board of Community Colleges may award up to five-hundred thousand dollars (\$500,000) to Lenoir Community College for use in constructing or renovating a facility used for this program.

SECTION 6.3.(b) This authorization is for the fiscal year ending on June 29, 2026, and funds transferred under Section (a) above, shall not revert and shall remain available until expended.

**INCREASE CUSTOMIZED TRAINING SUPPORT FOR REGIONAL COMMUNITY
COLLEGE PERSONNEL**

SECTION 6.4. G.S. 115D-5.1(f3) reads as rewritten:

"§ 115D-5.1. Workforce Development Programs.

...

(f3) Of the funds appropriated in a fiscal year for the Customized Training Programs, the State Board of Community Colleges may approve the use of up to ~~eight percent (8%)~~fifteen percent (15%) for the training and support of regional community college personnel to deliver Customized Training Program services to business and industry.

...."

ADD SUCCESS RATE OF SCIENCE COURSES TO PERFORMANCE MEASURES

SECTION 6.5. G.S. 115D-31.3(e) reads as rewritten:

"§ 115D-31.3. Institutional performance accountability.

...

(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the following performance measures:

(1) Progress of basic skills students.

(2) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.

(3) Performance of students who transfer to a four-year institution.

(3a) Success rate of students in credit-bearing English courses.

(3b) Success rate of students in credit-bearing Math ~~courses~~or Science courses.

(4), (5) Repealed by Session Laws 2016-94, s. 10.1, effective July 1, 2016.

(5a) Progress of first-year curriculum students.

(6) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

(7) Curriculum student retention and graduation.

(8) Repealed by Session Laws 2012-142, s. 8.5, effective July 1, 2012.

(9) Attainment of licensure and certifications by students.

The State Board may also evaluate each college on additional performance measures.

...."

**PERMIT SYSTEM OFFICE TO RETAIN ADMINISTRATIVE COSTS FROM NC
CAREER COACH PROGRAM**

SECTION 6.6. G.S. 115D-21.5 reads as rewritten:

"§ 115D-21.5. NC Career Coach Program.

...

(e) Administrative Costs. – In alignment with the goals, objectives, and requirements of the North Carolina Career Coach Program, the Community College System Office may allocate up to 4% of the program's annual appropriation for administrative costs. Such administrative costs may include professional development, program management, and evaluation. These funds

shall be utilized to enhance the effectiveness and sustainability of the program, ensuring its continued support for students within the community college system."

FREE COMMUNITY COLLEGE TUITION FOR HIGH DEMAND SKILLS TRAINING

SECTION 6.7. G.S. 115D-5.1A reads as rewritten:

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

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

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

(c) Award Amounts. – To the extent funds are made available for the Program, the State Board of Community Colleges shall award grants in an amount of up to seven hundred fifty dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce credentials. The State Board of Community Colleges shall establish criteria for initial and continuing eligibility for students. The criteria shall include a requirement that eligible students be a resident of North Carolina pursuant to G.S. 116-143.1(a)(1). ~~At a minimum, students shall be required to qualify 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 State Education Assistance Authority.~~

(d) Report. – ~~The State Board shall submit a report by April 1, 2024, and annually thereafter,~~ an initial report by April 1, 2024, and annually thereafter by December 1, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall contain, for each academic year and by programs of study, the amount of grant funds disbursed and the number of eligible students receiving funds. (2023-134, s. 6.5.)"

PART VII. PUBLIC INSTRUCTION

PILOT PROGRAM TO LIMIT STUDENT CELL PHONE USE IN SCHOOLS

SECTION 7.1.(a) Purpose. – The State Board of Education shall establish a grant program to be administered by the Department of Public instruction to support public school units' implementation of policies to limit student cell phone use during instructional time.

SECTION 7.1.(b) Application, Criteria and Guidelines. – By August 1, 2025, the Department of Public Instruction shall develop and publish criteria and guidelines for the application process. Public school units shall submit applications by September 1, 2025. The application shall require that submissions include the following information at a minimum:

1. Description of the school or schools included in the proposal, including the number of students and classrooms by grade level who will be subject to the policy;
2. Description of the proposed policy;
3. Justification of the proposed policy, including evidence-based research to the extent possible;
4. Implementation plan;
5. Description of how grant funds will be used;
6. Plans for financial sustainability once grant money is no longer available;
7. A letter of endorsement from the governing board.

SECTION 7.1.(c) Grant Awards. – By October 1, 2025, the Department of Public Instruction shall review the applications and select public school units for grant awards, ensuring that the following are represented to the extent possible:

1. All eight regions of the state;
2. Urban and rural areas of the state; and
3. Schools from Tier I, II, and III counties.

SECTION 7.1.(d) Qualifying Expenses. – If a public school unit is awarded a grant, it may request reimbursement for qualifying expenditures for the 2025-26 school year that were made prior to the October 1 award notification date.

SECTION 7.1.(e) Evaluation and Reporting. – Of the funds appropriated by this act, the State Board of Education may use up to one hundred thousand dollars (\$100,000) to contract with an independent research organization to evaluate the impact of this grant program. The independent research organization shall report the results of this evaluation to the Joint Legislative Education Oversight Committee, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management by September 1, 2027. The Department of Public Instruction shall report annually to the same entities listed above on the implementation of this grant program beginning on March 1, 2026.

SECTION 7.1.(f) Administration. – The Department of Public Instruction may retain up to two percent (2%) of grant funds to cover administrative costs.

SECTION 7.1.(g) Carryforward. – Funds unspent in the 2025-26 fiscal year shall not revert and shall be carried forward to FY 2026-27 to implement this section.

ELIMINATE THE CAP FOR FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.2. G.S. 115C-111.05 reads as rewritten:

"§ 115C-111.05. Funding for children with disabilities.

To the extent funds are made available for this purpose, the State Board shall allocate funds for children with disabilities to each local school administrative unit on a per child basis. ~~Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) thirteen percent (13%) of its allocated average daily membership in the local school administrative unit for the current school year. Each local school administrative unit shall receive funds for the total number of children who are identified as children with disabilities in the local school administrative unit.~~"

SCHOOL SAFETY ALLOTMENT FOR MIDDLE AND ELEMENTARY SCHOOLS

SECTION 7.3.(a) G.S. 143B-1209.60 is repealed.

SECTION 7.3.(b) Purpose. – The State Board of Education shall allocate funds to the School Safety Allotment to provide for the safety of students on school grounds. Elementary and middle schools across the state can use allotted funds to hire and train School Resource Officers (SROs).

SECTION 7.3.(c) Allotment. – Of the funds appropriated through this act to the Department of Public Instruction, the State Board shall allocate funding to each local school administrative unit for hiring school resource officers. Each local school administrative unit shall receive allotted dollars for each non-virtual school serving students in elementary and middle schools with an allotted average daily membership of greater than 300.

SECTION 7.3.(d) Consolidation. –Effective July 1, 2025, G.S. 143B-1209.60 is repealed and all funds for elementary and middle school SROs shall be administered through the School Safety Allotment by the Department of Public Instruction. At the discretion of the State Board of Education, the funds provided for high school SROs through the At Risk Student Allotment may also be consolidated into this allotment.

SECTION 7.3.(e) Training. – The Center for Safer Schools and the Department of Public Instruction shall work with the NC Criminal Justice Education and Training Standards

Commission to establish initial training and continuing education standards for SROs. Those standards shall include pre-service training and modules on the social and cognitive development of elementary school and middle school children, behavioral health, and trauma-informed practices in schools. All SROs must receive training through a community college, a local law enforcement agency, or the North Carolina Justice Academy prior to placement in a school.

EXPAND LITERACY PROFESSIONAL DEVELOPMENT AND SUPPORT TO GRADES 6-8

SECTION 7.4.(a) G.S. 115C-83.6A reads as rewritten:

"§ 115C-83.6A. Approval of literacy intervention plans.

(a) Each local school administrative unit shall submit to the Department of Public Instruction a plan for the literacy ~~interventions~~ interventions for kindergarten through eighth grade it will offer, including reading camps, in the following school year no later than October 1. The plan shall include information about the local school administrative unit's efforts to staff reading camps with the most qualified teachers possible, including the unit's efforts to attract teachers associated with high growth in reading based on EVAAS data and teachers who have earned a reading bonus. The plan shall incorporate any feedback received from the Department on the previous year's plan. As part of their plans, local school administrative units are encouraged to partner with other local school administrative units and with community organizations to enhance literacy interventions."

SECTION 7.4.(b) Allotment. – To the extent funds are made available for this purpose, the Department of Public Instruction shall use funds appropriated in this act to contract with Lexia Learning to provide Lexia Aspire® Professional Learning to all English-Language Arts, Math, Science and Social Studies teachers in sixth, seventh, and eighth grades.

EXPAND USE OF DIAGNOSTIC READING ASSESSMENTS TO GRADES 4-5

SECTION 7.5.(a) G.S. 115C-83.3 reads as rewritten:

"§ 115C-83.3. Definitions.

The following definitions apply in this Part:

- (1) "Accelerated reading class" means a class where focused literacy interventions are provided to increase a student's reading level at least two grades in one school year.
- (2) "Alternative assessment" means a valid and reliable standardized assessment of reading comprehension, approved by the State Board of Education, that is not the same test as the State-approved standardized test of reading comprehension administered to third grade students. The State Board of Education shall provide the valid and reliable alternative assessment to ~~local school administrative units~~ public school units upon request and establish achievement level ranges for the approved alternative assessment. The State Board of Education shall annually review the alternative assessment to ensure ongoing relevance, validity, and reliability."

SECTION 7.5.(b) G.S. 115C-83.6 reads as rewritten:

"§ 115C-83.6. Facilitating early grade reading proficiency.

(a) Kindergarten, ~~first, second, and third~~ through fifth grade students shall be assessed with valid, reliable, formative, and diagnostic reading assessments made available to ~~local school administrative units~~ public school units by the State Board of Education pursuant to G.S. 115C-174.11(a). Difficulty with reading development identified through administration of formative and diagnostic assessments shall be addressed with literacy interventions outlined in the student's Individual Reading Plan. Parents or guardians of first and second grade students offered a reading camp as a literacy intervention shall be encouraged to enroll their student in the reading camp provided by the local school administrative unit. Parents or guardians of a student

identified as demonstrating reading comprehension below grade level shall make the final decision regarding a student's reading camp attendance.

...

(a2) The Department of Public Instruction shall provide for EVAAS analysis all formative and diagnostic assessment data collected pursuant to this section for kindergarten through ~~third~~ fifth grade. The Department shall use a uniform template for all data collected, and the template shall be used each time data is provided. The template shall include clear designations for each data component reported."

SECTION 7.5.(c) G.S. 115C-83.6B reads as rewritten:

"§ 115C-83.6B. Individual Reading Plans.

(a) An Individual Reading Plan (IRP) shall be developed for any student in kindergarten through ~~third-eighth~~ grade demonstrating difficulty with reading development based on the results of ~~either (i) the first diagnostic or formative assessment of the school year or (ii) the first diagnostic or formative assessment of the second semester of the school year.~~ The IRP shall be continually adjusted based on multiple data sources as prescribed by the Department of Public Instruction, indicating that the student is not progressing toward grade-level standards in one or more major reading areas. Based on the most recently collected data, the IRP shall include the following information, specific to the identified student:

- (1) The specific reading skill deficiencies identified by assessment data.
- (2) Goals and benchmarks for growth.
- (3) The means by which progress will be monitored and evaluated.
- (4) The specific additional literacy interventions the student will receive.
- (5) The Science of Reading-based instructional programming the teacher will implement.
- (6) Any additional services the teacher deems appropriate to accelerate the student's reading skill and development."

SCHOOL PERFORMANCE GRADE REDESIGN

SECTION 7.6.(a) Program Established; Purpose. – There is established the School Performance Grade Redesign Pilot Program (Program) for the 2025-2027 biennium. The Program shall be composed of a small group of school units and expanded to all K-12 schools receiving public funds in the 2027-28 school year. The purpose of the Program is to improve the school performance grade process to provide more transparent and comprehensive information about school performance to parents, students, and administrators. School performance grades will continue to be issued pursuant to G.S. 115C-83.15 during the pilot program.

SECTION 7.6.(b) School Performance Grade Criteria. – The Department of Public Instruction shall develop and publish criteria to be used for school performance grades in the Program.

SECTION 7.6.(c) Application for Program. – Public school units interested in participating in the Program shall notify the Department, and the Department shall establish a process for selecting schools to participate. The Department shall select one charter school, one local school administrative unit, and one private school that receives state funds to participate in the Program from each State Board of Education region, balancing characteristics of the school units to represent the diversity of the State.

SECTION 7.6.(d) Interim Reporting. – Each school unit participating in the Program shall report to the Department on the criteria developed pursuant to subsection (b) of this section by the deadline established by the Department.

SECTION 7.6.(e) Department Reporting. – The Department shall report to the Joint Legislative Oversight Committee and the Office of State Budget and Management by November 1, 2026, on the status and progress of the Program. A copy of the report shall be distributed to all

local superintendents and principals in public school units participating in the Program. The report shall include at least the following:

(1) Any difficulties in collecting data or information required by the Program.

(2) Any recommended changes to the Program.

(1) Any other information the Department deems relevant to the performance of the Program.

(2) Any other information requested by the committee.

SECTION 7.6.(f) Statewide Expansion of the Program. – Beginning with the 2027-28 school year, the Program shall be expanded to all K-12 schools in the State that receive public funds. All participating schools shall provide the information required by the Program.

SECTION 7.6.(g) Final Reporting. – Each participating school unit, as part of the Program, shall report to the Department on the criteria developed pursuant to subsection (a) of Section 2 of this act by the deadline established by the Department.

SECTION 7.6.(h) Final Department Reporting. – The Department shall submit a final report to the Joint Legislative Oversight Committee by June 30, 2027, on the outcomes of the Program. A copy of the report shall be distributed to local superintendents and principals in all participating schools. The report shall include at least the following:

(1) Any continued difficulties in collecting data or information required by the Program.

(2) Any recommended changes to the criteria developed by the Program.

(3) Any other information the Department deems relevant to the performance of the Program.

(4) The model and scale that the Department would use to assign school performance grades from the criteria developed for the Program.

(5) Any recommended legislation for implementing the Program permanently to replace the existing school performance grade system.

(6) Any other information requested by the committee.

SECTION 7.6.(i) Intention of General Assembly. – It is the intention of the General Assembly that after any statutory changes made pursuant to subsection (h) of this section, school performance measures be issued that are based on the results of the pilot, that more heavily weight growth than the current score, and that comply with federal requirements, including those in the Every Student Succeeds Act.

PART VIIA. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

TEACHER SALARY SCHEDULE

SECTION 7A.1.(a) The following monthly teacher salary schedule shall apply for the 2025-26 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2025-2026 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	4,450
1	4,530
2	4,610
3	4,690
4	4,770
5	4,850
6	4,930
7	5,010
8	5,090
9	5,170

1	10	5,250
2	11	5,330
3	12	5,410
4	13	5,490
5	14	5,570
6	15-24	5,588
7	25+	5,795

SECTION 7A.1.(b) The following monthly teacher salary schedule shall apply for the 2026-2027 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2026-2027 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	5,120
1	5,160
2	5,200
3	5,240
4	5,280
5	5,320
6	5,360
7	5,400
8	5,440
9	5,480
10	5,520
11	5,560
12	5,600
13	5,640
14	5,680
15-24	5,720
25+	5,920

SECTION 7A.1.(c) Salary Supplements for Teachers Paid on This Salary Schedule.

- (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).

SECTION 7A.1.(d) For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
 - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
 - b. Three hundred fifty dollars (\$350.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

SECTION 7A.1.(e) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(f) A teacher compensated in accordance with this salary schedule for the 2025-26 and 2026-27 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
 - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
 - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
 - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- (3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 7A.1.(g) As used in this section, the term "teacher" shall also include instructional support personnel.

RESTORE MASTER'S PAY

SECTION 7A.2.(a) The following session laws are repealed:

- (1) Section 8.22 of S.L. 2013-360.
- (2) Section 8.3 of S.L. 2014-100.

SECTION 7A.2.(b) G.S. 115C-302.10 reads as rewritten:

"§ 115C-302.10. Qualifications for certain education-based salary supplements.

(a) Notwithstanding any other provision of law, only the following teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level:

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on the "M" salary schedule or received that salary supplement prior to the 2014-15 school year.
- (3) Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least

one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCPA006, as it was in effect on June 30, 2013.

(4) Teachers who do not qualify under subdivisions (1), (2), and (3) of this section but who spend at least seventy percent (70%) of their time as follows:

a. For teachers, in classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure. Most of the teachers' remaining time shall be spent in one or more of the following:

1. Mentoring teachers.

2. Performing demonstration lessons for teachers.

3. Writing curricula.

4. Developing and leading staff development programs for teachers

b. For instructional support personnel, performing work within the employee's area of graduate academic preparation.

(b) Beginning with the 2025-2026 fiscal year and in subsequent fiscal years, for teachers who are paid on the "M" salary schedule under subdivision (4) of subsection (a) of this act, determination of whether teachers shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers may be moved off the "M" salary schedule or discontinue receiving salary supplements if they are not meeting the requirements of subdivision (4) of subsection (a) of this act in that year.

(c) Unless an individual otherwise qualifies under subdivision (2) or (3) of subsection (a) of this section, teachers and instructional support personnel who earn an advanced degree in school administration shall not be paid on the "M" salary schedule or receive a salary supplement for academic preparation."

CONSOLIDATED TEACHER BONUS PROGRAM

SECTION 7A.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2025-2027 fiscal biennium to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2026 and 2027, based on data from the 2024-2025 and 2025-2026 school years, respectively, in accordance with this section.

SECTION 7A.3.(b) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:

a. Is employed by, or retired having last held a position at, one or more of the following:

1. A qualifying public school unit.

2. The North Carolina Virtual Public School program.

b. Taught one or more students who received a score listed in subsection (c) of this section.

(2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:

a. Is employed by, or retired having last held a position at, a qualifying public school unit.

- 1 b. Taught one or more students who attained approved industry
2 certifications or credentials consistent with G.S. 115C-156.2.
- 3 (3) Eligible growth teacher. – A teacher who meets at least one of the following
4 criteria:
- 5 a. Is employed by, or retired having last held a position at, a qualifying
6 public school unit and meets one of the following criteria:
- 7 1. Is in the top twenty-five percent (25%) of teachers in the State
8 according to the EVAAS student growth index score for third
9 grade reading from the previous school year.
- 10 2. Is in the top twenty-five percent (25%) of teachers in the State
11 according to the EVAAS student growth index score for fourth
12 or fifth grade reading from the previous school year.
- 13 3. Is in the top twenty-five percent (25%) of teachers in the State
14 according to the EVAAS student growth index score for fourth,
15 fifth, sixth, seventh, or eighth grade mathematics from the
16 previous school year.
- 17 b. Is employed by, or retired having last held a position at, a local school
18 administrative unit and meets one of the following criteria:
- 19 1. Is in the top twenty-five percent (25%) of teachers in the
20 teacher's respective local school administrative unit according
21 to the EVAAS student growth index score for third grade
22 reading from the previous school year.
- 23 2. Is in the top twenty-five percent (25%) of teachers in the
24 teacher's respective local school administrative unit according
25 to the EVAAS student growth index score for fourth or fifth
26 grade reading from the previous school year.
- 27 3. Is in the top twenty-five percent (25%) of teachers in the
28 teacher's respective local school administrative unit according
29 to the EVAAS student growth index score for fourth, fifth,
30 sixth, seventh, or eighth grade mathematics from the previous
31 school year.
- 32 c. Was employed by a local school administrative unit that employed in
33 the previous school year three or fewer total teachers in that teacher's
34 grade level as long as the teacher has an EVAAS student growth index
35 score from the previous school year of exceeded expected growth in
36 one of the following subject areas:
- 37 1. Third grade reading.
- 38 2. Fourth or fifth grade reading.
- 39 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 40 (4) EVAAS. – The Education Value-Added Assessment System.
- 41 (5) Qualifying public school unit. – Any of the following:
- 42 a. A local school administrative unit.
- 43 b. A charter school.
- 44 c. A regional school.
- 45 d. A school providing elementary or secondary instruction operated by
46 The University of North Carolina under Article 29A of Chapter 116 of
47 the General Statutes.
- 48 (6) Qualifying teacher. – An eligible teacher who meets one of the following
49 criteria:
- 50 a. Remains employed teaching in the same qualifying public school unit,
51 or, if an eligible advanced course teacher is only employed by the

North Carolina Virtual Public School program, remains employed teaching in that program, at least from the school year the data is collected until January 1 of the corresponding school year that the bonus is paid.

b. Retired, between the last day of the school year in which the data is collected and January 1 of the corresponding school year in which the bonus is paid, after attaining one of the following:

1. The age of at least 65 with five years of creditable service.
2. The age of at least 60 with 25 years of creditable service.
3. Thirty years of creditable service.

SECTION 7A.3.(c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught in each advanced course who receives the following score:

- (1) For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.
- (2) For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.
- (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge AICE program examinations.

SECTION 7A.3.(d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall be provided in the following amounts:

- (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five dollar (\$25.00) value ranking as determined under subsection (e) of this section.
- (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty dollar (\$50.00) value ranking as determined under subsection (e) of this section.

SECTION 7A.3.(e) CTE Course Value Ranking. – The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subsection. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

- (1) Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.
- (2) Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

SECTION 7A.3.(f) Statewide Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to qualifying teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

- (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of subsection (b) of this section. These funds shall be distributed equally among qualifying teachers.

(2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2. of subdivision (3) of subsection (b) of this section.

(3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3. of subdivision (3) of subsection (b) of this section.

SECTION 7A.3.(g) Local Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

(1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of subdivision (3) of subsection (b) of this section. These funds shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying third grade reading teachers in each local school administrative unit.

(2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.2. or c.2. of subdivision (3) of subsection (b) of this section.

(3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.3. or c.3. of subdivision (3) of subsection (b) of this section.

SECTION 7A.3.(h) Limitations and Other Criteria. – The following additional limitations and other criteria shall apply to the program:

(1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d), subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this section shall not exceed three thousand five hundred dollars (\$3,500) per subsection or subdivision in any given school year.

(2) A 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 may receive a bonus under both subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section but shall not receive more than seven thousand dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section in any given school year.

(3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2., b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section in any given school year.

(4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3., b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section in any given school year.

SECTION 7A.3.(i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.3.(j) Study and Report. – The State Board of Education shall study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, the Office of State Budget and Management, and the Fiscal Research Division by March 15 of each year of the 2025-2027 fiscal biennium. The report shall include, at a minimum, the following information:

- (1) Number of students enrolled and taking examinations in each of the following 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 sub-subdivision a. of subdivision (1) of this subsection.
- (3) Number of teachers receiving a bonus in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.
- (4) The amounts awarded to teachers for each category of courses identified in sub-subdivision a. of 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 January 2024 or January 2025, or both, where applicable, pursuant to one of the following programs:
 - a. The Advanced Course and CTE Bonus Program provided in Section 7A.4 of S.L. 2021-180.
 - b. The Growth-Based Teacher Bonus Program provided in Section 7A.2 of S.L. of 2022-74.
- (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 January 2024 or January 2025 pursuant to one of the programs listed in subdivision (7) of this subsection.
- (9) 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 January 2024 or January 2025, or both, where applicable, pursuant to one of the programs listed subdivision (7) of this subsection.
- (10) The statistical relationship between a teacher receiving a bonus in January 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program. For purposes of this subdivision, the following are predecessor programs:
 - a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (c) of this section.

- b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (d) of this section.
- c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section.
- d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section.
- e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section.
- (11) 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.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.4.(a) Use of Funds. – For each year of the 2025-2027 fiscal biennium, except as provided in subsection (f1) 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.4.(b) Definitions. – As used in this section, the following definitions shall apply:

- (1) Adjusted market value of taxable real property. – A county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h).
- (2) Composite value. – For each eligible county, the sum of the following:
- a. The taxable real property factor multiplied by sixty-five percent (65%).
- b. The median household income factor multiplied by twenty-five percent (25%).
- c. The effective tax rate factor multiplied by ten percent (10%).
- (3) County allocation factor. – For each eligible county, the supplement factor for that county divided by the sum of all supplement factors for the State.
- (4) Effective tax rate. – The actual county tax rate multiplied by the most recent annual sales assessment ratio for that county.
- (5) Effective tax rate factor. – For each eligible county, the effective tax rate for that county divided by the median effective tax rate in the State.
- (6) Eligible county. – A county that has an adjusted market value of taxable real property of less than fifty billion nine hundred million dollars (\$50,900,000,000).

- (7) Eligible local school administrative unit. – A local school administrative unit located in whole or in part in an eligible county.
- (8) Eligible school. – A public school that is located in an eligible county and governed by a local school administrative unit.
- (9) Maintenance of effort amount. – For each local school administrative unit in each fiscal year, the supplant factor multiplied by the total State and non-State funds expended for salaries for teachers from the fiscal year for which the most recent salary data are available.
- (10) Median household income. – A county's median household income for the most recent 12 months for which data are available, as that term is used in G.S. 143B-437.08.
- (11) Median household income factor. – For each eligible county, the median household income in the State divided by the median household income for that county.
- (12) Non-State funds. – Any funds held by a local school administrative unit, other than nonrecurring federal funds received as a result of legislation enacted by Congress in response to COVID19, that are not State funds.
- (13) Qualifying school administrator. – Any of the following:
- a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
 - b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- (14) Supplant factor. – For each local school administrative unit in each fiscal year of the fiscal biennium, the total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.
- (15) Supplement factor. – For each eligible county, the composite value multiplied by the number of State-funded teachers employed in a school in the county that is governed by a local school administrative unit.
- (16) Taxable real property factor. – For each eligible county, the median adjusted market value of taxable real property in the State divided by the adjusted market value of taxable real property for that county.
- (17) Teacher. – Teachers and instructional support personnel.
- SECTION 7A.4.(c)** Allocation of Funds. – The State Board of Education shall allocate funds for salary supplements to eligible local school administrative units according to the following procedure:
- (1) County allocation. – For each eligible county, the State Board shall determine a county allocation by multiplying the county allocation factor for that county by the funding amount appropriated pursuant to this section for the applicable fiscal year.
 - (2) Per teacher funding amount. – For each eligible county, the State Board shall determine a per teacher funding amount by dividing the county allocation amounts determined pursuant to subdivision (1) of this subsection by the total number of State-funded teachers employed in all eligible schools in that county.
 - (3) Unit funding amount. – For each eligible local school administrative unit, the State Board shall determine the funding amount for that unit based on the per teacher funding amount or amounts for the eligible county or counties where the unit is located. For each county with an eligible school governed by the unit, the State Board shall multiply the applicable per teacher funding amount for that county determined pursuant to subdivision (2) of this subsection by the number of State-funded teachers employed in the eligible school in that

1 county. If the unit is located in multiple eligible counties, the State Board shall
2 aggregate those amounts.

- 3 (4) Allocation and funding cap. – The State Board shall allocate the amount
4 determined pursuant to subdivision (3) of this subsection to each eligible local
5 school administrative unit for each applicable fiscal year, up to a maximum of
6 five thousand dollars (\$5,000) per State-funded teacher.

7 **SECTION 7A.4.(d)** Charter Schools. – Funds appropriated to the Department of
8 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter
9 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools
10 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying
11 school administrators in the charter school in accordance with the requirements of this section.

12 **SECTION 7A.4.(e)** Formula for Distribution of Supplemental Funding Pursuant to
13 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
14 funding to eligible local school administrative units and is not intended to reflect any measure of
15 the adequacy of the educational program or funding for public schools. The formula is also not
16 intended to reflect any commitment by the General Assembly to appropriate any additional
17 supplemental funds for eligible local school administrative units.

18 **SECTION 7A.4.(f)** Non-supplant Requirement. – A local school administrative unit
19 that receives funds under this section shall use those funds to supplement non-State funds
20 provided for salary supplements for teachers and qualifying school administrators and shall not
21 use any State funds, including funds received under this section or Section 7A.12 of S.L.
22 2021-180, to supplant non-State funds provided for salary supplements for teachers and
23 qualifying school administrators. For purposes of this section, a local school administrative unit
24 has supplanted non-State funds if the State Board finds that the amount of non-State funds
25 expended by the unit for salary supplements was less than ninety-five percent (95%) of the
26 maintenance of effort amount for the local school administrative unit.

27 **SECTION 7A.4.(f1)** Non-supplant Enforcement. – If the State Board of Education
28 determines that a local school administrative unit has supplanted non-State funds in violation of
29 subsection (f) of this section, the State Board of Education shall not allocate any funds under this
30 section to the unit.

31 **SECTION 7A.4.(f2)** Additional Penalty for Consecutive Supplanting. – It is the
32 intent of the General Assembly that the State Board of Education will not allocate supplemental
33 funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year
34 if the State Board of Education determines that the local school administrative unit supplanted
35 non-State funds provided for salary supplements for teachers and qualifying school
36 administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For
37 the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to
38 have supplanted non-State funds for purposes of this subsection if the State Board determines
39 that the unit supplanted non-State funds solely with any State funds for which the allowable uses
40 include salary supplements for teachers or qualifying school administrators.

41 **SECTION 7A.4.(g)** Reports. – No later than April 15 of each year of the 2025-2027
42 fiscal biennium, the State Board of Education shall report the following information for the
43 applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal
44 Research Division:

- 45 (1) A list of all eligible counties and eligible local school administrative units.
46 (2) Funds allocated to each eligible local school administrative unit.
47 (3) The percentage and amount of teachers and qualifying school administrators
48 in each eligible local school administrative unit receiving salary supplements.
49 (4) The average salary supplement amount in each eligible local school
50 administrative unit.

- (5) The range of salary supplement amounts in each eligible local school administrative unit.
- (6) The effect of the salary supplements on the retention of teachers and qualifying school administrators in eligible local school administrative units.
- (7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.5.(a) The following annual salary schedule for principals shall apply for the 2025-2026 fiscal year, beginning July 1, 2025.

2025-2026 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$80,126	\$88,137	\$96,151
201-400	\$84,131	\$92,544	\$100,958
401-700	\$88,137	\$96,952	\$105,766
701-1,000	\$92,145	\$101,358	\$110,574
1,001-1,600	\$96,151	\$105,766	\$115,381
1,601+	\$100,156	\$110,172	\$120,188

SECTION 7A.5.(b) The following annual salary schedule for principals shall apply for the 2026-2027 fiscal year, beginning July 1, 2026.

2026-2027 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$84,934	\$93,425	\$101,920
201-400	\$89,179	\$98,097	\$107,015
401-700	\$93,425	\$102,769	\$112,112
701-1,000	\$97,674	\$107,439	\$117,208
1,001-1,600	\$101,920	\$112,112	\$122,304
1,601+	\$106,165	\$116,782	\$127,399

SECTION 7A.5.(c) A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in at least one of the prior two school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

- (1) A principal shall be paid according to the Exceeded Growth column of the schedule if the school growth scores show the school or schools exceeded expected growth in at least one of the prior two school years.
- (2) A principal shall be paid according to the Met Growth column of the schedule if any of the following apply:
 - a. The higher school growth score in one of the two prior school years shows that the school met expected growth.
 - b. The principal supervised a school in the two prior school years that was not eligible to receive a school growth score.
- (3) A principal shall be paid according to the Base column if either of the following apply:
 - a. The school growth scores show the school or schools did not meet expected growth in either of the two prior years.
 - b. The principal has not supervised any school as a principal for a majority of the school year in at least the two prior school years.

SECTION 7A.5.(d) For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:

- (1) For the 2025-2026 school year, placement on the schedule related to average daily membership shall be based on the average daily membership for the school from the 2024-2025 school year. If the school did not have an average daily membership in the 2024-2025 school year, the projected average daily membership for the school for the 2025-2026 school year shall be used between July 1, 2025, and December 31, 2025, and the average daily membership for the school shall be used between January 1, 2026 and June 30, 2026.
- (2) For the 2026-2027 school year, placement on the schedule related to average daily membership shall be based on the average daily membership for the school from the 2025-2026 school year. If the school did not have an average daily membership in the 2025-2026 school year, the projected average daily membership for the school for the 2026-2027 school year shall be used between July 1, 2026 and December 31, 2026, and the average daily membership for the school shall be used between January 1, 2027 and June 30, 2027.

SECTION 7A.5.(e) For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

- (1) For purposes of determining the school growth scores for each principal in the 2025-2026 school year, school growth scores from the two most recent available school years, up to the 2024-2025 school year, shall be used.
- (2) For purposes of determining the school growth scores for each principal in the 2026-2027 school year, school growth scores from the two most recent available school years, up to the 2025-2026 school year, shall be used.

SECTION 7A.5.(f) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

SECTION 7A.5.(g) A principal compensated in accordance with this section for the 2025-2026 and 2026-27 fiscal year shall receive an amount equal to the greater of the following:

- (1) The applicable amount determined pursuant to subsections (a) through (d) of this section.
- (2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.
- (3) For principals who were not eligible for longevity in the 2016-17 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

BONUSES FOR PRINCIPALS

SECTION 7A.6.(a) The Department of Public Instruction shall administer a bonus in the 2025-2026 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:

2025-2026 Principal Bonus Schedule

Statewide Growth Percentage**Bonus**

Top 5%	\$15,000
Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 7A.6.(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.

SECTION 7A.6.(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.

SECTION 7A.6.(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.

SECTION 7A.6.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2025, to qualifying principals employed as of October 1, 2025.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.7.(a) For the 2025-2026 and 2026-2027 fiscal years, assistant principals shall receive a monthly salary based on the relevant salary schedule for teachers shown in Section 7A.1(a) 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.7.(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.7.(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 fulltime interns.

SECTION 7A.7.(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.7.(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 determined pursuant to subsections (a) through (d) of this section.
- (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:
 - a. The salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

- b. The longevity that the assistant principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the assistant principal's current years of service.
- (3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.8.(a) For the 2025-2026 fiscal year, 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 three percent (3%).

SECTION 7A.8.(b) It is the intent of the General Assembly to increase the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers, whose salaries are supported from State funds, in the 2026-27 fiscal year, beginning July 1, 2026, by three percent (3%).

SECTION 7A.8.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Fiscal Year

	Maximum
School Administrator I	\$7,800
School Administrator II	\$8,265
School Administrator III	\$8,757
School Administrator IV	\$9,099
School Administrator V	\$9,463
School Administrator VI	\$10,023
School Administrator VII	\$10,424

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.8.(d) The monthly salary maximums that follow apply to public school superintendents for the 2025-2026 fiscal year, beginning July 1, 2025:

2025-2026 Fiscal Year

	Maximum
Superintendent I	\$11,049
Superintendent II	\$11,707
Superintendent III	\$12,410
Superintendent IV	\$13,156
Superintendent V	\$13,947

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.8.(e) 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.

SECTION 7A.8.(f) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided for under this section.

SECTION 7A.8.(g) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

NON-CERTIFIED PERSONNEL SALARIES

SECTION 7A.9.(a) For the 2025-2026 fiscal year, beginning July 1, 2025, the annual salary for non-certified public school employees whose salaries are supported from State funds shall be increased as follows:

- (1) For permanent, full-time employees on a 12-month contract, by three percent (3%).
- (2) For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) of this subsection:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC PERFORMANCE FUNDING

SECTION 8.1.(a) Part 1 of Article 1 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-11.5. Institutional performance accountability.

(a) Implementation of Accountability Measures and Performance Standards. - The UNC Board of Governors shall adopt and implement a system of accountability measures and performance standards for the constituent institutions. At least once every three years, the Board shall review, and revise, as necessary, the accountability measures and performance standards to ensure that they are appropriate for use in recognition of successful institutional performance.

(b) Recognition of Successful Institutional Performance. - Subject to the availability of funds, the Board of Governors may allocate funds among constituent institutions based on the evaluation of each institution's performance, including at least the following components:

- (1) Performance change evaluated by determining a college's rate of student success on each measure as compared to an institution-specific baseline and goal.

- (2) Institutional impact based on the number of degree completers. The Board may also allocate funds to specific institutions warranting targeted support to increase institutional performance or adapt to significant enrollment changes. Institutions shall use funds allocated to it pursuant to this subsection to support strategies to improve institutional performance.

(c) Reporting Requirement. - The UNC Board of Governors shall report annually on the implementation of this section consistent with G.S. 116-11(9b)."

SECTION 8.1.(b) G.S. 116-11 reads as rewritten:

"§ 116-11. Powers and duties generally.

- (9b) The Board of Governors shall report by ~~February~~ March 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:
- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
 - b. Budget allocations and reductions, including for operating expenses and specific programs.
 - c. Distribution of additional State allocations for enrollment funding.
 - d. Use of State funds and budget flexibility.
 - e. Availability of federal funds.
 - f. Tuition and fees.
 - g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
 - h. Student retention and graduation rates.
 - i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
 - j. A comparison to prior fiscal year expenditures and appropriations.
 - k. The total amount of mandatory student fee revenue collected by institution and fee type.
 - l. Any source of student auxiliary revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.
 - m. Any source of sales revenue that represents greater than ten percent (10%) of the overall student auxiliary revenue by institution and revenue type.
 - n. Institutional performance on accountability measures adopted by the Board of Governors pursuant to G.S. 116-11.5."

COMPLETION ASSISTANCE PROGRAMS

SECTION 8.2.(a) For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

- (1) Elizabeth City State University
- (2) Fayetteville State University
- (3) NC Central University
- (4) University of North Carolina at Pembroke
- (5) Winston-Salem State University

SECTION 8.2.(b) The Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

- (1) A student enrolled in a Program established by this section may receive up to one thousand dollars (\$1,000) per academic semester under the Program to

- 1 pay for the costs of continuing attendance and earning necessary credit hours
2 at the eligible constituent institution.
- 3 (2) A student shall be eligible to receive funds under a Program if the student
4 meets at least the following requirements:
- 5 a. Needs financial assistance to remain enrolled at the eligible constituent
6 institution and earn credits necessary to graduate on time.
- 7 b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
- 8 c. Meets satisfactory academic progress, as determined by the Board.
- 9 d. Has completed or is on track to complete at least 60 academic credit hours
10 by the end of the semester in which the funds are provided.
- 11 e. Has completed the Free Application for Federal Student Aid (FAFSA) for
12 the academic year in which the funds are provided.
- 13 f. Has an unpaid balance with the eligible constituent institution. This may
14 include an unpaid balance for tuition, fees, room, board, or other expenses
15 of attendance.

16 **SECTION 8.2.(c)** The Board of Governors of The University of North Carolina shall
17 report on each Completion Assistance Program established pursuant to this section to the Joint
18 Legislative Education Oversight Committee no later than March 15, 2027. The report shall
19 include, at a minimum, an analysis of the impact of each Program on the following:

- 20 (1) On-time graduation rates.
- 21 (2) Student debt at graduation.

22 **SECTION 8.2.(d)** Of the funds appropriated in this act to the Board of Governors
23 of The University of North Carolina for Completion Assistance Programs, the Board shall
24 allocate funds to each eligible constituent institution of The University of North Carolina
25 proportional to the number of undergraduate students enrolled at each eligible constituent
26 institution who are residents of North Carolina and recipients of a federal Pell Grant.

27 **EXPAND CHEATHAM-WHITE SCHOLARSHIP PROGRAM**

28 **SECTION 8.3.(a)** G.S. 116-290 reads as rewritten:

29 **"§ 116-290. Cheatham-White Scholarships; establishment and purpose; benefits.**

30 (a) Scholarships Established; Purpose. – The Cheatham-White Scholarships are
31 established as a merit scholarship program at North Carolina Agricultural and Technical State
32 University, ~~and at North Carolina Central University, and Winston-Salem State University.~~ The
33 purpose of the scholarships is to provide an outstanding educational experience for students who
34 are exceptional scholars, versatile and well- rounded individuals with a broad range of interests,
35 and who are accomplished and proficient in areas of both the arts and the sciences. They must
36 also demonstrate leadership potential and a strong commitment to service.

37 (b) Scholarship Benefits. – Each scholarship is a fully funded four-year scholarship that
38 covers the cost of all of the following: full tuition, student fees, housing, meals, textbooks, a
39 laptop, supplies, travel, and personal expenses. Each scholarship also provides four summers of
40 fully funded enrichment and networking opportunities that may include international travel and
41 study.

42 (c) Number of Scholarships Awarded. – Up to ~~50-150~~ scholarships, ~~40-120~~ for resident
43 students and ~~10-30~~ for nonresident students, may be awarded each academic year to students
44 admitted to North Carolina Agricultural and Technical State University. Up to ~~50-100~~
45 scholarships, ~~40-80~~ for resident students and ~~10-20~~ for nonresident students, may be awarded each
46 academic year to students admitted to North Carolina Central University. Up to 50 scholarships,
47 40 for resident students and 10 for nonresident students, may be awarded each academic year to
48 students admitted to Winston-Salem State University."

49 **SECTION 8.3.(b)** G.S. 116-292(a) reads as rewritten:

50 **"§ 116-292. Cheatham-White Scholarships; eligibility and selection criteria.**

51

(a) Eligibility. – To be eligible to be nominated as a potential candidate for a Cheatham-White Scholarship, a person must satisfy all of the following criteria:

- (1) Be a competitive applicant for admission as a freshman in the fall semester into a baccalaureate program at either North Carolina Agricultural and Technical State University, ~~or~~ North Carolina Central University, or Winston-Salem State University.
- (2) Be a United States citizen or permanent resident.
- (3) Be on course to graduate from high school in the spring semester prior to college admission."

SECTION 8.3.(c) G.S. 116-294 reads as rewritten:

"§ 116-294. Cheatham-White Scholarships; administration of scholarships.

The University of North Carolina System Office shall administer the Cheatham-White Scholarships, in consultation and collaboration with North Carolina Agricultural and Technical State University, ~~and~~ North Carolina Central University, and Winston-Salem State University, pursuant to policies adopted by the Board of Trustees of both constituent institutions. As part of its administrative responsibilities, The University of North Carolina System Office, in consultation and collaboration with North Carolina Agricultural and Technical State University, ~~and~~ North Carolina Central University, and Winston-Salem State University, shall do all of the following:

- (1) Design and implement an application and school nomination process to be used to identify potential scholarship candidates and a process for awarding the scholarships.
- ...
- (9) Any other function necessary for the successful implementation of the Cheatham-White Scholarships program and administration of the Cheatham-White Scholarships Fund. (2016-94, s.11.4(e); 2018-12, s. 12.)"

NORTH CAROLINA SCHOOL OF SCIENCE AND MATH RECEIPT FLEXIBILITY

SECTION 8.4. G.S. 116-30.3A reads as rewritten:

"§ 116-30.3A. Availability of excess receipts.

Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The University of North Carolina realized in excess of budgeted levels shall be available, up to a maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to appropriations to support the operations generating the receipts as approved by the Director of the Budget. This section shall not apply to the North Carolina School of Science and Mathematics. The North Carolina School of Science and Mathematics shall be subject to subsections b1 and b2 of G.S. 143C-6-4."

PART VIIIA. NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY

GROWING THE HEALTHCARE WORKFORCE

SECTION 8A.1.(a) Establishment of the Fund. – Of the funds appropriated to the Board of Governors of the University of North Carolina by this act for the 2025-26 fiscal year, the Board shall use ten million (\$10,000,000) to establish the Fund for Growing the Health Care Workforce (Fund). Any unexpended funds remaining in the Fund at the end of the fiscal year shall not revert to the General Fund but shall remain available for the purposes set forth in this section through June 30, 2026. The Fund shall be used to assist independent college and universities who participate in the State Need Based Grant in starting or expanding programs that will grow the health care workforce, including through providing greater facility capacity for trainees; increasing the numbers of health faculty and staff; and providing student support, equipment and lab space.

SECTION 8A.1.(b) Report. – The Board shall submit an initial report to the Joint Legislative Education Oversight Committee by December 1, 2026, and an annual report thereafter for each year the Board provides funds, on the programs receiving the funds, which shall include at least the following information:

- (1) The institutions that received funds, the amount of funds, and the types of programs started.
- (2) The use of funds by each institution receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.
- (3) Evaluation of the success of the new program receiving funds.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT CONSOLIDATION

SECTION 8A.2.(a) The recurring funds appropriated in S.L. 2023-134 to the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium to be allocated to the State Education Assistance Authority for the Longleaf Commitment Community College Grant Program shall from the 2025-2026 fiscal year instead be allocated for the North Carolina Need-Based Scholarship Program for Public Colleges and Universities for eligible students enrolled in the North Carolina Community College System.

SECTION 8A.2.(b) G.S. 116-209.85(b) reads as rewritten:

"§ 116-209.85. Scholarship Reserve Fund for Public Colleges and Universities.

...

(b) The Authority shall create two reserves within the Reserve Fund as follows: The University of North Carolina (UNC Reserve) and the North Carolina Community College System (CC Reserve) from monies in the Reserve Fund. The funds in the reserves shall be used for scholarships for the academic year that begins in the fiscal year following the fiscal year in which the allocations are made to the reserves. Allocations shall be made from the reserves for the amounts determined for the payment schedules for eligible postsecondary institutions pursuant to G.S. 116-209.83.

Beginning with the 2023-2024 fiscal year and for each subsequent fiscal year, within the funds available, the Authority shall allocate an amount equal to the amount from the prior fiscal year for the UNC Reserve and the CC Reserve to each reserve, respectively, unless otherwise agreed to by the President of The University of North Carolina and the President of the North Carolina Community College System. Additional funds may be directed to the reserves from a Current Operations Appropriations Act in a fiscal year. The reserves established for the 2022-2023 fiscal year shall consist of the following funds:

- (1) For the UNC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for The University of North Carolina Need-Based Financial Aid Program for the 2021-2022 fiscal year.
 - b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship Program based on awards of financial assistance to students enrolled in The University of North Carolina from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.
- (2) For the CC Reserve, the monies shall consist of the following:
 - a. An amount equal to the amount appropriated to the Community Colleges System Office for the North Carolina Community College Grant Program, except for funds set aside for the targeted assistance program pursuant to G.S. 115D-40.1, for the 2021-2022 fiscal year.

b. An amount equal to the proportionate share of the appropriation for the Education Lottery Scholarship based on awards of financial assistance to students enrolled in North Carolina community colleges from the Education Lottery Scholarship Program for the 2017-2018, 2018-2019, and 2019-2020 fiscal years.

c. Beginning with the 2025-2026 fiscal year and thereafter an amount equal to the amount appropriated to the Board of Governors of The University of North Carolina for the Longleaf Commitment Community College Grant Program for each year of the 2023-2025 fiscal biennium.

...."

OPPORTUNITY SCHOLARSHIPS ACCOUNTABILITY

SECTION 8A.3.(a) G.S. 115C-562.1 reads as rewritten:

"§ 115C-562.1. Definitions.

The following definitions apply in this Part:

...

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

- a. Is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter. A child who is the age of 4 on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements established by the Authority pursuant to G.S. 115C562.2(d) and those findings are submitted to the Authority.
- b. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.
- c. Has not been placed in a nonpublic school or facility by a public agency at public expense.
- d. Received a scholarship grant during the previous school year."

SECTION 8A.3.(b) G.S. 115C-562.2 reads as rewritten:

"§ 115C-562.2. Scholarship grants.

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

- (1) Eligible students who received a scholarship grant for the school year prior to the school year for which the students are applying.
- (2) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (1) of subsection (b2) of this section.~~
- (3) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (2) of subsection (b2) of this section.~~
- (4) ~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (3) of subsection (b2) of this section.~~
- (5) ~~All other students.~~

(b) Repealed by Session Laws 2023-134, s. 8A.6(c), effective July 1, 2023.

(b1) Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.

(b2) Scholarship grants shall be awarded to eligible students as follows:

- (1) For students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program, per year per eligible student, an amount of up to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year.
- (2) For students residing in households with an income level between the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of two hundred percent (200%) of that amount, per year per eligible student, an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year.
- ~~(3) For students residing in households with an income level of between two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of four hundred fifty percent (450%) of that amount, per year per eligible student, an amount of up to sixty percent (60%) of the average State per pupil allocation for average daily membership in the prior fiscal year.~~
- ~~(4) For all students, per year per eligible student, an amount of up to forty-five percent (45%) of the average State per pupil allocation for average daily membership in the prior fiscal year, unless the student qualifies for a higher amount under this subsection.~~

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

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

(b5) In addition to the amount of the scholarship grant, for any student receiving a scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school an amount equal to the cost of the nationally standardized test required to be administered as provided in G.S. 115C562.5."

SECTION 8A.3.(c) G.S. 115C-562.8(b) reads as rewritten:

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

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

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	\$625,000,000
2026-2027	\$675,000,000
2027-2028	\$700,000,000 \$194,124,036
2028-2029	\$725,000,000 \$176,276,589

1	2029-2030	\$750,000,000 <u>\$156,209,738</u>
2	2030-2031	\$775,000,000 <u>\$135,285,250</u>
3	2031-2032	\$800,000,000 <u>\$114,800,340</u>
4	2032-2033	<u>\$93,233,393</u>
5	2033-2034	<u>\$70,197,091</u>
6	2034-2035	<u>\$46,300,078</u>
7	2035-2036	<u>\$22,046,485</u>

For the ~~2032-2033~~ 2036-2037 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~eight hundred twenty five million dollars (\$825,000,000)~~ zero dollars (\$0) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-11, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year."

SECTION 8A.3.(d) The State Education Assistance Authority shall not award scholarship funds to new recipients pursuant to Part 2A of Article 39 of Subchapter X of Chapter 115C of the General Statutes after the 2024-2025 academic year.

SECTION 8A.3.(e) G.S. 115C-562.5(a) is amended by adding a new subdivision to read:

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

(3a) Academic Assessment. – A nonpublic school that accepts eligible students receiving scholarship funds shall academically assess students on an annual basis for each school year at the same grade levels as required by the State Board of Education for students in the public schools pursuant to G.S. 115C-174.11(c)(1). An eligible student awarded scholarship funds who is enrolled in a nonpublic school shall participate in the academic assessments to maintain eligibility for receipt of the scholarship funds.

Assessment data shall be retained by the nonpublic school for a five-year period and shall be subject to audit by the Authority to ensure compliance with this subsection. Assessment data shall be provided to the parent or guardian of an eligible student, whose tuition and fees are paid in whole or in part with scholarship funds, with an annual written explanation of the student's progress, including the results of the student's academic assessment. Nothing in this subsection shall be deemed to prohibit a nonpublic school from administering assessments at other grade levels for its own purposes."

SECTION 8A.3.(f) G.S. 115C-562.7(b) is amended by adding a new subdivision to read:

"§ 115C-562.7. Reporting requirements.

(6) Information on the compliance with the academic assessment requirement pursuant to G.S. 115C-562.5(3a)."

SECTION 8A.3.(g) G.S. 115C-562.2 is amended by adding a new subsection to read:

"§ 115C-562.2. Scholarship grants.

(c1) An eligible student awarded a scholarship grant shall participate in administration of examinations required by G.S. 115C-562.5 to maintain eligibility for receipt of the scholarship grant."

SECTION 8A.3.(h) G.S. 115C-562.5 reads as rewritten:

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

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

(1) Provide to the Authority annually documentation for required tuition and fees charged to the student by the nonpublic school. A nonpublic school that

1 accepts eligible students receiving scholarship grants shall not increase tuition
2 each year by more than the Consumer Price Index as calculated by the United
3 States Bureau of Labor Statistics and reported on January 1 of the year in
4 which the school is increasing tuition.

5 (2) Provide to the Authority a criminal background check conducted for the staff
6 member with the highest decision-making authority, as defined by the bylaws,
7 articles of incorporation, or other governing document, to ensure that person
8 has not been convicted of any crime listed in G.S. 115C332.

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

13 (4) Administer, at least once in each school year (or more as required by State or
14 Federal Requirements), tests as provided in this subdivision. Student-level test
15 performance data shall be submitted to the Authority by July 15 of each year
16 and retained by the nonpublic school for a five-year period and shall be subject
17 to audit by the Authority to ensure compliance with this subdivision. ~~year.~~ Test
18 Personally identifiable individual test performance data reported to the
19 Authority or audited or collected for evaluation purposes by the Authority
20 under this subdivision is not a public record under Chapter 132 of the General
21 Statutes. Nothing in this subdivision shall be deemed to prohibit a nonpublic
22 school from administering other standardized tests or tests at other grade
23 levels for its own purposes. Tests shall be administered to all eligible students
24 ~~enrolled in grades three and higher~~ whose tuition and fees are paid in whole
25 or in part with a scholarship grant as follows:

26 a. The nationally standardized test designated by the Authority in grades
27 three and eight.

28 b. The ACT in grade 11.

29 c. A nationally standardized test or other nationally standardized
30 equivalent measurement selected by the chief administrative officer of
31 the nonpublic school in all other grades four and higher. For grades
32 four through seven, the nationally standardized test or other equivalent
33 measurement selected must measure achievement in the areas of
34 English grammar, reading, spelling, and mathematics. For grades nine,
35 10, and 12, the nationally standardized test or other equivalent
36 measurement selected must measure either (i) achievement in the areas
37 of English grammar, reading, spelling, and mathematics or (ii)
38 competencies in the verbal and quantitative areas.

39 d. The assessments and tests required by the State Board of Education
40 for public schools to comply with federal law according to grade level
41 pursuant to G.S. 115C-174.11(c)(1).

42 (4b) Pursuant to G.S. 115C-107.6, educate each child with a disability awarded
43 scholarship funds in accordance with that child's Individualized Education
44 Plan (IEP) and in compliance with the Individuals with Disabilities Act
45 (IDEA) and State Board of Education policies.

46 (5) Provide to the Authority four-year cohort graduation rates of the students
47 receiving scholarship grants in a manner consistent with requirements of Title
48 I, Part A of ESEA and 34 C.F.R. § 200.19. ~~nationally recognized standards.~~

49 (5b) Provide to the Authority by August 1 of each year attendance records of
50 students receiving scholarship grants during the previous school year
51 including the name of any schools attended during that time.

- (6) Contract with a certified public accountant to perform a financial ~~review~~ audit, consistent with generally accepted methods of accounting or any other comprehensive basis of accounting recognized by the American Institute of Certified Public Accountants (AICPA) a minimum of once every two years for each school year in which the school enrolls 70 or more students receiving scholarship grants or scholarship funds awarded by the Authority. students who collectively receive more than one hundred thousand dollars (\$100,000) in scholarship grants awarded under this Part. If a nonpublic school accepts students receiving less than one hundred thousand dollars (\$100,000) in scholarship grants, the school shall contract with a certified public accountant to perform a financial audit once every three years. The nonpublic school shall submit the audit report to the Authority by December 31 of each year an audit is conducted. The Authority may require a school to be audited annually after the school has two consecutive financial audits with findings. The Authority shall ensure that all schools are audited in accordance with this section.
- (7) Maintain a school facility within the State where in-person instruction is provided. This subdivision does not prohibit a school from offering remote-only courses of instruction in addition to in-person instruction.
- (8) Provide the following information annually to the Division:
- a. Name and address of the school, including physical location address. A school with more than one physical location shall establish a separate notice of intent for each physical location and shall provide all information required by this subdivision for each physical location.
 - b. The name of the owners and chief administrator, as well as their contact information.
 - c. Number of students in attendance at the school as of October 1.
 - d. Total number of students enrolled in the school as of the last day of the previous school year.
 - e. Documentation of a completed fire inspection within the previous 365 days.
- (9) In coordination with local law enforcement agencies, adopt a School Risk Management Plan (SRMP) relating to incidents of school violence as detailed in G.S. 115C-47 (40). In constructing and maintaining these plans, the school shall utilize the School Risk and Response Management System (SRRMS) established pursuant to G.S. 115C-105.49A. These plans are not considered a public record as the term "public record" is defined under G.S. 132-1.
- (10) Pursuant to G.S. 115C-105.53, provide schematic diagrams and keys to the main entrance of school facilities to local law enforcement agencies. These diagrams are not considered a public record as the term "public record" is defined under G.S. 132-1.
- (11) Pursuant to G.S. 115C-105.49, at least once a year, hold a full school-wide lockdown exercise with local law enforcement and emergency management agencies that are part of the qualified nonpublic school's SRMP.
- (12) Provide the following: (i) schematic diagrams, including digital schematic diagrams, and (ii) emergency response information requested by the Department of Public Safety, Division of Emergency Management for the SRMP. These diagrams and emergency response information are not considered a public record as the term "public record" is defined under G.S. 132-1.

(b) A nonpublic school that accepts students receiving scholarship grants shall not require any additional fees based on the status of the student as a scholarship grant recipient.

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

- (1) Report to the Authority on the aggregate standardized test performance of the individual student standardized test performance of eligible students in grades three, eight, and 11 under subsection (4) of this section. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. The Authority shall make these reports of aggregate student standardized test performance publicly available. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.
- (2) Retain standardized test performance data for eligible students in all other grades and annually certify to the Authority compliance with the requirements of subdivision (4) of subsection (a) of this section.

(c1) A nonpublic school shall not discriminate with respect to the categories listed in 42 U.S.C. § 2000d, as that statute read on January 1, 2014, and with respect to the definitions of an individual with a disability as defined in the Americans With Disabilities Act of 1990, 42 U.S.C. § 12101 as that statute read on January 1, 2024."

SECTION 8A.3.(i) G.S. 115C-112.7 is amended by adding a new subsection to read:

"(c) The State Education Assistance Authority, in coordination with the Department of Public Instruction, shall make publicly available by September 30 of each year school achievement, growth, and performance scores and associated performance grades pursuant to G.S. 115C-83.15 for nonpublic schools that enroll more than 25 students whose tuition and fees are paid in whole or in part with a scholarship grant. This section is effective with the 2025-26 school year. The first school achievement, growth, and performance scores and associated performance grades shall be made publicly available by September 30, 2026."

SECTION 8A.3.(j) Section 8A.6(i) and Section 8A.6(j) of Session Law 2023-134 are repealed.

SECTION 8A.3.(k) This provision is effective when it becomes law and applies beginning with the 2025-26 school year.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES [RESERVED]

PART IX-B. CENTRAL MANAGEMENT AND SUPPORT

COMMUNITY HEALTH GRANT PROGRAM

SECTION 9B.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2025-2027 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

SECTION 9B.1.(b) The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health

shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

SECTION 9B.1.(c) Grant recipients shall not use these funds to do any of the following:

- (1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.
- (2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.
- (3) Finance or satisfy any existing debt.

SECTION 9B.1.(d) The Office of Rural Health may use up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2025-2027 fiscal biennium for administrative purposes.

SECTION 9B.1.(e) By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

- (1) The identity and a brief description of each grantee and each program or service offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of individuals served by each grantee and, for the individuals served, the types of services provided to each.
- (4) Any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

REPLACEMENT FOR CRITICAL IT SYSTEMS THAT SUPPORT SUBSTANCE USE DISORDER PREVENTION AND TREATMENT

SECTION 9B.2. The Department of Health and Human Services shall develop and implement a replacement for outdated data systems supporting substance use prevention and treatment goals, specifically concerning the Driving While Impaired Services, the Drug Education School, and the Drug Control Unit programs designed to prevent progression of misuse of substances through education and regulatory supports. The project shall not proceed until the business case has been approved by the Office of State Budget and Management and the State Chief Information Officer in the Enterprise Project Management Office's Touchdown System. Upon approval, Mixed Use Beverage tax receipts available in Budget Code 14460, Budget Fund 134603, may be budgeted for transfer to Budget Code 24410 for information technology projects in an amount not to exceed two million dollars (\$2,000,000). Following project completion, the Division of Mental Health, Developmental Disabilities, and Substance Use Services may use Mixed Use Beverage Tax receipts to cover operations and maintenance costs for the new IT system.

USE OF TALC SETTLEMENT FUNDS

SECTION 9B.3.(a) The Ovarian Cancer Mitigation Fund (Fund) is created within the Department of Health and Human Services, Division of Central Management and Support, as a nonreverting special fund. The Fund shall consist of (i) monies received by the State as a

beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Attorney General v. Johnson & Johnson (J&J Case), and (ii) all interest and investment earnings received on monies in the Fund. Monies in the Fund shall be expended only by an act of appropriation by the General Assembly and in accordance with the final consent judgment resolving the J&J Case.

SECTION 9B.3.(b) There is appropriated from the Ovarian Cancer Mitigation Fund created in subsection (a) of this section to the Department of Health and Human Services, Division of Central Management and Support, the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2024-2025 fiscal year and the sum of four million dollars (\$4,000,000) in nonrecurring funds for the 2025-2026 fiscal year to be allocated and used as follows:

- (1) Up to two million dollars (\$2,000,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium shall be used to support a public-private partnership consisting of community-based organizations, medical providers, and others to develop, strengthen, and promote improved access to ovarian cancer educational materials, screenings, and care providers. Funds may be used to contract with a lead community-based organization with statewide reach to implement related initiatives, including technical assistance and subgrants to other community-based organizations for these purposes.
- (2) Up to seven hundred and fifty thousand dollars (\$750,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium shall be used to invest in data collection and analysis infrastructure to support timely and accurate cancer surveillance and improved capacity to address emerging threats.
- (3) Up to one million two hundred fifty thousand dollars (\$1,250,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium shall be used to design and implement communication and education strategies designed to raise awareness of ovarian cancer and promote preventive measures, screening, and treatment.

In addition to these uses, the Department of Health and Human Services may use up to two hundred thousand dollars (\$200,000) of funds allocated by this subdivision for each year of the fiscal biennium for administrative purposes.

SECTION 9B.3.(c) Funds allocated under subsection (b) of this section shall remain available for expenditure in the amounts and for the purposes specified in subsection (a) of this section until expended.

SECTION 9B.3.(d) Annually, beginning November 1, 2026, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Ovarian Cancer Mitigation Fund during the preceding fiscal year.

PART IX-C. CHILD AND FAMILY WELL-BEING [RESERVED]

PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR AND FIVE-STAR RATED FACILITIES

SECTION 9D.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4 years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have

other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 9D.1.(a1) Staff-To-Child Ratio and Class Size. – The classroom shall not exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children, with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or less shall have at least one teacher. The Child Care Commission shall adopt any rules and the Division of Child Development and Early Education shall revise any rules or policies necessary to implement the provisions of this subsection.

SECTION 9D.1.(b) Multi-year Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multi-year contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9D.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9D.1.(d) Programmatic Standards. – Except as provided in subsection (c) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9D.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC PreK classroom slots and student selection.

SECTION 9D.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

- (1) The number of children participating in the NC Pre-K program by county.
- (2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- (3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.
- (4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9D.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

CHILD CARE SUBSIDY RATES

SECTION 9D.2.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE**INCOME PERCENTAGE LEVEL**

0 – 5

200%

6 – 12

133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9D.2.(b) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

SECTION 9D.2.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents unless prohibited by subsection (f) of this section.
- (2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group unless prohibited by subsection (g) of this section.
- (3) No payments shall be made for transportation services charged by child care facilities.
- (4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.
- (5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 9D.2.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and homebased care are as follows:

- (1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.
- (2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 9D.2.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 9D.2.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one or two-star-rated facilities. For those counties with an inadequate number of four and five-star-rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased

star ratings. The Division may allow exemptions in counties where there is an inadequate number of four and five-star-rated facilities for non-star-rated programs, such as religious programs.

SECTION 9D.2.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 9D.2.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9D.2.(i) Non-citizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, non-citizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

- (1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
- (2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
- (3) The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 9D.2.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC PreK Program or Head Start.

SECTION 9D.2.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

CHILD CARE ALLOCATION FORMULA

SECTION 9D.3.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- (1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than

the applicable federal poverty level percentage set forth in Section 9D.3(a) of this act.

- (2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:

- a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
- b. The date the remaining funds were distributed to counties.
- c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2025-2027 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

- (3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9D.3.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9D.3.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculate the increases outside of the formula process. Additionally, the Department shall do the following:

- (1) Deem a county's initial allocation as the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.
- (2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

SMART START INITIATIVES

SECTION 9D.4.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to five years of age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child care facilities with (i) improving quality, including helping one, two, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to five years of age that do the following:

- (1) Increase children's literacy.
- (2) Increase the parents' ability to raise healthy, successful children.
- (3) Improve children's health.
- (4) Assist four and five-star-rated facilities in improving and maintaining quality.

SECTION 9D.4.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than ten percent (10%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9D.4.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

- (1) The population of the area serviced by a local partnership.
- (2) The amount of State funds administered.
- (3) The amount of total funds administered.
- (4) The professional experience of the individual to be compensated.
- (5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 9D.4.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2025-2027 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2025-2027 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall

be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records.
- (2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
- (3) Not include expenses funded by State funds.
- (4) Be supplemental to and not supplant preexisting resources for related program activities.
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
- (6) Be otherwise allowable under federal or State law.
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
- (8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen percent (19%) match by June 30 of each year of the 2025-2027 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report, to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9D.4.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

- (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
- (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen thousand dollars (\$15,000), three written quotes.
- (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty thousand dollars (\$40,000), a request for proposal process.
- (4) For amounts of forty thousand dollars (\$40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 9D.4.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 9D.4.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9D.4.(h) Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2025-2027 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2025-2027 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).

(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2025-2027 fiscal biennium.

For the 2025-2027 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SECTION 9D.4.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fundraising. The report shall include the following:

(1) The amount of funds expended on fundraising.

(2) Any return on fundraising investments.

(3) Any other information deemed relevant.

PART IX-E. HEALTH BENEFITS

CONTINUE MEDICAID ANNUAL REPORT

SECTION 9E.1. The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and accompanying tables. DHB shall publish the report and tables on its website no later than December 31 following each State fiscal year.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9E.2. The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9E.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars (\$1,000,000) for the 2025-2026 fiscal year and the sum of one million dollars (\$1,000,000) for the 2026-2027 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9E.4.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), receivables reserved at the end of the 2025-2026 and 2026-2027 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

SECTION 9E.4.(b) For the 2025-2026 fiscal year, the Department of Health and Human Services shall deposit from its revenues 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.5.(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:

	2024-2025	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.5.(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.6.(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 no later than ~~December 1, 2024~~ December 1, 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 available under the CAF specialty plan and the

Medicaid beneficiaries who are eligible to enroll in the CAF specialty plan, except as otherwise specified in this act or in law. For the purposes of this section, the CAF specialty plan shall be as defined under G.S. 108D-1, as amended by subsection (c) of this section."

CONTINUE MEDICAID COVERAGE FOR PREGNANT WOMEN FOR TWELVE MONTHS POSTPARTUM

SECTION 9E.7.(a) Section 9D.13(c) of S.L. 2021-180 is repealed.

SECTION 9E.7.(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. (2021-61, s. 2; 2021-180, s. 9D.13A(b); 2023-7, s. 1.7(c).)"

GROSS PREMIUM TAX OFFSET CHANGES

SECTION 9E.8.(a) Article 8B of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-228.11. Transfer to Health Advancement Receipts Special Fund.

Each fiscal year, the Secretary of Revenue shall transfer at the beginning of each quarter from the State insurance tax net collections received by the Department of Revenue under Article 8B of Chapter 105 of the General Statutes to the State Treasurer for the Health Advancement Receipts Special Fund, the gross premiums tax offset amount, as defined in G.S. 108A-147.12. The Office of State Budget and Management shall calculate the amount of the gross premiums tax offset as defined in G.S. 108A-147.12 and certify the amount for the Secretary of Revenue that is required to be transferred using data in the North Carolina Financial System."

SECTION 9E.8.(b) G.S. 108A-147.11 reads as rewritten:

"§ 108A-147.11. Health advancement reconciliation adjustment component.

(a) The health advancement reconciliation adjustment component is a positive or negative dollar amount equal to the actual nonfederal expenditures for the quarter that is two quarters prior to the current quarter minus the sum of the following specified amounts:

- (1) The presumptive service cost component calculated under G.S. 108A-147.5 for the quarter that is two quarters prior to the current quarter.
- (2) The positive or negative ~~gross premiums tax offset amount calculated under G.S. 105-228.11~~ ~~108A-147.12(b)~~ amount transferred during the current quarter by the Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.11.
- (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.

(b) The IGT share of the reconciliation adjustment component is a positive or negative dollar amount that is calculated by multiplying the health advancement reconciliation adjustment component calculated under subsection (a) of this section by the share of public hospital costs calculated under subsection (c) of this section.

(c) The share of public hospital costs is calculated by adding total hospital costs for the UNC Health Care System, total hospital costs for the primary affiliated teaching hospital for the East Carolina University Brody School of Medicine, and sixty percent (60%) of the total hospital costs for all public acute care hospitals and dividing that sum by the total hospital costs for all acute care hospitals except for critical access hospitals and rural emergency hospitals."

SECTION 9E.8.(c) G.S. 143C-9-10 reads as rewritten:

"§ 143C-9-10. Health Advancement Receipts Special Fund.

(a) Creation. – The Health Advancement Receipts Special Fund is established as a nonreverting special fund in the Department of Health and Human Services.

(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, 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 transferred by the Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.11~~ transferred by the Department of Revenue to the State Treasurer for the Health Advancement Receipts Special Fund under G.S. 105-228.11 calculated under G.S. 108A-147.12(b) for that quarter.

(c) Use of Funds. – The Department of Health and Human Services shall use funds in the Health Advancement Receipts Special Fund only for the purposes described in G.S. 108A-147.13."

AMERICAN RESCUE PLAN ACT TEMPORARY SAVINGS FUND BALANCE

SECTION 9E.9.(a) The unappropriated balance in the ARPA Temporary Savings Fund after all appropriated transfers have been made shall be transferred to the Division of Health Benefits Budget Code 14445 to offset funds appropriated for the 2025-2026 fiscal year.

CREATE DESIGNATED STATE HEALTH PROGRAM SAVINGS BUDGET FUND

SECTION 9E.10.(a) Fund created. – The Designated State Health Programs budget fund is created as a nonreverting budget fund within the Department of Health and Human Services (DHHS), Division of Health Benefits (DHB) 24445 budget code. The Division of Central Management Services, Division of Child and Family Well-Being, Division of Mental Health, Developmental Disabilities, and Substance Use Services, and Division of Public Health shall transfer and deposit all freed-up state funds that result from additional receipts realized through Designated State Health Programs authority in the North Carolina Medicaid Reform Section 1115 Demonstration approved by the Centers for Medicare and Medicaid Services in December 2024 to this budget fund.

SECTION 9E.10.(b) Funds shall only be re-invested in new Healthy Opportunities capacity building efforts and services, or Justice Involved Re-Entry Initiative capacity building and services authorized in the 1115 Demonstration approved in December 2024.

SECTION 9E.10.(c) It is the intent of the Governor to fully fund statewide expansion of the Healthy Opportunities program when it is financially feasible to do so given recurring costs. The sum of forty-six million, seventy-four thousand, three hundred and forty-nine dollars (\$46,074,349) in nonrecurring funds for the 2025-2026 fiscal year and the sum of eleven million, eight hundred and twelve thousand, five hundred and nineteen dollars (\$11,812,519) in nonrecurring funds for the 2026-2027 fiscal year from the special fund created in Section 9E.10.(a) may be transferred to DHB for the sole purpose of providing the State share for capacity

building or service provision of the expanded Healthy Opportunities program in the western region of the state.

SECTION 9E.10.(d) DHB shall work collaboratively with the Office of State Budget and Management on the implementation of new Healthy Opportunities capacity building efforts and services to ensure the program stays within budget. DHB shall provide OSBM with a monthly report of expenditures for Healthy Opportunities for both existing and expanding programs. The report shall also detail the savings created by the Healthy Opportunities program and provide a five-year forecast of recurring and nonrecurring needs for the program.

SECTION 9E.10.(e) This section expires December 31, 2031.

PART IX-F. HEALTH SERVICES REGULATION

INCREASE X-RAY FEE CAP

SECTION 9.F.1. G.S. 104E-19 reads as rewritten:

"§ 104E-19. Fees.

(a) An annual fee in the amount set by the Department is imposed on a person who is required to be registered or licensed under this Chapter. The Department must set the fees at amounts that provide revenue to offset its costs in performing its duties under this Chapter.

(b) Repealed by Session Laws 1987, c. 850, s. 13.

(c) The annual fees under subsection (a) of this section shall not exceed the maximum amounts as follows:

- (1) For tanning facilities: two hundred dollars (\$200.00) for the first piece of tanning equipment and thirty dollars (\$30.00) for each additional piece of tanning equipment.
- (2) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: clinics, chiropractors, dentists, educational, government, podiatrists, industrial, physicians, veterinarians, and other; ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00) for the first X-ray tube or piece of X-ray equipment and ~~thirty dollars (\$30.00)~~ sixty dollars (\$60.00) for each additional X-ray tube or piece of X-ray equipment.
- (3) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: industrial medical, health departments, and service; ~~three hundred dollars (\$300.00)~~ six hundred dollars (600.00) for the first X-ray tube or piece of X-ray equipment and ~~forty dollars (\$40.00)~~ eighty dollars (80.00) for each additional X-ray tube or piece of X-ray equipment.
- (4) For the following categories of facilities registered to use X-ray tubes or X-ray equipment: hospitals and industrial radiography; ~~four hundred dollars (\$400.00)~~ eight hundred dollars (\$800.00) for the first X-ray tube or piece of X-ray equipment and ~~fifty dollars (\$50.00)~~ one hundred dollars (\$100.00) for each additional X-ray tube or piece of X-ray equipment."

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.

SECTION 9G.1.(b) If, on or after June 1, 2025, the Office of State Budget Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2024-2025 fiscal year, then DHB shall transfer to DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to be used for single stream funding.

SECTION 9G.1.(c) If, on or after June 1, 2026, the Office of State Budget Management (OSBM) certifies a Medicaid budget surplus and sufficient case in Budget Code 14445 to meet total obligations for the 2025-2026 fiscal year, then DHB shall transfer to DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to be used for single stream funding.

SECTION 9G.1.(d) If, on or after June 1, 2027, the Office of State Budget Management (OSBM) certifies a Medicaid budget surplus and sufficient case in Budget Code 14445 to meet total obligations for the 2026-2027 fiscal year, then DHB shall transfer to DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars (\$30,000,000), whichever is less, to be used for single stream funding.

LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9G.2.(a) Use of Funds. – Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric beds or bed days. The Department of Health and Human Services (DHHS) shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated to LME/MCOs for community-based mental health, developmental disabilities, and substance use disorder services may be used to purchase additional local inpatient psychiatric beds or bed days. DHHS may allocate funding to the LME/MCOs for the purchase of facility-based crisis, nonhospital detoxification services and peer respite services to support individuals that do not meet the medical necessity for inpatient treatment and can be diverted from an inpatient hospital stay.

SECTION 9G.2.(b) Distribution and Management of Beds or Bed Days. DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, except that DHHS may use up to forty percent (40%) of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for the purchase of local inpatient psychiatric beds, bed days to pay for facility-based crisis services, non-hospital detoxification services, and peer respite services for individuals in need of these services, regardless of whether the individuals are medically indigent. For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable to obtain private insurance coverage, as determined by DHHS and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State and according to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with

higher acuity levels are distributed across the State and according to greatest need based on hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local hospitals for the purchase and management of the local inpatient psychiatric beds or days and allocate up to forty percent (40%) of the total funding to the LME/MCO's for the purpose of facility-based crisis services, nonhospital detoxification services, and peer respite services. DHHS shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

SECTION 9G.2.(c) Funds to be Held in Statewide Reserve. Funds appropriated in this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Use Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to DHHS within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from DHHS.

SECTION 9G.2.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

SECTION 9G.2.(e) Reporting by LME/MCOs. LME/MCOs shall be required to report to DHHS regarding the utilization of these beds or bed days.

SECTION 9G.2.(f) Reporting by DHHS. By no later than December 1, 2025, and by no later than December 1, 2026, DHHS shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

- (1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) existing State appropriations and (ii) local funds.
- (2) An explanation of the process used by DHHS to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of medically indigent individuals served by the purchase of these beds or bed days.
- (3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.
- (4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.
- (5) Other DHHS initiatives funded by State appropriations to reduce State psychiatric hospital use.

USE OF OPIOID SETTLEMENT FUNDS

SECTION 9G.3.(a) The State Controller shall transfer the sum of fifty-seven million seventy-six thousand seven hundred seventy-three dollars (\$60,858,049) for the 2025-2026 fiscal year and the sum of fourteen million dollars (\$13,511,210) for the 2026-2027 fiscal year from funds available in the Opioid Abatement Reserve in the General Fund to the Opioid Abatement

Fund established under Section 9F.1 of S.L. 2021-180. These funds are appropriated to the Department of Health and Human Services to be used as set forth in subsection (b) of this section. In addition to these uses, the Department of Health and Human Services may use up to one million fifty thousand dollars (\$1,050,000) of funds allocated by this subdivision for each year of the fiscal biennium for administrative purposes to facilitate timely deployment and accounting of funds, for provision of training and technical assistance to community providers and to conduct required monitoring and oversight.

SECTION 9G.3.(b) During the 2025-2027 fiscal biennium, the funds appropriated to the Department of Health and Human Service by subsection (a) of this section shall be used to respond to the negative impacts of the opioid epidemic within the State of North Carolina, as follows:

- (1) To expand employment and transportation supports through innovative pilot programs in industries in North Carolina that suffered the greatest job losses as a result of Hurricane Helene and are most relied upon by individuals recovering from opioid use disorders to reenter the workforce, such as the food service industry, the hotel and lodging industry, and the entertainment industry. These funds may be used to support all of the following:
 - a. Employment support services for individuals in recovery from opioid use disorder, such as job application support and placement with partnering employers, with emphasis on supporting innovative pilot programs to develop a more robust workforce in rural areas of the State.
 - b. Training and development funding to encourage a consortium of public and private employers, workforce development boards, and vocational services providers to develop workplace recovery friendly ecosystems.
 - c. Transportation support services to enable individuals recovering from opioid use disorder to travel to their places of treatment and their places of employment.
- (2) To support individuals with opioid use disorder who are involved in the criminal justice system through programs and initiatives designed to accomplish any one or more of the following:
 - a. Establishment or expansion of existing prearrest and post-arrest diversion programs. This includes prearrest diversion, post-arrest diversion, and court-based diversion through treatment or recovery courts.
 - b. Establishment, expansion, or sustainment of medication-assisted treatment programs that provide to individuals who are incarcerated any medication approved by the United States Food and Drug Administration for opioid use disorder. Programs authorized under this sub-subdivision that are funded in whole or in part by the Opioid Abatement Fund shall be made available to individuals who were already participating in a medication-assisted treatment program prior to being incarcerated, as well as to individuals who initiate medication-assisted treatment during their incarceration to address an opioid use disorder.
 - c. Creation or expansion of reentry programs to connect individuals exiting incarceration with harm reduction, treatment, and recovery supports.

- (3) To expand evidence-based treatment supports and to improve connections to care, especially for individuals hospitalized for overdose who are uninsured or underinsured, through the following activities or initiatives:
- a. Evidence-based addiction treatment, including medication-assisted treatment provided by inpatient or outpatient opioid treatment programs.
 - b. Expanded access to cost-effective, low-cost, or no-cost medication-assisted treatment in community-based settings.
 - c. Expanded care management services, including the use of peer support specialists and care navigators in local health departments, detention facilities, local departments of social services, and community-based settings. Any funding provided pursuant to this sub-subdivision shall be used to provide care management services involving outreach to, engagement with, and coordination for individuals to assist them with accessing opioid use disorder treatment.
 - d. Improve access to medications for opioid use disorder and other clinical and recovery services through deployment of mobile opioid treatment program units.
- (4) To develop evidence-based supportive housing services, such as Housing First, that are inclusive of individuals with substance use disorders. Qualifying services that may be funded under this subdivision include the following:
- a. Providing a move-in deposit, rental or utility assistance, or all of these for individuals with substance use disorders who are in recovery or transitioning from residential treatment or incarceration.
 - b. Providing community training sessions on tenancy rights and responsibilities.
 - c. Establishing relationships with landlords to encourage the elimination of preconditions for housing and to reduce potential incidences of evictions due to substance misuse.
 - d. Providing other housing-related supports such as tents, sleeping bags, or other supplies for outdoor living.
 - e. Funding or otherwise supporting recovery supported housing that accepts individuals who are utilizing any medication approved by the United States Food and Drug Administration for the treatment of opioid use disorder.
- (5) To expand community based, peer, and collegiate recovery programs providing recovery support services to individuals who have achieved or are aiming to achieve recovery from opioid or other substance use disorders.
- (6) To reduce opioid overdose deaths and improve overall health through the following:
- a. Increase overdose education and provide equitable access to opioid overdose reversal medications.
 - b. Support evidence-based strategies to reduce overdose deaths through expansion of syringe services programs.
- (7) To expand workforce development activities aimed at increasing the number of practitioners available to treat opioid and other substance use disorders. These activities include, but are not limited to:
- a. Addiction medicine fellowships;
 - b. Scholarships for students studying addiction and committed to practicing the treatment of opioid use disorder upon completion of study; and

- c. Support for universities, colleges, and healthcare practitioner training programs to embed addiction training into the general curriculum in fields of primary care, nursing, healthcare administration, social work, counseling, psychology, medicine, and other affiliated healthcare disciplines.
- (8) To provide technical assistance to community organizations who have received grant funding from the Opioid Abatement Fund to develop and implement community programs and to the LME/MCOs that maximize funding and achieve the best outcomes in their communities. Technical assistance will include support in utilizing evidence-based practices, budgeting, data collection and overall capacity building to ensure ongoing viability of needed community programs.
- (9) To collect data and evaluate programs to inform program planning and quality improvement, and create data dashboards.

STATUTORILY APPROPRIATE OPIOID SETTLEMENT FUNDS TO THE DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE USE

SECTION 9G.4.(a) Section 9F.1(a) of S.L. 2021-180 is rewritten:

~~"The Opioid Abatement Reserve (Reserve) is established in the General Fund to maintain funds. Starting in the 2026-27 fiscal year, funds received by the State as a beneficiary of the final consent judgment resolving the case, State of North Carolina, ex rel. Joshua H. Stein, Plaintiff v. McKinsey and Company, Inc., in the General Court of Justice, Superior Court Division, Wake County and County, (ii) any other funds received by the State as a result of a settlement, as defined in G.S. 114-2.4A, relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids, and (iii) funds received by the State as a beneficiary of a confirmation order by a bankruptcy court relating to claims regarding the manufacturing, marketing, distribution, dispensing, or sale of opioids: shall be appropriated directly to the Opioid Abatement Fund, established in Section 9F.1.(a) of S.L. 2021-180."~~

PART IX-H. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9H.1. Section 9H.1(b) of S.L. 2023-134 reads as rewritten:

"SECTION 9H.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

- (1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.
- (2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.
- (3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.
- (4) Allows grants to be awarded to local health departments for up to ~~two~~ three years."

USE OF JUUL SETTLEMENT FUNDS

SECTION 9H.2.(a) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of Health and Human Services, Division of Public Health (DPH), three million two hundred fifty thousand dollars (\$3,250,000) in nonrecurring funds for the 2025-2026 fiscal year and the sum of two million seven hundred fifty thousand dollars (\$2,750,000) in nonrecurring funds for the 2026-2027 fiscal year to be allocated and used as follows:

- (1) Up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each year of the 2025-2027 fiscal biennium shall be used to support data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; for independent evaluation of the reach, effectiveness, and outcomes of the State's evidence based programs designed to help youth addicted to nicotine through electronic cigarettes and other new and emerging tobacco and nicotine products quit; and to prepare the report required by subsection (c) of this section.
- (2) The remainder of these allocated funds for each year of the 2025-2027 fiscal biennium shall be used to fund evidence-based electronic cigarette and nicotine dependence prevention and cessation activities targeting children, youth, and young adults.

SECTION 9H.3.(b) Funds allocated under subsection (a) of this section shall remain available for expenditure in the amounts and for the purposes specified in subsection (a) of this section until expended.

SECTION 9H.4.(c) Annually, beginning November 1, 2025, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Youth Electronic Nicotine Dependence Abatement Fund during the preceding fiscal year. The report shall include at least all of the following:

- (1) An itemized list of expenditures and for each expenditure, an indication of the authority under this section for the expenditure.
- (2) An evaluation of the reach, effectiveness, and outcomes of each activity funded pursuant to subdivision (a)(2) of this section.
- (3) An evaluation of the reach, effectiveness, and outcomes of each activity funded by Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of S.L. 2022-74.

LOCAL MEDICAL EXAMINER FEES

SECTION 9H.3. G.S. 130A-387 reads as rewritten:
"§ 130A-387. Fees.

For each investigation and prompt filing of the required report, the medical examiner shall receive a fee paid by the State. However, if the deceased is a resident of the county in which the death or fatal injury occurred, that county shall pay the fee. The fee shall be ~~two hundred dollars (\$200.00)~~ four hundred dollars (\$400.00)."

PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING [RESERVED]**PART IX-J. SOCIAL SERVICES****TANF BENEFIT IMPLEMENTATION**

SECTION 9J.1.(a) Beginning October 1, 2025, the General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FFY 2026-2028," 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 FFY 2026-2028, 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 2026 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. 108A27.11(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 at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9J.2.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

- (1) An established follow-up system with a minimum of six months of follow-up services.
- (2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.
- (3) Cost-benefit data.
- (4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.
- (5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.

(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9J.2.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

SECTION 9J.2.(d) The Department shall submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1 of each year that provides the information and data collected pursuant to subsection (b) of this section.

CHILD CARING INSTITUTIONS

SECTION 9J.3. Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9J.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 14 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9J.5.(a) Funds appropriated in this act from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 108711 for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9J.5.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each year of the 2025-2027 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform

administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9J.5.(c) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for each year of the 2025-2027 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9J.5.(d) Funds appropriated in this act to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9J.6.(a) Centralized Services. The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.
- (2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.
- (3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9J.6.(b) County Child Support Services Programs. NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.
- (2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 9J.6.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

- (1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.
- (2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

SECTION 9J.6.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process that NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9J.7. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

- (1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent randomized controlled trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.
- (2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2025-2027 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.
- (3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.
- (4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

PART IX-K. DIVISION OF EMPLOYMENT AND INDEPEDENCE FOR PEOPLE WITH DISABILITIES [RESERVED]

PART IX-L. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9L.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according to the following schedule:

	FY 2025-2026	FY 2026-2027
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS		

Local Program Expenditures**Division of Social Services**

01. Work First Family Assistance	\$31,259,794	\$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,001,676	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,387,190	11,387,190
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	2,900,000	2,900,000

Division of Child Development and Early Education

09. Subsidized Child Care Program	45,813,694	45,813,694
10. Swap-Child Care Subsidy	12,600,000	12,600,000
11. NC Pre-K Services	68,300,000	68,300,000

Division of Public Health

12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
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DHHS Administration

13. Division of Social Services	2,478,284	2,478,284
14. Division of Child and Family Well Being	3,976	3,976
15. Office of the Secretary	34,042	34,042

1	16. Eligibility Systems – Operations and		
2	Maintenance	431,733	431,733
3			
4	17. NC FAST Implementation	428,239	428,239
5			
6	18. Division of Social Services – Workforce		
7	Innovation & Opportunity Act (WIOA)	93,216	93,216
8			
9	19. Division of Social Services TANF Modernization	2,000,000	2,000,000
10			
11	Transfers to Other Block Grants		
12			
13	Division of Child Development and Early Education		
14			
15	20. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
16			
17	Division of Social Services		
18			
19	21. Transfer to Social Services Block		
20	Grant for Child Protective Services – Training	285,612	285,612
21			
22	22. Transfer to Social Services Block		
23	Grant for Child Protective Services	5,040,000	5,040,000
24			
25	23. Transfer to Social Services Block		
26	Grant for County Departments of		
27	Social Services for Children's Services	13,166,244	13,166,244
28			
29	24. Transfer to Social Services Block		
30	Grant – Foster Care Services	3,422,219	3,422,219
31			
32	25. Transfer to Social Services Block	1,582,000	1,582,000
33	Grant – Child Advocacy Centers		
34			
35	TOTAL TEMPORARY ASSISTANCE FOR		
36	NEEDY FAMILIES (TANF) FUNDS	\$314,186,416	\$314,186,416
37			
38	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
39	EMERGENCY CONTINGENCY FUNDS		
40			
41	Local Program Expenditures		
42			
43	Division of Child Development and Early Education		
44			
45	01. Subsidized Child Care	\$34,337,395	\$34,337,395
46			
47	TOTAL TEMPORARY ASSISTANCE FOR		
48	NEEDY FAMILIES (TANF) EMERGENCY		
49	CONTINGENCY FUNDS	\$34,337,395	\$34,337,395
50			
51	SOCIAL SERVICES BLOCK GRANT		

Local Program Expenditures**Divisions of Social Services and Aging and Adult Services**

01. County Departments of Social Services	\$19,837,388	\$19,837,388
02. County Departments of Social Services (Transfer From TANF)	13,166,244	13,166,244
03. EBCI Tribal Public Health and Human Services	244,740	244,740
04. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
05. State In-Home Services Fund	1,943,950	1,943,950
06. Adult Protective Services	3,864,547	2,138,404
07. State Adult Day Care Fund	1,994,084	1,994,084
08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
09. Special Children Adoption Incentive Fund	462,600	462,600
10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	285,612	285,612
11. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
12. Child Advocacy Centers (Transfer from TANF)	1,582,000	1,582,000
13. Guardianship – Division of Social Services	1,802,671	1,802,671
14. Foster Care Services (Transfer From TANF)	3,422,219	3,422,219
14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000

Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

15. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Abuse Services – Adult	4,149,595	4,149,595
15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392

1			
2	15B. The Arc of North Carolina, Inc.	271,074	271,074
3			
4	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
5			
6	DHHS Program Expenditures		
7			
8	Division of Services for the Blind		
9			
10	16. Independent Living Program & Program Oversight	4,237,849	4,237,849
11			
12	Division of Health Service Regulation		
13			
14	17. Adult Care Licensure Program	891,520	891,520
15			
16	18. Mental Health Licensure and		
17	Certification Program	266,158	266,158
18			
19	Division of Social Services		
20			
21	19. Guardianship	3,825,443	3,825,443
22			
23	DHHS Administration		
24			
25	20. Division of Aging and Adult Services	188,787	188,787
26			
27	21. Division of Social Services	1,724,551	1,724,551
28			
29	22. Office of the Secretary/Controller's Office	673,990	673,990
30			
31	23. Legislative Increases/Fringe Benefits	293,655	587,310
32			
33	24. Division of Child Development and		
34	Early Education	13,878	13,878
35			
36	25. Division of Mental Health, Developmental		
37	Disabilities, and Substance Abuse Services	29,966	29,966
38			
39	26. Division of Health Service Regulation	592,882	592,882
40			
41	TOTAL SOCIAL SERVICES BLOCK GRANT	\$78,907,610	\$77,475,122
42			
43	LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
44			
45	Local Program Expenditures		
46			
47	Division of Social Services		
48			
49	01. Low-Income Energy Assistance		
50	Program (LIEAP)	\$56,369,281	\$56,369,281
51			

02. Crisis Intervention Program (CIP)	44,804,354	44,804,354
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Local Administration**Division of Social Services**

03. County DSS Administration	8,037,889	8,037,889
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DHHS Administration**Division of Central Management and Support**

04. Administration	10,000	10,000
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05. Energy Portal (FIS Transaction Fees)	25,000	25,000
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06. Office of the Secretary/ Division of Information Resource Management (DIRM) (Accountable Results for Community Action (AR4CA) Replacement System)	166,750	166,750
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07. Office of the Secretary/DIRM	278,954	278,954
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08. Office of the Secretary/Controller's Office	18,378	18,378
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09. NC FAST Development	627,869	627,869
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10. NC FAST Operations and Maintenance	1,330,323	1,330,323
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Transfers to Other State Agencies**Department of Environmental Quality**

11. Weatherization Program	10,356,943	10,356,943
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12. Heating Air Repair and Replacement Program (HARRP)	5,898,508	5,898,508
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13. Local Residential Energy Efficiency Service Providers – Weatherization	574,945	574,945
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14. Local Residential Energy Efficiency Service Providers – HARRP	319,414	319,414
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15. DEQ – Weatherization Administration	628,180	628,180
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16. DEQ – HARRP Administration	393,944	393,944
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Department of Administration

17. N.C. Commission on Indian Affairs	87,736	87,736
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TOTAL LOW-INCOME ENERGY**ASSISTANCE BLOCK GRANT****\$129,928,468****\$129,928,468****CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT****Local Program Expenditures****Division of Child Development and Early Education**

01. Child Care Services

\$471,880,848

\$411,280,848

02. Smart Start Subsidy

7,392,654

7,392,654

03. Transfer from TANF Block Grant
for Child Care Subsidies

21,773,001

21,773,001

04. Quality and Availability Initiatives
(TEACH Program \$3,800,000)

85,830,526

66,430,526

DHHS Administration**Division of Child Development and Early Education**

05. DCDEE Administrative Expenses

12,710,886

12,710,886

06. Indirect Cost

7,346

7,346

Division of Social Services

07. Direct Deposit for Child Care Payments

5,000

5,000

08. Local Subsidized Child Care
Services Support

18,780,355

18,780,355

Division of Central Management and Support

09. NC FAST Operations and Maintenance

1,450,316

1,450,316

10. DHHS Central Administration – DIRM
Technical Services

1,029,762

1,029,762

11. DHHS Central Administration

118,000

118,000

Division of Child and Family Well-Being

12. Child Care Health Consultation Contracts

62,205

62,205

**TOTAL CHILD CARE AND DEVELOPMENT
FUND BLOCK GRANT****\$621,040,899****\$541,040,899****MENTAL HEALTH SERVICES BLOCK GRANT**

Local Program Expenditures

01. Mental Health Services – Child	\$2,477,666	\$2,477,666
02. Mental Health Services – Adult/Child	23,420,169	15,467,497
03. Mental Health Services – First Psychotic Symptom Treatment	5,416,756	3,000,000
04. Child Behavioral Health (Division of Child and Family Well-Being)	5,246,350	5,246,350

DHHS Administration**Division of Child and Family Well Being**

05. Administration	140,000	140,000
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Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

06. Crisis Services	2,877,047	1,877,047
07. Administration	332,351	332,351
08. Adult/Child Mental Health Services	350,150	350,150

Division of Public Health

09. NC Detect – Behavioral Health ER	35,000	35,000
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**TOTAL MENTAL HEALTH SERVICES
BLOCK GRANT**

\$40,295,489 \$28,926,061

**SUBSTANCE ABUSE PREVENTION, TREATMENT, AND RECOVERY SERVICES
BLOCK GRANT****Local Program Expenditures****Division of Mental Health, Developmental Disabilities, and Substance Use Services**

01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
02. Substance Abuse Prevention	13,351,864	13,351,864
03. Substance Use Services – Treatment for Children/Adults	40,038,949	40,038,949
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,545,205	1,545,205

1	05. Veterans Initiatives	250,000	250,000
2	DHHS Administration		
3			
4	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
5			
6	06. Administration	2,297,852	2,297,852
7			
8	07. Controlled Substance Reporting System		
9	Enhancement	675,000	675,000
10			
11	TOTAL SUBSTANCE ABUSE PREVENTION		
12	AND TREATMENT 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	Children's Health Services	\$5,453,930	\$5,453,930
21			
22	Division of Public Health		
23			
24	02. Women's and Children's Health Services	11,646,618	11,646,618
25			
26	03. Oral Health	58,413	58,413
27			
28	04. Evidence-Based Programs in Counties		
29	With Highest Infant Mortality Rates	1,727,307	1,727,307
30			
31	DHHS Program Expenditures		
32			
33	05. Children's Health Services	1,287,619	1,287,619
34			
35	06. Women's Health – Maternal Health	489,568	489,568
36			
37	07. Women's and Children's Health – Perinatal		
38	Strategic Plan Support Position	81,112	81,112
39			
40	08. State Center for Health Statistics	158,583	158,583
41			
42	09. Health Promotion – Injury and		
43	Violence Prevention	87,271	87,271
44			
45	DHHS Administration		
46			
47	11. Division of Public Health Administration	340,646	340,646
48			
49	11. Division of Child and Family Well Being		
50	Administration	211,925	211,925
51			

TOTAL MATERNAL AND CHILD**HEALTH BLOCK GRANT****\$21,542,992****\$21,542,992****PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT****Local Program Expenditures**

01. Physical Activity and Prevention

\$3,081,442

\$3,081,442

DHHS Program Expenditures**Division of Public Health**02. HIV/STD Prevention and
Community Planning

135,063

135,063

03. Oral Health Preventive Services

150,000

150,000

04. Injury and Violence Prevention
(Services to Rape Victims – Set-Aside)

217,935

217,935

05. Performance Improvement and
Accountability

1,384,421

1,199,557

06. State Center for Health Statistics

48,000

48,000

DHHS Administration**Division of Public Health**

07. Division of Public Health

65,000

65,000

**TOTAL PREVENTIVE HEALTH AND HEALTH
SERVICES BLOCK GRANT****\$5,081,861****\$4,896,997****COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies

\$22,260,015

\$21,438,318

02. Limited Purpose Agencies/Discretionary Funding

615,037

549,638

03. Office of Economic Opportunity

1,070,001

1,024,351

04. Office of the Secretary/DIRM (Accountable Results
For Community Action (AR4CA) Replacement
System)

394,964

414,713

05. Office of Economic Opportunity – Workforce
Investment Opportunities Act (WIOA)

60,000

60,000

TOTAL COMMUNITY SERVICES

BLOCK GRANT**\$24,400,017****\$23,487,020****GENERAL PROVISIONS**

SECTION 9L.1.(b) Information to be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

- (1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
- (2) A delineation of the proposed State and local administrative expenditures.
- (3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
- (4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
- (5) A projection of current year expenditures by program or activity.
- (6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
- (7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9L.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2025-2026 and 2026-2027, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 9L.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2027, according to the schedule enacted for State fiscal years 2025-2026 and 2026-2027, or until a new schedule is enacted by the General Assembly.

SECTION 9L.1.(e) Except as otherwise provided in subsection (e1) of this section, all changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve. funding for

new programs or activities not appropriated in this section The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9L.1.(e) The Department of Health and Human Services shall have the authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in the Maternal and Child Health Block Grant to maintain federal compliance and programmatic alignment, so long as the realignment does not result in a reduction of funds designated for subrecipients under subsection (a) of this section. The Department of Health and Human Services is authorized to realign appropriated funds between the Maternal and Child Health Block Grant categories as provided in this subsection without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services or without exceeding the total amount appropriated for the items.

SECTION 9L.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those Block Grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9L.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars (\$80,093,566) for each year of the 2025-2027 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9L.1.(h) The sum of eleven million three hundred eighty-seven thousand one hundred ninety dollars (\$11,387,190) for each year of the 2025-2027 fiscal biennium appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for the 2025-2026 and 2026-2027 fiscal years shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9L.1.(i) The sum of four million one thousand six hundred seventy-six dollars (\$4,001,676) for each year of the 2025-2027 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to

licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9L.1.(j) The sum of two million nine hundred thousand dollars (\$2,900,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2025-2027 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SOCIAL SERVICES BLOCK GRANT

SECTION 9L.1.(k) The sum of nineteen million eight hundred thirty-seven thousand three hundred eighty-eight dollars (\$19,837,388) for the 2025-2026 fiscal year and the sum of nineteen million eight hundred thirty-seven thousand three hundred eighty-eight dollars (\$19,837,388) for the 2026-2027 fiscal year appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million one hundred sixty-six thousand two hundred forty-four dollars (\$13,166,244) for the 2025-2026 fiscal year and the sum of thirteen million one hundred sixty-six thousand two hundred forty-four dollars (\$13,166,244) for the 2026-2027 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

SECTION 9L.1.(l) The sum of two hundred eighty-five thousand six hundred twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2025-2027 fiscal biennium shall be used to support the state's child welfare training system. Training is delivered to county child welfare staff that addresses the knowledge and skills needed to complete their daily tasks in the areas of child protective services, foster care, on-going child welfare services, and adoption.

SECTION 9L.1.(m) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 9L.1.(n) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9L.1.(o) The sum of five million forty thousand dollars (\$5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9L.1.(p) The sum of one million five hundred eighty-two thousand dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division

of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9L.1.(q) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2025-2027 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2025-2026 and 2026-2027 fiscal years.

SECTION 9L.1.(r) Of the three million eight hundred sixty-four thousand five hundred forty-seven dollars (\$3,864,547) in the 2025-2026 fiscal year and two million one hundred thirty-eight thousand four hundred four dollars (\$2,138,404) for the 2026-2027 fiscal year appropriated in this act in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services for each year of the 2025-2027 fiscal biennium, the sum of eight hundred ninety-three thousand forty-one dollars (\$893,041) for each year of the 2025-2027 fiscal biennium shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9L.1.(s) The following amounts appropriated in this act in the Social Services Block Grant for each fiscal year of the 2025-2027 fiscal biennium to the Department of Health and Human Services, Division of Social Services or Division of Mental Health, Developmental Disabilities, and Substance Use Services, for the nonprofit organizations described in this subsection shall be exempt from the provisions of 10A NCAC 71R .0201(3):

- (1) The sum of three hundred fifty thousand dollars (\$350,000) for each fiscal year of the 2025-2027 fiscal biennium for Big Brothers Big Sisters of the Triangle, Inc.
- (2) The sum of two million five hundred forty-one thousand three hundred ninety-two dollars (\$2,541,392) for each fiscal year of the 2025-2027 fiscal biennium for Autism Society of North Carolina, Inc.
- (3) The sum of two hundred seventy-one thousand seventy-four dollars (\$271,074) for each fiscal year of the 2025-2027 fiscal biennium for The Arc of North Carolina, Inc.
- (4) The sum of one million six hundred twelve thousand fifty-nine dollars (\$1,612,059) for each fiscal year of the 2025-2027 fiscal biennium for Easterseals UCP of North Carolina & Virginia, Inc.

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 9L.1.(t) The Division of Social Services shall have the authority to realign appropriated funds between the State-level services Low-Income Energy Assistance Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance

payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 9L.1.(u) The sum of fifty-six million three hundred sixty-nine thousand two hundred eighty-one dollars (\$56,369,281) for each year of the 2025-2027 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

- (1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.
- (2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.
- (3) Be approved by the local board of social services or human services board prior to submission.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 9L.1.(v) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9L.1.(w) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9L.1.(x) The sum of five million four hundred sixteen thousand seven hundred fifty-six dollars (\$5,416,756) for the 2025-2026 fiscal year and three million dollars (\$3,000,000) for the 2026-2027 fiscal year appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom Treatment.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9L.1.(y) The sum of one million seven hundred twenty-seven thousand three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2025-2027 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health

and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9L.1.(z) The sum of eighty-one thousand one hundred twelve dollars (\$81,112) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's Health Section, for each fiscal year of the 2025-2027 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 9L.1.(aa) Notwithstanding any provision of law to the contrary, the Department of Health and Human Services, Division of Public Health, shall have the authority to realign appropriated funds between the Maternal and Child Health Block Grant categories to maintain federal compliance and programmatic alignment without exceeding the total amount appropriated for the Maternal and Child Health Block Grant.

PART X. AGRICULTURE AND CONSUMER SERVICES [RESERVED]

PART XI. COMMERCE

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Allocations. – Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2025, and June 30, 2026, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01. State Administration	\$1,488,189
02. Neighborhood Revitalization	25,784,790
03. Economic Development	14,000,000
04. Rural Community Development	5,000,000

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT

2024 Program Year	\$46,308,393
2025 Program Year	\$46,272,979
2026 Program Year	\$46,272,979

SECTION 11.1.(b) Availability Reduction. – If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Availability Increase. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) Reallocation. – The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations (Commission) prior to

reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

- (1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department of Commerce may take the action without consulting the Commission.

SECTION 11.1.(e) Report. – By October 1, 2025, and September 1, 2026, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding, including information on the statewide need in each category.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.1.(f) Neighborhood Revitalization. – Funds allocated to the Neighborhood Revitalization Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. 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 the United States Department of Housing and Urban Development (HUD):

- (1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate- income neighborhoods.
- (2) Demolition and rehabilitation of buildings and improvements.
- (3) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

SECTION 11.1.(g) Economic Development. – Funds allocated to the Economic Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. 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) Acquisition of real property.
- (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) 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 North Carolina 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.(i) 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 cancelled, 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 to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

- (1) All surplus federal administrative funds shall be divided proportionally between the Department of Commerce programs and shall be used as provided in subdivisions (2) and (3) of this subsection.
- (2) All deobligated funds allocated to the Department of Commerce and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
 - a. To issue grants in the CDBG Economic Development or Neighborhood Revitalization Program Category.

- b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.
- c. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

SECTION 11.2.(a) The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

- (1) By September 1 of each year, and more frequently as requested, report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. If State funds are used to provide matching funds for competitive grants from the federal government or a nongovernmental entity, the report should include a list and description of the grants that are awarded.
- (2) Provide to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division a copy of the entity's annual audited financial statement within 30 days of issuance of the statement.

SECTION 11.2.(b) The following entities shall comply with the requirements of subsection (a) of this section:

- (1) North Carolina Biotechnology Center.
- (2) High Point Market Authority.
- (3) RTI International.

NC BIOTECHNOLOGY CENTER

SECTION 11.3.(a) Except for the funds appropriated in subsection (b) of this section, funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the 2023-2025 biennium shall be allocated for the following purposes in the following proportions:

- (1) Twenty-one percent (21%) for job creation, including funding for the AgBiotech Initiative, economic and industrial development, and related activities.
- (2) Sixty-five percent (65%) for science and commercialization, including science and technology development, Centers of Innovation, business and technology development, education and training, and related activities.
- (3) Fourteen percent (14%) for Center operations, including administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting.

SECTION 11.3.(b) Of the funds appropriated in this act to the Department of Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each

fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina agricultural technology companies.

SECTION 11.3.(c) The Center shall not use any of the recurring funds allocated in subsection (b) of this section for administrative costs and shall report on the expenditure of those funds each year pursuant to Section 11.2 of this act.

SECTION 11.3.(d) The Center shall prioritize funding and distribution of loans over funding and distribution of grants.

SECTION 11.3.(e) Up to ten percent (10%) of the sum of each of the allocations in subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

NORTH CAROLINA TECHNOLOGY COALITIONS STRATEGIC SUPPORT FUND

SECTION 11.4.(a) Overview. – The North Carolina Coalitions Strategic Support Fund (Coalitions Fund) is established as a special fund in the Department of Commerce (Department), and the Office of Science, Technology and Innovation in the Department shall be responsible for administering the Coalitions Fund with oversight from the Board of Science, Technology and Innovation.

SECTION 11.4.(b) Purposes. – Moneys in the Coalitions Fund shall be allocated pursuant to this subsection. The Department shall award grants from the Coalitions Fund to encourage regional technology-based economic growth by fostering collaboration throughout a Technology Coalition and aligning State resource investment to scale critical and secure supply chains. Moneys in the Coalitions Fund shall be used to provide Coalition Infrastructure support and Coalition Cost Match, both defined in Section 11.4 (d) Use of Funds.

SECTION 11.4.(c) Definitions. – The following definitions apply in this section:

- (1) Technology Coalition: A regional network of organizations, such as private sector, academic, nonprofit, and government institutions, in a network of formal and informal relationships that contribute to technological and economic development in a technology-based industry sector. Coalitions may also be referred to as a Hub, Cluster, or Alliance. Example technology areas supported by the Coalitions Fund may include but not be limited to: Artificial Intelligence, High-Performance Computing & Semiconductors, Quantum Science and Technology, Advanced Manufacturing, Disaster Prevention, Advanced Communications Technology, Cybersecurity, Biotechnology, Advanced Energy Technology & Efficiency, and Material Science.
- (2) Recipient: A North Carolina organization supported by the Coalitions Fund that represents a Technology Coalition. Recipients may be an industry alliance, nonprofit organization, local government, academic institution, or State agency.
- (3) Cost-Match: Financial or in-kind resources provided through the Coalitions Fund to a Recipient, defined by a ratio of funding pursued or granted by non-State sources to that provided by the Coalitions Fund.
- (4) Regional: Area of service by the Technology Coalition and the focus of economic development metric analysis for a technology-based industry sector. For the purpose of the Coalitions Fund, a regional area should be defined within the boundaries of the State.

SECTION 11.4.(d) Eligibility. – To be eligible for a Coalitions Fund grant, a prospective Recipient must satisfy all of the following conditions:

- (1) The Recipient must be North Carolina-based. For the purposes of this section, a North Carolina-based organization is one that has its principal place of operation in the State.

- (2) The Recipient must certify that at least one hundred percent (100%) of financial resources provided through the Coalition Infrastructure Support and the Coalition Cost Match programs within the Coalitions Fund will be conducted in North Carolina and that the Recipient will remain a North Carolina-based organization for the duration of the funds received.
- (3) The Recipient must apply, under oath, to the Office of Science, Technology and Innovation, for a grant under this section on a form prescribed by the Office of Science, Technology and Innovation that includes at least all of the following:
 - a. name of the business, the form of organization under which it is operated, and the names and addresses of the principals or management of the business;
 - b. description of how Coalitions Fund resources will aid the Technology Coalition to advance its goals;
 - c. justifications for the use of Coalitions Fund resources for intended Regional economic impact; and
 - d. any other information necessary for the Office of Science, Technology and Innovation to evaluate the application.
- (4) The Recipient shall not receive concurrent funding support from other sources that duplicate the purpose of the Coalitions Fund resources.
- (5) Coalition Cost Match program grant Recipients may not be duplicative in the use of cost match from other State-funds or resources.
- (6) Resources provided by the Coalitions Funds may only be for those activities for which an application was submitted, and a grant was received under this section.

SECTION 11.4.(e) Use of Funds. – Funding shall be distributed from the Department, based on strategic and tactical programmatic needs within the following two program areas and related administrative expenses:

- (1) Coalition Infrastructure Support. Activities include but are not limited to funding Recipients to provide external support and/or funding to State agencies or divisions of State agencies to conduct market and economic analyses; development of workforce training programs; support private, foundational and federal grant identification and submission; and sponsorship of Technology Coalition knowledge-sharing events.
- (2) Coalition Cost Match. Provide financial or in-kind cost matching to Recipients in support of non-State funding, including private, foundational, and federal funding that drives the economic growth and maturation of a regional technology industry. The Board of Science, Technology and Innovation may set a cap on the cost match amount, number of awards per recipient, require applicants to provide matching funds or in-kind support for a grant from the Coalitions Fund, and provide prioritization in how the Coalitions Fund may be used by the Recipient.
- (3) Administrative Expenses. Of the money appropriated to the Fund, the Department may use up to the greater of (i) one hundred thousand dollars (\$150,000) or (ii) two percent (2%) annually to administer and promote the Coalitions Fund.

SECTION 11.4.(f) Program Guidelines. – The Department shall develop guidelines related to the administration of the Coalitions Fund. At least 20 days before the effective date of any guidelines or nontechnical amendments to guidelines, the Department must publish the proposed guidelines on the Department's Web site and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department must accept oral and written

comments on the proposed guidelines during the 15 business days beginning on the first day that the Department has completed these notifications. For the purpose of this section, a technical amendment is either of the following:

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

ADMINISTRATIVE EXPENSES FOR ONE NC SMALL BUSINESS PROGRAM

SECTION 11.5.(a) G.S. 143B-437.71 reads as rewritten:

"§ 143B-437.71. One North Carolina Fund established as a special revenue fund.

...

- (c) [Special Account. –]There is created in the One North Carolina Fund a special account, the One North Carolina Small Business Account, to be used for the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program, as specified in Part 2I of Article 10 of Chapter 143B of the General Statutes. Of the total moneys in the One North Carolina Small Business Account, the Department may use up to two percent (2%) annually for costs associated with administration of the North Carolina SBIR/STTR Incentive Program and the North Carolina SBIR/STTR Matching Funds Program. (2004-88, s. 1(d); 2005-276, s.13.14(a); 2006-162, s. 19; 2012-142, s. 13.6(b); 2013-360, s. 15.16A; 2021-180, s. 11.8.)"

ENHANCE UNEMPLOYMENT INSURANCE BENEFITS

SECTION 11.6.(a) G.S. 96-14.2 reads as rewritten:

"§ 96-14.2. Weekly benefit amount.

- (a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally unemployed is an amount equal to the wages paid to the individual in the last two completed quarters of the individual's base period divided by 52 and rounded to the next lower whole dollar. If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The weekly benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ four hundred seventy dollars (\$470.00), adjusted annually for inflation. Beginning July 1, 2026, and on each July 1 thereafter, the Division shall adjust the maximum weekly benefit for claims filed on or after that date by the percentage change in the annual average Consumer Price Index for All Items for All Urban Consumers published by the Bureau of Labor Statistics for the preceding calendar year, rounded to the nearest five dollars (\$5.00)."

SECTION 11.6.(b) G.S. 96-14.3 reads as rewritten:

"§ 96-14.3. Duration of benefits.

- (a) Duration. – The number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six-month base period in which the claim is filed. One six-month base period begins on January 1 and one six-month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of July, August, and September applies. For the base period that begins July 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of January, February, and March applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark.

Seasonal Adjusted Unemployment Rate	Number of Weeks
Less than or equal to 5.5% <u>4.5%</u>	1216

1	Greater than 5.5% <u>4.5%</u> up to 6% <u>5%</u>	1318
2	Greater than 6% <u>5%</u> up to 6.5% <u>5.5%</u>	1420
3	Greater than 6.5% <u>5.5%</u> up to 7% <u>6%</u>	1522
4	Greater than 7% <u>6%</u> up to 7.5% <u>6.5%</u>	1624
5	Greater than 7.5% up to 8% <u>6.5%</u>	1726
6	Greater than 8% up to 8.5%	18
7	Greater than 8.5% up to 9%	19
8	Greater than 9%	20
9	"	

10 **SECTION 11.6.(c)** Subsections (a) and (b) apply to claims for benefits filed on or
11 after July 1, 2025.

12 **SECTION 11.6.(d)** G.S. 96-9.2 is amended by adding a new subsection to read:

13 "(f) 2025 Tax Credit. – An employer is allowed a tax credit for a contribution to the
14 Unemployment Insurance Fund payable under this section for contributions due for the calendar
15 year 2025. The amount of the credit is equal to the amount of contributions payable for wages
16 paid during the fourth quarter of 2024 on the report filed by the employer on or before January
17 31, 2025. If an employer remitted the contributions payable with the report due on or before
18 January 31, 2025, the credit will be applied to the contributions payable on the report due on or
19 before April 30, 2025. An employer must file the report to receive the credit. If the amount of the
20 credit exceeds the amount of contributions due on the report, the excess credit amount is
21 considered an overpayment and will be refunded pursuant to G.S. 96-9.15(b)."

22 **SECTION 11.6.(e)** Subsection (d) is effective when it becomes law.

23 24 **PART XII. ENVIRONMENTAL QUALITY**

25 26 **ESTABLISH NON-TITLE V FEES IN STATUTE**

27 **SECTION 12.1.(a)** G.S. 143-215.3(1b) reads as rewritten:

28 **"§ 143-215.3. General powers of Commission and Department; auxiliary powers.**

29 ...

30 (1b) ~~The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing an~~
31 ~~application for a permit under G.S. 143-215.108 and G.S. 143-215.109 of~~
32 ~~Article 21B of this Chapter may not exceed five hundred dollars (\$500.00).~~
33 The Department shall charge permit fees pursuant to G.S. 143-215.3(a)(1a) to
34 non-Title V facilities subject to permitting under G.S. 143-215.108 and
35 G.S. 143-215.109 of Article 21B according to the following schedule:

- 36 a. For facilities seeking federally enforceable limits to avoid Title V
37 permitting, application fees of eight hundred dollars (\$800.00) and
38 annual fees of three thousand seventy dollars (\$3,070.00).
- 39 b. For facilities with a potential to emit below Title V thresholds, except
40 for general permits, application fees of one hundred dollars (\$100.00)
41 and annual fees of four hundred dollars (\$400.00).
- 42 c. The fee for an ownership change shall be fifty dollars (\$50).
- 43 d. The Department may provide a discount of up to twenty-five percent
44 on annual fees authorized by subparagraphs (a) and (b) of this
45 subsection.

46 The fee to be charged pursuant to G.S. 143-215.3(a)(1a) for processing a
47 registration under Part 2A of this Article or Article 38 of this Chapter may not
48 exceed fifty dollars (\$50.00) for any single registration. An additional fee of
49 twenty percent (20%) of the registration processing fee may be assessed for a
50 late registration under Article 38 of this Chapter. The fee for administering
51 and compliance monitoring under Article 21, other than Parts 1 and 1A, and

~~G.S. 143-215.108 and G.S. 143-215.109 of Article 21B~~ shall be charged on an annual basis for each year of the permit term and may not exceed one thousand five hundred dollars (\$1,500) per year. Fees for processing all permits under Article 21A ~~and all other sections of Article 21B~~ shall not exceed one hundred dollars (\$100.00) for any single permit. The total payment for fees that are set by the Commission under this subsection for all permits for any single facility shall not exceed seven thousand five hundred dollars (\$7,500) per year, which amount shall include all application fees and fees for administration and compliance monitoring. A single facility is defined to be any contiguous area under one ownership and in which permitted activities occur. For all permits issued under these Articles where a fee schedule is not specified in the statutes, the Commission, or other commission specified by statute shall adopt a fee schedule in a rule following the procedures established by the Administrative Procedure Act. Fee schedules shall be established to reflect the size of the emission or discharge, the potential impact on the environment, the staff costs involved, relative costs of the issuance of new permits and the reissuance of existing permits, and shall include adequate safeguards to prevent unusual fee assessments which would result in serious economic burden on an individual applicant. A system shall be considered to allow consolidated annual payments for persons with multiple permits. In its rulemaking to establish fee schedules, the Commission is also directed to consider a method of rewarding facilities which achieve full compliance with administrative and self-monitoring reporting requirements, and to consider, in those cases where the cost of renewal or amendment of a permit is less than for the original permit, a lower fee for the renewal or amendment."

SECTION 12.1.(b) G.S. 143B-279.19 reads as rewritten:

"§ 143B-279.19. Quadriennial adjustment of certain fees and rates.

(a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1, 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for per transaction rates shall be rounded to the nearest dollar (\$1.00):

...

(21) G.S. 143-215.3(1b).

...."

MAKING INUNDATION MAPS PUBLICLY AVAILABLE

SECTION 12.2.(a) G.S. 143-215.31 reads as rewritten:

"§ 143-215.31. Supervision over maintenance and operation of dams.

...

(a1) (6) Information included in an Emergency Action Plan that constitutes sensitive public security information, as provided in G.S. 132-1.7, shall be maintained as confidential information and shall not be subject to disclosure under the Public Records Act. For purposes of this section, "sensitive public security information" shall include Critical Energy Infrastructure Information protected from disclosure under rules adopted by the Federal Energy Regulatory Commission in 18 C.F.R. ~~§ 388.112~~, § 388.112, but shall not include Emergency Action Plans or inundation maps for any impoundments or dams not regulated by the Federal Energy Regulatory Commission.

...."

SECTION 12.2.(b) G.S. 66-58 is amended to read:

"§ 66-58. Sale of merchandise or services by governmental units.

- 1 ...
- 2 (b) Subsection (a) of this section does not apply to any of the following:
- 3 ...
- 4 (29) The Department of Environmental Quality in the provision of inundation
- 5 maps for the preparation of Emergency Action Plans to owners or operators
- 6 of high hazard potential dams."

8 **MODIFY PAYMENT OF BROWNFIELDS PROPERTY REUSE ACT FEES**

9 **SECTION 12.3.(a)** G.S. 130A-310.39 reads as rewritten:

10 **"§ 130A-310.39. Fees.**

- 11 (a) The Department shall collect the following fees:
- 12 (1) A prospective developer who submits ~~a~~an application for a proposed
- 13 brownfields agreement for review by the Department shall pay an initial fee
- 14 of two thousand dollars (\$2,000).
- 15 (2) A prospective developer who enters into a brownfields agreement with the
- 16 Department shall pay, on a schedule determined by the Department, a fee in
- 17 an amount equal to the full cost to the Department and the Department of
- 18 Justice of all activities related to the brownfields agreement, including but not
- 19 limited to negotiation of the brownfields agreement, public notice and
- 20 community involvement, and monitoring the implementation of and
- 21 compliance with the brownfields agreement and Notice of Brownfields
- 22 Property. The procedure by which the amount of this fee is determined shall
- 23 be established by agreement between the prospective developer and the
- 24 Department and shall be set out as a part of the brownfields agreement. ~~The~~
- 25 ~~fee imposed by this subdivision shall be paid in two installments. The first~~
- 26 ~~installment shall be due at the time the prospective developer and the~~
- 27 ~~Department enter into the brownfields agreement and shall equal all costs that~~
- 28 ~~have been incurred by the Department and the Department of Justice at that~~
- 29 ~~time less the amount of the initial fee paid pursuant to subdivision (1) of this~~
- 30 ~~subsection. The Department shall not enter into the brownfields agreement~~
- 31 ~~unless the first installment is paid in full when due. The second installment~~
- 32 ~~shall be due at the time the prospective developer submits a final report~~
- 33 ~~certifying completion of remediation under the brownfields agreement and~~
- 34 ~~shall include any additional costs that have been incurred by the Department~~
- 35 ~~and the Department of Justice, including all costs of monitoring the~~
- 36 ~~implementation of the brownfields agreement.~~
- 37 (3) Any prospective developer or owner(s) of properties subject to a recorded
- 38 notice of brownfields property who are out of compliance with the notice of
- 39 brownfields property shall pay a fee to the Department and the Department of
- 40 Justice equivalent to the costs to the state to enforce against said
- 41 noncompliance or otherwise seek to correct said noncompliance."

43 **SOLID WASTE BENEFICIAL REUSE CLARIFICATION**

44 **SECTION 12.4.(a)** G.S. 130A-309.05 reads as rewritten:

45 **"§ 130A-309.05. Regulated wastes; certain exclusions.**

- 46 (a) Certain Wastes Regulated as Nonhazardous. – Notwithstanding other provisions of
- 47 this Article, the following waste shall be regulated pursuant to this Part:
- 48 ...
- 49 (b) Management of Ash Generated From Burning of Solid Waste. – Ash generated by a
- 50 solid waste management facility from the burning of solid waste shall be disposed of in a properly
- 51 designed solid waste disposal area that complies with standards developed by the Department for

the disposal of the ash. The Department shall work with solid waste management facilities that burn solid waste to identify and develop methods for recycling and reusing incinerator ash or treated ash.

(c) Recovered Material. – Recovered material is not subject to ~~regulation as permitting requirements for solid waste under this Article. In order for a material that would otherwise be regulated as solid waste to qualify as a recovered material, the~~ The Department may require any person who owns or has control over the material to demonstrate that the material meets the requirements of this subsection. ~~In order to protect public health and the environment, the Commission~~ subsection or may require the person to obtain a beneficial use determination from the Department in accordance with subsection (d) of this section. The Department may adopt rules to implement this subsection. Materials that are accumulated speculatively, as that term is defined under 40 Code of Federal Regulations § 261 (July 1, 2014 Edition), shall not qualify as a recovered material, ~~and shall be subject to regulation as solid waste. In order to qualify as a recovered material, the~~ material. The material shall be managed as a valuable commodity in a manner consistent with the desired use or end use, and all of the following conditions shall be met:

...

(d) Beneficial Use Determination. – For the purposes of preservation of landfill capacity, economic development, energy savings, and reduction of greenhouse emissions, the Department may determine whether nonhazardous solid waste may be used or reused for a particular site or application as an alternative to disposal at a permitted solid waste management facility as set forth in this subsection.

(1) A person seeking a beneficial use determination shall submit an application to the Department. The Department, after a review of an application submitted under this subsection, may take any of the following actions:

- a. Authorize management of a specified type of nonhazardous solid waste at a site other than a permitted solid waste management facility.
- b. Issue a beneficial use determination with appropriate conditions for use of specific types of solid waste in construction, land application, or other projects and applications.

(2) An applicant for a determination under this subsection shall submit information on forms prescribed by the Department and any additional information required by the Department necessary for a determination under this subsection. In its review of the application and additional information, the Department shall also consider internal research or information submitted by any person or entity concerning the potential hazard to public health or the environment of any type of solid waste.

(3) The Department may require submittal of a demonstration that the solid waste is being managed in a manner to protect public health or the environment and may include any of the following as a part of an authorization under subdivision (1) of this subsection:

- a. requirements for periodic testing of solid wastes; and
- b. conditions to ensure that the product or by-products of a material recovered or diverted for beneficial use shall not be discharged, deposited, injected, dumped, spilled, leaked, or placed into or upon any land or water so that the products or by-products or any 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 subdivision 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 to implement this subsection and establish 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 12.4.(b) This section becomes effective January 1, 2026.

UST NEW INSTALL REVIEW FEE

SECTION 12.5.(a) G.S. 143-215.94C reads as rewritten:

"§ 143-215.94C Commercial leaking petroleum underground storage tank cleanup fees.

...

(g) An owner or operator who submits a pre-construction or post-construction application for installing or replacing an underground storage tank system or an underground storage tank piping system regulated pursuant to G.S. 143-215.94T to the Department shall pay an application fee of five hundred twenty dollars (\$525.00) to the Department."

SECTION 12.5.(b) G.S. 143B-279.19 reads as rewritten:

"§ 143B-279.19. Quadriennial adjustment of certain fees and rates.

(a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1, 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for per transaction rates shall be rounded to the nearest dollar (\$1.00):

...

(22) G.S. 143-215. 94C(g).

...."

SECTION 12.5.(c) This section becomes effective January 1, 2026.

EXPAND ELIGIBILITY FOR TARGETED INTEREST RATES

SECTION 12.6.(a) G.S. 159G-20(21) reads as rewritten:

"§ 159G-20. Definitions.

...

- (21) Targeted interest rate project. – Either of the following types of projects:
- a. A project that is awarded a loan from the Drinking Water Reserve or the Wastewater Reserve based on affordability.
 - b. A project that is awarded a loan from the CWSRF or the DWSRF and is in a category for which federal law or the Department encourages a special focus."

RAISE LIMITS FOR MRF AND AIA GRANT FUNDING

Section 12.7.(a) G.S. 159G-36(c) is amended to read:

"§ 159G-36. Limits on loans and grants.

...

(c) Certain Reserve Recipient Limit. – The following limits apply to the loan or grant types made from the Wastewater Reserve or the Drinking Water Reserve to the same local government unit or nonprofit water corporation:

...

- (4) The amount of merger/regionalization feasibility grants awarded ~~for three consecutive fiscal years for a fiscal year~~ may not exceed ~~fifty thousand dollars (\$50,000)~~ seventy-five thousand dollars (\$75,000).
- (5) The amount of asset inventory and assessment grants awarded for three consecutive fiscal years may not exceed ~~one hundred fifty thousand dollars (\$150,000)~~ two hundred twenty-five thousand dollars (\$225,000)."

PART XIII. LABOR [RESERVED]

PART XIV. NATURAL AND CULTURAL RESOURCES

INCREASE THE ALLOWABLE AMOUNT FOR REPAIR AND RENOVATION FOR AQUARIUMS SPECIAL FUND

SECTION 14.1. G.S. 143B-135.188 reads as rewritten:

"§ 143B-135.188. North Carolina Aquariums; fees; fund.

...

(d) Approval. – The Secretary may approve the use of the North Carolina Aquariums Fund for repair and renovation projects at the aquariums-related facilities that comply with the following:

- (1) The total project cost is ~~less than five hundred thousand dollars (\$500,000).~~ less than or equal to two million dollars (\$2,000,000).
- (2) The project meets the criteria to be classified as a repair or renovation under G.S. 143C-8-13(a).
- (3) The project is paid for from funds appropriated to the Fund.
- (4) The project does not obligate the State to provide increased recurring funding for operations.

...."

INCREASE THE ALLOWABLE AMOUNT FOR REPAIR AND RENOVATION FOR ZOO SPECIAL FUND

SECTION 14.2. G.S. 143B-135.209 reads as rewritten:

"§ 143B-135.209. North Carolina Zoo Fund.

...

(c) Approval. – The Secretary may approve the use of the North Carolina Zoo Fund for repair and renovation projects at the North Carolina Zoological Park that comply with the following:

- (1) The total project cost is ~~less than five hundred thousand dollars (\$500,000).~~
less than or equal to two million dollars (\$2,000,000).
- (2) The project meets the criteria to be classified as a repair or renovation under G.S. 143C-8-13(a).
- (3) The project is paid for from funds appropriated to the Fund.
- (4) The project does not obligate the State to provide increased recurring funding for operations.
-"

TECHNICAL CORRECTION REGARDING CHARLOTTE HAWKINS BROWN \$1 MILLION APPROPRIATION IN SECTION 9.1(D) OF S.L. 2021-189

SECTION 14.3. Section 40.17(a)(18) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 reads as rewritten:

"SCIF GRANT CHANGES

"SECTION 40.17.(a) Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the following grants and funds allocated from the State Capital and Infrastructure Fund are amended as follows:

- ...
- (18) The funds to the Department of Natural and Cultural Resources for Charlotte Hawkins Brown in the sum of one million dollars (\$1,000,000) for the 2021-2022 fiscal year shall be used for ~~the purchase and development of approximately 100 acres adjacent to land acquisition for the historic site or, repair and renovation projects, and capital projects~~ at the Charlotte Hawkins Brown State Historic Site in Guilford County.
-"

PART XV. WILDLIFE RESOURCES COMMISSION [RESERVED]

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS [RESERVED]

PART XVII. INDIGENT DEFENSE SERVICES [RESERVED]

PART XVIII. JUSTICE [RESERVED]

PART XIX. ADULT CORRECTION

PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 19A.1. Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

- (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.
- (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be allocated each fiscal year to the Department of Adult Correction for its administrative and operating expenses for the Program.
- (3) Up to the sum of five hundred thousand dollars (\$500,000) may be used in each fiscal year of the 2025-2027 fiscal biennium to reimburse sheriffs

utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L. 2021-180.

INMATE MEDICAL REPORTING

SECTION 19A.2. G.S. 143B-1470 reads as rewritten:

"§ 143B-1470. Medical costs for inmates.

(c) The Department of Adult Correction shall report ~~quarterly~~ annually by September 1 of each year to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the Justice and Public Safety Appropriations Committees on:

(1) The percentage of the total inmates requiring hospitalization or hospital services who receive that treatment at each hospital.

...

(10) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.

Reports ~~submitted on August 1~~ shall include totals for the previous fiscal year for all the information requested."

USE OF CAPITAL FUNDS

SECTION 19A.3. Notwithstanding S.L. 2006-66 and S.L. 2015-241, the Department of Adult Correction may use up to one million six hundred twelve thousand four hundred eighty-one and fourteen cents (\$1,612,481.14) from the projects described in Section 23.12(g) of S.L. 2006-66 and Section 31.22 of S.L. 2015-241 to finance capital facility costs of HVAC projects at state facilities. No additional special indebtedness may be issued or incurred to finance these projects. The use of funds authorized by this section shall not require further approval by the Council of State pursuant to Chapter 142 of the General Statutes.

USE OF AVAILABLE FUNDS FOR REPAIR AND RENOVATION PURPOSES

SECTION 19A.4. G.S. 143C-8-13 is amended by adding a new subsection to read:

"§ 143C-8-13. Repairs and Renovations.

...

(e) Notwithstanding any provision of G.S. 143C-8-7 to the contrary, the Secretary of the Department of Adult Correction may pay for projects for repairs and renovations with funds available to the agency according to the following:

(1) The project meets all of the following requirements:

a. The total project costs do not exceed one million dollars (\$1,000,000).

b. The project is one of the types set forth in subdivisions (1) through (13) of subsection (a) of this section, regardless of whether the relevant facilities and related infrastructure are supported from the General Fund or the State Capital and Infrastructure Fund.

(2) The Department reports on projects undertaken pursuant to this subsection to the Fiscal Research Division on a quarterly basis. The report shall include all of the following information for each project:

a. The facility at which the project is being undertaken.

b. The nature and scope of the project."

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 19A.5. Notwithstanding G.S. 143C-6-9, the Department of Adult Correction may use funds available to the Department for the 2025-27 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release

supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer. The Department shall report annually by February 1 of each year to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

PART XIX-B. PRISONS

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19B.1. The Department of Adult Correction may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2025-27 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Adult Correction.

NURSE STAFFING AT STATE PRISONS

SECTION 19B.2. Notwithstanding any other provision of law, the Department of Adult Correction may, in its discretion and subject to the approval of the Office of State Budget and Management, convert funds appropriated for contractual nursing services to permanent nursing positions when it is determined to promote security, generate cost savings, and improve health care quality. The Department shall report on any such conversions to the Fiscal Research Division.

DOT CONTRACT OF INMATE LITTER CREW

SECTION 19B.3.(a) After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Department of Adult Correction upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Department of Adult Correction shall have 30 days to accept or decline the offered contract.

SECTION 19B.3.(b) It is the policy of the General Assembly that the Department of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as often as is necessary and practicable.

PART XIX-C. COMMUNITY SUPERVISION

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 19C.1. Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2025-27 fiscal biennium may be used by the Department of Adult Correction during the 2025-27 fiscal biennium to provide training programs and equipment purchases for the Division of Community Supervision, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

PART XIX-D. REHABILITATION AND REENTRY [RESERVED]

PART XIX-E. PUBLIC SAFETY [RESERVED]**PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION [RESERVED]****PART XIX-G. LAW ENFORCEMENT [RESERVED]****PART XIX-H. JUVENILE JUSTICE [RESERVED]****PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD [RESERVED]****PART XIX-M. STATE BUREAU OF INVESTIGATION****CONTINUED EXEMPTION FROM IT CONSOLIDATION**

SECTION 19M.1. G.S. 143B-1325 reads as rewritten:

"§ 143B-1325. State information technology consolidated under Department of Information Technology.

...

(c) Participating Agencies. – The State CIO shall prepare detailed plans to transition each of the participating agencies. As the transition plans are completed, the following participating agencies shall transfer information technology personnel, operations, projects, assets, and appropriate funding to the Department of Information Technology:

(1) Department of Natural and Cultural Resources.

...

(13) Department of Public Safety, with the exception of the following:

a. ~~State Bureau of Investigation.~~

b. State Highway Patrol.

c. Division of Emergency Management.

...."

PART XX. ADMINISTRATION [RESERVED]**PART XXI. ADMINISTRATIVE HEARINGS [RESERVED]****PART XXII. OFFICE OF THE STATE AUDITOR [RESERVED]****PART XXIII. BUDGET AND MANAGEMENT****STATE FISCAL RECOVERY FUND FLEXIBILITY 2025**

SECTION 23.1.(a) Notwithstanding any provision of law to the contrary, and subject to the conditions set out in part (b) of this section, below, the North Carolina Pandemic Recovery Office (NCPRO), in consultation with the Director of the Budget, may reallocate State Fiscal Recovery Funds (SFRF) appropriated by this act or any act of the General Assembly, including but not limited to:

(a) S.L. 2021-180.

(b) S.L. 2021-189.

(c) S.L. 2022-6.

(d) S.L. 2022-74.

(e) S.L. 2023-134.

(f) S.L. 2024-1.

(g) S.L. 2024-40.

(h) S.L. 2024-53.

(i) S.L. 2024-55.

SECTION 23.1.(b) The funds set out in part (a) of this section may be reallocated only when all of the following conditions are met:

(a) The appropriated funds have not been expended by December 31, 2025.

(b) There is a reasonable expectation that the funds will not be expended before the deadline established by applicable federal law or guidance.

(c) 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 part (a) of this Section. Reallocated funds shall not be used for any new activity, purpose, or program.

SECTION 23.1.(c) Any funds remain after the reallocation process authorized in subsection (b) shall be allocated to the State Treasurer up to an amount equal to the remaining unreimbursed COVID-19 related expenses incurred by the North Carolina State Health Plan for Teachers and State Employees between March 3, 2021 and December 31, 2024.

SECTION 23.1.(d) To the extent that funds reallocated pursuant to this section are unappropriated, including interest accrual exceeding that which is anticipated in this act, those funds are hereby appropriated and available for use pursuant to this section.

SECTION 23.1.(e) Reporting. – Beginning March 31, 2025, the Office of State Budget and Management (OSBM) shall report to the Fiscal Research Division quarterly on the reallocations made pursuant to this section.

INTEREST TO SUPPORT NC PANDEMIC RECOVERY EFFORTS

SECTION 23.2. Any interest earned on the following is appropriated to the Office of State Budget and Management (OSBM) for operations pertaining to pandemic recovery:

(a) Local Fiscal Recovery Fund, Budget Code 63009, Budget Fund 610000;

(b) Homeowner Assistance Fund, Budget Code 23023, Budget Fund 214150, that is allowed to be retained by the State; and

(c) Economic Development Assistance Strategy and Tourism grant funds, Budget Code 23025, Budget Funds 214250 and 214251, that is allowed to be retained by the State.

INNOVATION & MODERNIZATION FOR PERFORMANCE, ACCOUNTABILITY, & COST-EFFECTIVE TRANSFORMATION ('IMPACT') CENTER

SECTION 23.3.(a) Of the funds appropriated in this act to the Office of State Budget and Management (OSBM), the sum of twenty million dollars (\$20,000,000) in nonrecurring and nonreverting funds shall be allocated to the Innovation & Modernization for Performance, Accountability, & Cost-Effective Transformation ('IMPACT') Center to:

(a) Partner with agencies on projects that substantially improve government operations through applied research and private sector best practices, including the use of procurement optimization, agile project management, user-centered (UX) design, data analytics, artificial intelligence, A/B testing, and performance management.

(b) Target efficiency gains in state programs and policies, aiming to create cost-savings while maintaining or improving service delivery outcomes.

(c) Hire, on a temporary basis, external contractors, researchers and experts to empower agencies to identify and implement efficiency transformations.

(d) Develop standardized efficiency improvement models, with associated training materials, that can be shared across state agencies to empower more widespread replications of the approach and foster a culture of innovation, constructive challenge, and accountability.

SECTION 23.3.(b) Beginning September 1, 2026, OSBM shall report annually to the North Carolina General Assembly on progress made by the IMPACT Center during the prior fiscal year. This report should set out key metrics demonstrating the program's impact, including:

(a) The number of projects under way and completed;

- (b) Reductions in administrative costs achieved;
- (c) Improvements in service delivery, speed, and responsiveness;
- (d) Improvements in public satisfaction scores with the program;
- (e) Identification of programs or policies (or components thereof) that should be discontinued, and recommendations for the redeployment of taxpayer dollars to more effective uses.

MITIGATE FEDERAL FUNDING ACTIONS

SECTION 23.4.(a) For the 2025-2027 fiscal biennium, the Office of State Budget and Management (OSBM) may use funds available in the Federal Infrastructure Match Reserve to assist state agencies in mitigating the fiscal impacts of federal spending freezes, federal government shutdowns, or federal spending reductions. This assistance includes, but is not limited to, providing legally required personnel-related or contractual expenses resulting from the discontinuation or delay of federal funds that an agency cannot otherwise support within existing resources.

SECTION 23.4.(b) Agencies shall submit documentation of the shortfall resulting from the discontinuation or delay of federal funds to the Director of the Budget. The Office of State Budget and Management (OSBM) may, at the discretion of the Director, allocate funds available to the state agency to meet current liabilities. The funds are appropriated from the Federal Infrastructure Match Reserve for the purposes set out in this section, at the time the Director deems such a transfer necessary.

SECTION 23.4.(c) To the extent possible, state agencies shall reimburse these funds to OSBM. OSBM shall revert all reimbursed funds to the Federal Infrastructure Match Reserve by June 30, 2027.

SECTION 23.4.(d) Not later than September 1, 2026, and September 1, 2027, OSBM shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division which shall include all of the following for each recipient of funds from OSBM:

- (a) The name of any state agency receiving funds pursuant to in subsection (a) of this section;
- (b) The reason for the request for funds, including name of each federal program that was impacted by a funding spending freeze, a federal government shutdown, or a federal spending reduction, and a brief description of the impact;
- (c) The amount of funds provided from the Federal Infrastructure Match Reserve; and
- (d) The amount of funds reimbursed to the Federal Infrastructure Match Reserve.

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS [RESERVED]

PART XXV. OFFICE OF STATE CONTROLLER

OVERPAYMENTS AUDITS

SECTION 25.1. G.S. 147-86.22(c) reads as rewritten:

"(c) Collection Techniques. – The State Controller, in conjunction with the Office of the Attorney General, shall establish policies and procedures to govern techniques for collection of accounts receivable. These techniques may include use of credit reporting bureaus, judicial remedies authorized by law, and administrative setoff by a reduction of a tax refund pursuant to the Setoff Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another

1 payment, other than payroll, due from the State to a person to reduce or eliminate an account
2 receivable that the person owes the State.

3 The State Controller shall negotiate a contract with a third party to perform an audit and
4 collection process of inadvertent overpayments by State agencies to vendors as a result of pricing
5 errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds,
6 erroneously paid excise taxes, and related errors. The third party shall be compensated only from
7 funds recovered as a result of the audit. Of the recovered funds and subject to availability, the
8 State Controller may use up to one hundred thousand dollars (\$100,000) annually to develop and
9 provide governmental accounting education for state agency fiscal staff. Savings realized in
10 excess of costs and any funds used by the State Controller for the aforementioned purpose shall
11 be transferred from the agency to the Office of State Budget and Management and placed in a
12 special reserve account for future direction by the General Assembly. Any disputed savings shall
13 be settled by the State Controller. This paragraph does not apply to the purchase of medical
14 services by State agencies or payments used to reimburse or otherwise pay for health care
15 services."

17 ELECTRONIC PAYMENT PROCESSING

18 SECTION 25.2. G.S. 147-86.22 reads as rewritten:

19 "§ 147-86.22. **Statewide accounts receivable program.**

20 ...

21 (b) Electronic Payment. – Notwithstanding the provisions of G.S. 147-86.20 and
22 G.S. 147-86.21, this subsection applies to debts owed a community college, a local school
23 administrative unit, an area mental health, developmental disabilities, and substance abuse
24 authority, and the Administrative Office of the Courts, and to debts payable to or through the
25 office of a clerk of superior court or a magistrate, as well as to debts owed to other State agencies
26 as defined in G.S. 147-86.20.

27 The State Controller shall establish policies that allow accounts receivable to be payable
28 under certain conditions by electronic payment. These policies shall be established with the
29 concurrence of the State Treasurer. In addition, any policies that apply to debts payable to or
30 through the office of a clerk of superior court or a magistrate shall be established with the
31 concurrence of the Administrative Officer of the Courts. The Administrative Officer of the Courts
32 may also establish policies otherwise authorized by law that apply to these debts as long as those
33 policies are not inconsistent with the Controller's policies.

34 A condition of payment by electronic payment is receipt by the appropriate State agency of
35 the full amount of the account receivable owed to the State agency. A-Notwithstanding the
36 provisions of this section or any other provision of law, a State agency may enter into a contract
37 with a payment processor that authorizes the processor to retain their fee for providing the
38 processing service at the time each transaction is made. The terms of any contract executed under
39 this subsection shall be approved by the State Controller with the concurrence of the State
40 Treasurer and the Administrative Office of the Courts, as applicable. In the absence of a contract
41 with a processor to retain service fees, the State agency may charge a debtor who pays by
42 electronic payment may be required to pay any fee or charge associated with the use of electronic
43 payment. Fees fees to cover the costs incurred in accepting the payment electronically, but in no
44 event shall the debtor be required to pay a fee that is greater than four percent (4%) of the
45 electronic payment. If the State agency does not require the debtor to pay a fee associated with
46 processing electronic payments, the fee may be paid out of the General Fund and
47 Highway Fund if the payment of the fee by the State is economically beneficial to the State and
48 the payment of the fee by the State has been approved by the State Controller and State Treasurer.

49 The State Controller and State Treasurer shall consult with the Joint Legislative Commission
50 on Governmental Operations before establishing policies that allow accounts receivable to be
51 payable by electronic payment and before authorizing fees associated with electronic payment to

be paid out of the General Fund and Highway Fund. A payment of an account receivable that is made by electronic payment and is not honored by the issuer of the card or the financial institution offering electronic funds transfer does not relieve the debtor of the obligation to pay the account receivable.

...

(d) Annual Report. – The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue."

PART XXVI. ELECTIONS

USE OF HELP AMERICA VOTE ACT

SECTION 26.1. The State Board of Elections shall use federal Help America Vote Act (HAVA) funds appropriated in this act for the 2025-2026 fiscal biennium for the following purposes:

- (1) Continued funding for equipment and software for critical IT operations.
- (2) Continuing the funding of information technology and regional support positions, including the IT Security and Compliance Manager.

PART XXVII. GENERAL ASSEMBLY [RESERVED]

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY [RESERVED]

PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES

MAKE APPLYING FOR STATE JOBS EASIER

SECTION 29A.1.(a) Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-14.2A. Increasing efficiency of state job application process.

(a) The Office of State Human Resources shall allow applicants to apply for state jobs by uploading a resume or website profile, then having an electronic tool import text from the resume or website profile into the format used on the state job application form. The Office shall structure the job application process to make applying by an imported resume or website profile as easy and efficient as possible while still providing the information that is reasonably necessary for merit-based hiring under G.S. 126-14.2 and G.S. 126-14.3. Applicants are responsible for ensuring that all information required for initial screening is included in the state job application form after importing resume or website profile.

(b) To the extent that a job application requires references, supplemental questions, or other information that would not commonly be found on a resume and is not required for initial screening, state agencies may delay requiring that information until job interviews or until later in the selection process.

(c) At least once each year, the Office of State Human Resources shall present the state application form and demonstrate the import process to the State Human Resources Commission for the Commission's informal feedback."

SECTION 29A.1.(b) G.S. 126-5(c7) reads as rewritten:

"(c7) Except as to the policies, rules, and plans established by the Commission pursuant to 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 G.S. 126-14.2, G.S. 126-14.2A, G.S. 126-34.02(b)(1) and (2), and Articles 6 and 7 of this Chapter, this Chapter does not apply to exempt managerial positions."

SECTION 29A.1.(c) G.S. 126-5(c17) reads as rewritten:

"(c17) Except as to the policies, rules, and plans established by the Commission pursuant to 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 to the provisions of G.S. 126-14.2, G.S. 126-14.2A, G.S. 126-34.1(a)(2), and Articles 6 and 7 of this Chapter, the provisions of this Chapter shall not apply to a warden of an adult corrections facility."

SECTION 29A.1.(d) G.S. 126-5(c18) reads as rewritten:

"(c18) Except as to the policies, rules, and plans established by the Commission pursuant to 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 except as to the provisions of G.S. 126-14.2, G.S. 126-14.2A, 126-34.02(b)(1) and (2), and Articles 6 and 7 of this Chapter, this Chapter does not apply to the warden of a State adult correctional facility. Employees in these positions shall be public servants under G.S. 138A-3(70) and shall file Statements of Economic Interest under G.S. 138A-22. Employees in these positions shall receive the protections of former G.S. 126-5(e) if the employees were hired before the date of its repeal and have the minimum cumulative service to qualify under that subsection."

SECTION 29A.1.(e) Section 39A.1 shall be effective when it becomes law. OSHR shall modify the state job application process no later than November 1, 2025, to implement the authority granted by this section

ALLOW PERMANENTLY HIRING CERTAIN TEMPORARY EMPLOYEES UNDER SPECIFIC CONDITIONS

SECTION 29A.2. Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-14.3A. Temp-to-perm hiring.

The Council of State, the executive branch agencies, the Community College System Office, and the University of North Carolina may directly hire temporary employees into vacant positions so long as all of the following conditions are met:

- (1) The position to which the temporary employee would be appointed is vacant;
- (2) The temporary employee must have been working, for at least six months not including any mandatory breaks under G.S. 126-6.3, in a role that is substantially equivalent to the appointed position with satisfactory performance;
- (3) The temporary employee must meet the minimum education and experience requirements for the position classification and have a salary set within the classification range; and
- (4) The temporary employee must have been hired through the Temporary Solutions Program of the North Carolina Office of State Human Resources (OSHR).

The Director of the Office of State Human Resources may grant an exception to requirement (3).

Except as otherwise provided in this section, the hiring shall be exempt from Chapter 126 of the General Statutes, including any procedural or substantive requirements such as publicly posting the position, requiring an application, holding an interview or new reference checks, selecting the applicants from the pool of the most qualified persons, and following the priorities for certain types of applicants under State law. The hiring shall not be exempt from G.S. 126-14, G.S. 126-14.1, G.S. 126-14.5, and Articles 6 and 7 of Chapter 126 of the General Statutes. The exemption from Chapter 126 of the General Statutes for the hiring process shall not affect whether the position is subject to Chapter 126 of the General Statutes once the employee is hired."

MAKE STATE AGENCY HIRING, PAY, AND CLASSIFICATION FLEXIBILITY PERMANENT

SECTION 29A.3.(a) Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-3.1. Agency Hiring, Pay, and Classification Flexibility.

Notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the Council of State, the executive branch agencies, the Community College System Office, and The University of North Carolina are each authorized to do the following:

- (1) Allow an individual the option of having the individual's application considered for future job postings at the same agency and at other agencies if the individual has been identified as a qualified applicant within the same or comparable classification.
- (2) Allow agencies to recruit and hire applicants from a job posting that applies to all vacancies for a particular classification at all state agencies.
- (3) Classify or reclassify their positions according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.
- (4) Set salaries for their employees within the salary ranges for the respective position classification established by the SHRC.

However, nothing in this section shall reduce the authority granted to the Director of the Office of State Human Resources to implement corrective actions in cases of employer noncompliance."

MODERNIZE AND SIMPLIFY THE STATE HUMAN RESOURCES ACT

SECTION 29A.4.(a) No later than March 15, 2026, the Office of State Human Resources (OSHR) shall report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division on suggested changes to Chapter 126 of the General Statutes in order to update the North Carolina Human Resources Act to simplify the Chapter and reflect human resource best practices. At a minimum, the report should address legislative changes needed to:

- (1) Streamline hiring,
- (2) Enhance recruitment and make state employment more attractive,
- (3) Develop and maintain a high-quality, well-trained state workforce, and
- (4) Improve employee retention.

OSHR shall work with state agencies, local governments, and other relevant stakeholders in developing these recommended changes.

EXTEND TEMPORARY REMOVAL OF BARRIERS TO ALLOW RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO RETURN TO WORK ON A PART-TIME, TEMPORARY, OR INTERIM BASIS

SECTION 29A.5. Section 12.1(a) of S.L. 2024-51 reads as rewritten:

"SECTION 12.1.(a) For individuals who retired under the Teachers' and State Employees' Retirement System (TSERS) on or after April 1, 2024, but before ~~October 1, 2024~~, March 1, 2025, the six-month separation from service from an employer required under G.S. 135-1(20) in order for a retirement to become effective shall not apply and instead a one-month separation shall be required, provided that the position to which the individual returns is needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the Retirement Systems Division of the Department of State Treasurer by the employing agency."

"SECTION 12.1.(b) Upon the expiration of subsection (a) of this section, all of the following shall apply:

(1) The six-month separation from an employer required under G.S. 135-1(20) shall again be applicable to individuals who retired under TSERS on or after April 1, 2024, but before October 1, 2024. March 1, 2025.

(2) In order for a member's retirement under TSERS on or after April 1, 2024, but before October 1, 2024, March 1, 2025, to become effective in any month, the member must perform no work for an employer, including part-time, temporary, substitute, or contractor work, at any time between the expiration of subsection (a) of this section and the end of the six months immediately following the effective date of retirement, provided the expiration of the six-month period of separation did not occur while subsection (a) of this section was in effect.

"SECTION 12.1.(c) For individuals who retired under TSERS on or after April 1, 2024, but before ~~October 1, 2024~~, March 1, 2025, any time worked between September 25, 2024, and the time subsection (a) of this section expires shall not be considered work for the purposes of the six-month separation required under G.S. 135-1(20) or for the purposes of G.S. 135-3(d), provided the position held by the individual is needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the Retirement Systems Division of the Department of State Treasurer by the employing agency.

"SECTION 12.1.(d) For individuals who retired prior to ~~October 1, 2024~~, March 1, 2025, any earnings received between September 25, 2024, and the time that subsection (a) of this section expires shall not be treated as earned by a TSERS beneficiary under the provisions of G.S. 135-3(a)(8)c., provided those earnings are related to a position needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the Retirement Systems Division of the Department of State Treasurer by the employing agency.

"SECTION 12.1.(e) For individuals who retired prior to ~~October 1, 2024~~, March 1, 2025, any earnings received between September 25, 2024, and the time that subsection (a) of this section expires shall not be treated as earned by a beneficiary of the Local Governmental Employees Retirement System (LGERS) under the provisions of G.S. 128-24(5)c., provided those earnings are related to a position needed due to the state of emergency related to Hurricane Helene or associated Hurricane Helene recovery efforts, as certified to the Retirement Systems Division of the Department of State Treasurer by the employing unit.

...

"SECTION 12.1.(g) Subsection (a) of this section expires June 30, 2026 and is applicable to any activity on or before that date.~~when the statewide declaration of emergency issued by the Governor in Executive Order No. 315, concurred to by the Council of State and as extended pursuant to this act and any other enactment of a general law, expires."~~

PART XXX. INSURANCE

DEPARTMENT OF INSURANCE LEASE EXPENSES

SECTION 30.1. Section 7.(a) of S.L. 2023-114 reads as rewritten:

"SECTION 7.(a) The General Assembly authorizes the Department of Insurance to fund, with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the Department, a sum not to exceed ~~eighteen million dollars (\$18,000,000)~~ twenty-five million dollars (\$25,000,000) to enter into a lease agreement for the ~~temporary~~ relocation of the Department's offices and a sum not to exceed one million (\$1,000,000) for costs associated with the ~~temporary~~ relocation. The lease agreement funded by the sum authorized in this subsection shall be for a term not to exceed ~~five years and shall not be~~

renewed without prior approval from the General Assembly five years, with the option to renew for two additional five year consecutive periods. The Department shall complete the relocation process no later than October 15, 2023."

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION [RESERVED]

PART XXXII. LIEUTENANT GOVERNOR [RESERVED]

PART XXXIII. MILITARY AND VETERANS AFFAIRS

CEMETERY TRUST FUND

SECTION 33.1. Article 14 of Chapter 14B of the General Statute is amended by adding a new Section to read:

"§ 143B-1219. North Carolina Veterans Cemeteries Trust Fund.

(a) There is 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 provisions of this section for the operations and maintenance of State veterans' cemeteries. Fund resources may also be used to cover the projected cashflow needs of cemetery expansion projects funded by grants from the U.S. Department of Veterans Affairs. Interest accruing from the monies in the Fund shall be credited to the Fund. The Fund shall consist of the following sources of funding:

(1) All interest and investment earnings received on monies in the Fund.

(2) Funds or monies received by the Department, the receipt of which does not exclude any other source of revenue, from the United States, any federal agency or institution, or individual reimbursement, for the support of veterans cemeteries.

(3) Any other funds, as directed by the General Assembly.

(b) The Department is authorized to use up to four hundred thousand dollars (\$400,000) of the interest earned on the Fund to create up to four positions to maintain and operate the existing state veteran cemeteries. The amount allowed to the Department for costs under this section may be increased as needed to reflect legislatively mandated salary or benefit increases.

...."

AUTHORIZE FUNDING TO CONSTRUCT A STATE VETERANS HOME IN WAKE COUNTY

SECTION 33.2. Notwithstanding Section 36.7(d) of S.L. 2018-5, as enacted by Section 9.1(a) of S.L. 2019-97, the Department of Military and Veterans Affairs may Utilize funds in an amount not exceeding ~~twenty nine million nine hundred ninety five thousand dollars (\$29,995,000) funds appropriated in this act~~ the total cost of the project from the North Carolina Veterans Home Trust Fund established under G.S. 143B-1293 to provide the required State match for federal funding for the construction of a new State veterans nursing facility in Wake County. Any federal funds received for this purpose are hereby appropriated.

CLARIFICATION OF VETERANS DEFINITIONS

SECTION 33.3. G.S. 143B-1213 reads as rewritten:

"§ 143B-1213. Definitions.

Except where provided otherwise, the following definitions apply in this Chapter:

(1) Department. – The Department of Military and Veterans Affairs.

(2) Secretary. – The Secretary of Military and Veterans Affairs.

(3) Veteran. – One of the following, as applicable.

- 1 a. For qualifying as a voting member of the State Board of Veterans
2 served honorably during a period of war as defined in Title 38, United
3 States Code.
4 b. For entitlement to the services of the Department of Military and
5 Veterans Affairs, a person who may be entitled to any benefits or rights
6 under the laws of the United States by reason of service in the Armed
7 Forces of the United States under the U.S. Department of Defense
8 (Army, Marine Corps, Navy, Air Force, Space Force, National Guard)
9 and the U.S. Department of Homeland Security (Coast Guard), and the
10 reserve components thereof.
11 c. For this Chapter, unless otherwise stated "Armed Forces of the United
12 States" means the Armed Forces of the United States under the United
13 States Department of Defense (Army, Marine Corps, Navy, Air Force,
14 Space Force, National Guard) and the United States Department of
15 Homeland Security (Coast Guard), the reserve components thereof.
16"
17

18 PART XXXIV. REVENUE

19 SCRAP TIRE DISPOSAL TAX

20 SECTION 34.1. G.S. 105-187.19(a) reads as rewritten:

21 "§ 105-187.19. Use of tax proceeds.

- 22 (a) The Secretary shall distribute the taxes collected under this Article, less the allowance
23 to the Department of Revenue for administrative expenses, in accordance with this
24 section. The Secretary may retain the cost of collection by the Department, not to
25 exceed ~~four hundred twenty five thousand dollars (\$425,000)~~ six hundred
26 seventy-five thousand dollars (\$675,000) a year as reimbursed to the Department.
27"
28
29

30 WHITE GOODS DISPOSAL TAX

31 SECTION 34.2. G.S. 105-187.24 reads as rewritten:

32 "§ 105-187.24. Use of tax proceeds.

33 The Secretary shall distribute the taxes collected under this Article, less the Department of
34 Revenue's allowance for administrative expenses, in accordance with this section. The Secretary
35 may retain the Department's cost of collection, not to exceed ~~four hundred twenty five thousand~~
36 ~~dollars (\$425,000)~~ six hundred seventy-five thousand dollars (\$675,000) a year, as reimbursement
37 to the Department.
38"
39

40 PART XXXV. SECRETARY OF STATE [RESERVED]

41 PART XXXVI. TREASURER [RESERVED]

42 PART XXXVII. GENERAL GOVERNMENT – MISCELLANEOUS [RESERVED]

43 PART XXXVIII. INFORMATION TECHNOLOGY [RESERVED]

44 PART XXXIX. SALARIES AND BENEFITS

45 ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING 46 ADJUSTMENT/ LEGISLATIVE SALARY INCREASES 47 48 49 50 51

SECTION 39.1.(a) Effective July 1, 2025, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2025, is awarded a compensation adjustment as follows:

(1) Two percent (2%) effective July 1, 2025.

(2) As otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2025-2027 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

(1) Employees of local boards of education.

(2) Local community college employees.

(3) Employees of The University of North Carolina

(4) Clerks of superior court compensated under G.S. 7A-101.

(5) Correctional employees to which Section 39.18 of this Part applies.

(6) Law enforcement officers to which Section 39.19.(a) of this Part applies.

(7) Probation and parole officers to which Section 39.20.(a) of this Part applies.

(8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 39.1.(c) Permanent part-time employees shall receive the increase authorized by this section on a prorated and equitable basis.

SECTION 39.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increase provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.2.(a) Of the Labor Market Adjustment Reserve funds appropriated in this Act, agencies shall award salary adjustments to identified employees pursuant to the following requirements:

(1) Any increase provided to an employee shall not exceed the greater of fifteen thousand dollars (\$15,000) or fifteen percent (15%) of their current base salary.

(2) Any increase provided to an employee may not result in the employee's salary exceeding the maximum salary of the salary range associated with the position.

(3) If an agency has 500 or more employees, no more than twenty-five percent (25%) of the agency's permanent employees may receive a salary increase from the funds appropriated for this purpose. If an agency has fewer than 500 employees, no more than 50% of the agency's permanent employees may receive a salary increase.

(4) Funds may not be awarded to employees in positions with salaries set in law or paid based on an experience-based salary schedule that is eligible to receive funding from the Pay Plan Reserve.

SECTION 39.2.(b) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent two percent (2%) Labor Market Adjustment Reserve for the 2025-2027 fiscal biennium subject to the requirements in subsection (a) of this section, provided that sufficient receipts are available. Agency receipts needed to implement this section are appropriated for the 2025-26 fiscal year and the 2026-27 fiscal year.

SECTION 39.2.(c) The Office of State Human Resources (OSHR) shall compile a single report detailing how these funds were distributed by each agency. OSHR shall develop a uniform reporting mechanism for agencies that displays the salary increases made for each

position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Reserve appropriations shall report to OSHR by January 30, 2026. By February 30, 2026, OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

STATE EMPLOYEE BONUS

SECTION 39.3.(a) Any person (i) whose salary is set by Section 7A.(5), Section 7A.(8), Section 7A.(9) or by this Part, pursuant to the North Carolina Human Resources Act, who is employed on September 30th, 2025, shall be awarded a bonus for the 2025-26 fiscal year in the amount of one thousand dollars (\$1,000.00), payable during the month of October 2025.

SECTION 39.3.(b) Notwithstanding Subsection (d) of Section 39.33, any funds appropriated for bonuses in excess of the amounts required to implement the bonuses shall revert and not be credited to the Pay Plan Reserve.

SECTION 39.3.(c) Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

SECTION 39.3.(d) The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

ADDITIONAL VACATION DAYS FOR STATE EMPLOYEES

SECTION 39.4. The number of annual vacation leave credits provided to employees subject to the State Human Resources Act who are full-time or over half-time and have a permanent, trainee, time-limited or probationary appointment and who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay period shall be increased to the following amounts:

Years of Total Service	Days Granted Each Year
Less than 1 year	15
1 but less than 5 years	17
5 but less than 10 years	20
10 but less than 15 years	22
15 but less than 20 years	24
20 or more years	27

GOVERNOR AND COUNCIL OF STATE

SECTION 39.5.(a) The salary of the Governor, as provided by G.S. 147-11(a), shall remain unchanged.

SECTION 39.5.(b) The annual salaries for members of the Council of State, payable monthly, for the 2025-2027 fiscal biennium are as follows:

<u>Council of State</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Lieutenant Governor	\$171,752	\$171,752
Attorney General	171,752	171,752
Secretary of State	171,752	171,752
State Treasurer	171,752	171,752
State Auditor	171,752	171,752
Superintendent of Public Instruction	171,752	171,752
Agriculture Commissioner	171,752	171,752

1	Insurance Commissioner	171,752	171,752
2	Labor Commissioner	171,752	171,752

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.6. The annual salaries, payable monthly, for the following executive branch officials for the 2025-2027 fiscal biennium are as follows:

<u>Executive Branch Officials</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Chairman, Alcoholic Beverage Control Commission	\$143,661	\$143,661
State Controller	200,041	200,041
Commissioner of Banks	161,238	161,238
Chair, Board of Review, Division of Employment Security	158,156	158,156
Members, Board of Review, Division of Employment Security	156,223	156,223
Chairman, Parole Commission	158,156	158,156
Full-Time Members of the Parole Commission	146,231	146,231
Chairman, Utilities Commission	179,280	179,280
Members of the Utilities Commission	161,238	161,238
Executive Director, North Carolina Agricultural Finance Authority	139,904	139,904
State Fire Marshall	141,831	141,831

JUDICIAL BRANCH

SECTION 39.7.(a) The annual salaries, payable monthly, for the following judicial branch officials for the 2025-2027 fiscal biennium are as follows:

<u>Judicial Branch Officials</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Chief Justice, Supreme Court	\$209,165	\$209,165
Associate Justice, Supreme Court	203,736	203,736
Chief Judge, Court of Appeals	200,514	200,514
Judge, Court of Appeals	195,310	195,310
Judge, Senior Regular Resident Superior Court	179,478	179,478
Judge, Superior Court	174,199	174,199
Chief Judge, District Court	172,574	172,574
Judge, District Court	167,499	167,499
Chief Administrative Law Judge	149,078	149,078
District Attorney	172,357	172,357
Assistant Administrative Officer of the Courts	156,369	156,369
Public Defender	172,357	172,357
Director of Indigent Defense Services	173,622	173,622

SECTION 39.7.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts or the Commission on Indigent Defense Services, respectively, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district, for the 2025-2027 biennium, do not exceed one hundred and four thousand three hundred thirty-eight dollars (\$104,338) and the minimum salary of any assistant district attorney or assistant public defender is at least fifty-six thousand twenty-one dollars (\$56,021), effective July 1, 2025.

CLERKS OF SUPERIOR COURT

SECTION 39.8. Effective July 1, 2025, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

<u>Assistants and Deputies</u>	<u>Annual Salary</u>
0-19	\$111,726 <u>\$115,078</u>
20-29	123,488 <u>127,193</u>
30-49	135,248 <u>139,305</u>
50-99	147,010 <u>151,420</u>
100+	149,949 <u>154,447.</u> "

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

SECTION 39.9. Effective July 1, 2025, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$40,482 <u>\$41,696</u>
Maximum	74,792 <u>77,036</u>
Deputy Clerks	Annual Salary
Minimum	\$35,257 <u>\$37,404</u>
Maximum	57,029 <u>60,502.</u> "

MAGISTRATES

SECTION 39.10. Effective July 1, 2025, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- (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

<u>Step Level</u>	<u>Annual Salary</u>
Entry Rate	\$47,228 <u>\$48,645</u>
Step 1	50,714 <u>52,235</u>
Step 2	54,475 <u>56,109</u>
Step 3	58,457 <u>60,211</u>
Step 4	63,228 <u>65,125</u>
Step 5	68,973 <u>71,042</u>
Step 6	75,415 <u>77,677.</u> "

LEGISLATIVE EMPLOYEES

SECTION 39.11.(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 percent (2%).

SECTION 39.11.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.12. 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-six thousand six hundred fifteen dollars (\$136,615), 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."

SERGEANTS-AT-ARMS AND READING CLERKS

SECTION 39.13. 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)~~ five hundred thirty nine dollars (\$539) 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."

COMMUNITY COLLEGES

SECTION 39.14.(a) Community college personnel shall receive the following cost-of-living adjustments:

(1) Effective July 1, 2025, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of two percent (2%).

SECTION 39.14.(b) The minimum salaries for nine-month, full-time curriculum community college faculty for the 2025-2027 fiscal biennium are as follows:

<u>Education Level</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>
Vocational Diploma/Certificate or Less	\$43,982	\$43,982
Associate Degree or Equivalent	44,594	44,594
Bachelor's Degree	47,247	47,247
Master's Degree or Education Specialist	49,602	49,602
Doctoral Degree	52,995	52,995

SECTION 39.14.(c) No full-time faculty member shall earn less than the minimum salary for his or her education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

UNIVERSITY OF NORTH CAROLINA SYSTEM

SECTION 39.15.(a) Effective for the 2025-2027 fiscal biennium, the annual salaries of University of North Carolina SHRA employees shall be increased as provided by Section 39.1 of this act.

SECTION 39.15.(b) For the 2025-2027 fiscal biennium, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any one or more of the following purposes: (i) merit pay, (ii) across the board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.

SECTION 39.15.(c) The Board of Governors of The University of North Carolina shall make a report on the use of compensation increase and bonus funds to the General Assembly by no later than March 1 of each year of the biennium.

CORRECTIONAL OFFICERS/YOUTH COUNSELOR TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS/YOUTH COUNSELORS – SALARY SCHEDULE

SECTION 39.16.(a) State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

SECTION 39.16.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.
- (2) Youth Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

SECTION 39.16.(b) The following annual salary schedule applies under subsections (a) and (a1) of this section for the 2025-2027 fiscal biennium, effective for on July 1, 2025:

Experience	FY 2025-26			FY 2026-27		
	COI	COII	COIII	COI	COII	COIII
0	\$40,066	\$41,385	\$44,259	\$40,066	\$41,385	\$44,259
1	\$42,869	\$44,281	\$47,358	\$42,869	\$44,281	\$47,358
2	\$45,444	\$46,985	\$50,201	\$45,444	\$46,985	\$50,201
3	\$47,715	\$49,285	\$52,711	\$47,715	\$49,285	\$52,711
4	\$49,623	\$51,256	\$54,819	\$49,623	\$51,256	\$54,819
5	\$51,113	\$52,793	\$56,463	\$51,113	\$52,793	\$56,463
6+	\$52,135	\$53,850	\$57,593	\$52,135	\$53,850	\$57,593

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE

SECTION 39.17.(a) Law enforcement officers of the State Bureau of Investigation, Alcohol Law Enforcement, and State Capitol Police shall be compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 39.17.(b) The following annual salary schedule applies under subsection (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for each respective fiscal year:

Years of Experience	FY 2025-26	FY 2026-27
0	55,081	55,081
1	58,663	58,663
2	62,476	62,476
3	66,537	66,537
4	70,862	70,862
5	75,468	75,468
6+	80,374	80,374

STATE HIGHWAY PATROL SALARY SCHEDULE

SECTION 39.18.(a) Law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 39.18.(b) The following annual salary schedule applies under subsection (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for each respective fiscal year:

Years of Experience	FY 2025-26	FY 2026-27
0	56,650	56,650
1	60,332	60,332
2	64,253	64,253
3	68,430	68,430
4	72,878	72,878
5	77,615	77,615
6+	82,660	82,660

PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE

SECTION 39.19.(a) Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

SECTION 39.19.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

SECTION 39.19.(b) The following annual salary schedule applies under subsection (a) of this section for the 2025-2027 fiscal biennium, effective July 1, 2025, and July 1, 2026, for each respective fiscal year:

Years of Experience	FY 2025-26	FY 2026-27
0	46,785	46,785
1	49,825	49,825
2	53,066	53,066
3	56,514	56,514
4	60,188	60,188
5	64,100	64,100
6+	68,266	68,266

STATE AGENCY TEACHERS

SECTION 39.20.(a) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized by Section 8.1 of this act.

SECTION 39.20.(b) Employees of the School of Science and Mathematics of The University of North Carolina who are paid pursuant to a salary schedule adopted by the North Carolina School of Science and Math Board of Trustees shall be paid in accordance with the schedule adopted by the Board.

ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF COST-OF-LIVING ADJUSTMENTS

SECTION 39.21.(a) The cost-of-living adjustments authorized by this act for the 2025-2026 fiscal year shall be paid effective on July 1, 2025, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2025.

SECTION 39.21.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act. The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1 of the applicable fiscal year.

SECTION 39.21.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

MOST STATE EMPLOYEES

SECTION 39.22. Unless otherwise expressly provided by this part, the annual salaries in effect for the following persons on June 30, 2025, shall be legislatively increased as provided by Section 39.1 of this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT INCREASES

SECTION 39.23.(a) The Office of State Budget and Management shall ensure that the appropriations made in this act for cost-of-living adjustments and employee benefits are used only for these purposes.

SECTION 39.23.(b) If the Director of the Budget determines that funds appropriated to a State agency for mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for required cost-of-living and benefit increases.

SECTION 39.23.(c) Funds appropriated for cost-of-living adjustments and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, or to provide salary increases in excess of those required by the General Assembly except to increase the budgeted salary of any position to the minimum of the position's salary range.

SECTION 39.23.(d) Any funds appropriated for cost-of-living adjustment and employee benefit increases or minimum of salary range adjustments in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 39.23.(e) No later than March 1 of each year of the biennium, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency:

- (1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
- (4) The amount of funds used pursuant so subsection (c) of this section.

MITIGATE BONUS LEAVE

SECTION 39.24. During the 2023-2025 fiscal biennium, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

- (1) Employee participation in the program must be voluntary.
- (2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
- (3) By September 1, 2026, and September 1, 2027, a report on the use of this provision shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.25.(a) Notwithstanding G.S. 135-8(d)(3a), effective July 1, 2025, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2025-2026 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	17.39%	17.39%	6.84%	38.95%	20.34%
Disability	0.07%	0.07%	0.07%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.27%	7.27%	7.27%	7.27%	7.27%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution					
Rate	24.86%	29.86%	14.18%	46.22%	27.61%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.25.(b) Notwithstanding G.S. 135-8(d)(3a), effective July 1, 2026, the State's employer contribution rates budgeted for retirement 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	16.79%	16.79%	6.84%	37.73%	19.32%
Disability	0.07%	0.07%	0.07%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.56%	7.56%	7.56%	7.56%	7.56%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.55%	29.55%	14.47%	45.29%	26.88%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.25.(c) Effective July 1, 2025, the maximum annual employer contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and the average covered retiree are as follows:

- (1) For employees, eight thousand five hundred dollars (\$8,500).
- (2) For retirees, five thousand six hundred seventy-five dollars (\$5,675). In applying this subdivision, the annual employer contribution for the average retiree shall be calculated assuming the retiree enrollment counts remain at the April 2025 level throughout the 2025-2026 fiscal year.

SECTION 39.25.(d) Effective July 1, 2026, the maximum annual employer contributions, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and the average covered retiree are as follows:

- (1) For employees, eight thousand nine hundred twenty-five dollars (\$8,925).
- (2) For retirees, five thousand nine hundred fifty-nine dollars (\$5,959). In applying this subdivision, the annual employer contribution for the average retiree shall be calculated assuming the retiree enrollment counts remain at the April 2026 level throughout the 2026-2027 fiscal year.

PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.26.(a) G.S. 135-5 is amended by adding new subsections to read:

"(aaaa) After September 1, 2025, but on or before October 31, 2025, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2025, and whose retirement commenced on or before September 1, 2025. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2025, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments. "

SECTION 39.26.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(ll) After September 1, 2025, but on or before October 31, 2025, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2025, and whose retirement commenced on or before September 1, 2025. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2025, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.26.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ff) In accordance with subsection (a) of this section, after September 1, 2025, but on or before October 31, 2025, a onetime cost of living supplement payment shall be made to or on account of beneficiaries who are living as of September 1, 2025, and whose retirement commenced on or before September 1, 2025. The payment shall be two percent (2%) of the beneficiary's annual retirement allowance payable as of September 1, 2025, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

PART XL. CAPITAL

GENERAL FUND CAPITAL APPROPRIATIONS/INTRODUCTION

SECTION 40.1. The appropriations made by the 2025 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/STATE CAPITAL AND INFRASTRUCTURE FUND

SECTION 40.2. This subsection authorizes the capital projects listed in the Committee Report, and appropriates funding from the State Capital and Infrastructure Fund to the Office of State Budget and Management for the 2025-2027 fiscal biennium based upon projected cash flow needs for the authorized projects. The amounts authorized in this subsection represent the maximum amounts of funding from the State Capital and Infrastructure Fund that may be expended on each project. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed.

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.3. Section 40.1 of S.L. 2023-134 reads as rewritten:

"**SECTION 40.1.(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	
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–Region 1 Headquarters	DACS21-4
Troxler Science Building–Overflow Parking	DACS23-1
Western NC Farmers Market	DACS23-2
Raleigh State Farmers Market–Improvements	DACS23-3
Pesticide Storage, Loading, & Cleaning Facilities	DACS23-4
Cherry Research Station–Administrative Office	DACS23-5
Griffith Forest Center–Central Warehouse & Office	DACS23-6
D-6 HQ (Cumberland Co.)–Maintenance Shop Replacement	DACS23-7

1	Research Stations–New Maintenance Shop Facilities	DACS23-8
2	Piedmont Research Station–Bridge	DACS23-9
3	Research Stations–Multipurpose Facilities	DACS23-10
4	NCFS–New County Offices, Region 3	DACS23-11
5	Tuttle Educational State Forest–Office & Education Center	DACS23-12
6	D-12–New Headquarters & Shop	DACS23-13
7	NCFS–Property Purchase	DACS23-14
8	<u>New Cherokee County NC Forest Service Office</u>	<u>DACS25-15</u>
9	<u>State Fair Midway Center Expansion</u>	<u>DACS25-16</u>
10	<u>Western NC Agricultural Center Expansion</u>	<u>DACS25-17</u>
11	<u>Charlotte Farmer's Market</u>	<u>DACS25-18</u>
12	<u>Western NC Farmer's Market</u>	<u>DACS25-19</u>
13		
14	Department of Environmental Quality	
15	Reedy Creek Laboratory	DEQ21-1
16	<u>Reedy Creek Laboratory Campus Expansion</u>	<u>DEQ25-2</u>
17	<u>Water Resource Development Grant – Tar-Pamlico Flood Mitigation</u>	<u>DEQ25-3</u>
18	<u>Water Resource Development Grant – Carolina Beach Storm Mitigation</u>	<u>DEQ25-4</u>
19	<u>Water Resource Development Grant – Kure Beach Storm Mitigation</u>	<u>DEQ25-5</u>
20	<u>Water Resource Development Grant – Wrightsville Beach Storm Mitigation</u>	<u>DEQ25-6</u>
21	<u>Water Resource Development Grant – Ocean Isle Storm Mitigation</u>	<u>DEQ25-7</u>
22	<u>Water Resource Development Grant – B. Everette Jordan Reservoir</u>	<u>DEQ25-8</u>
23	<u>Water Resource Development Grant – Holden Beach Storm Mitigation</u>	<u>DEQ25-9</u>
24	<u>Water Resource Development Grant – Oak Island Storm Mitigation</u>	<u>DEQ25-10</u>
25		
26	Department of Health and Human Services	
27	Walter B. Jones–New Medical Office Bldg.	DHHS23-1
28	Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
29	Cherry Hospital–New Maintenance Bldg.	DHHS23-3
30	South Piedmont Medical Examiner	DHHS23-4
31	<u>O'Berry Neuro-Medical Treatment Center</u>	<u>DHHS25-5</u>
32	<u>Julian Keith Alcohol & Drug Abuse Treatment Center</u>	<u>DHHS25-6</u>
33	<u>Raleigh Medical Examiners Office Expansion</u>	<u>DHHS25-7</u>
34		
35	Department of Natural and Cultural Resources	
36	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
37	NC Museum of History–Expansion	DNCR21-13
38	Zoo–New Aviary	DNCR23-1
39	NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
40	Stone Mountain State Park–Parking Lot	DNCR23-4
41	North Carolina Maritime Museum at Beaufort	DNCR23-5
42	Town Creek Indian Mound State Historic Site–	
43	Visitor Center & Exhibit Improvements	DNCR23-6
44	State Historic Sites–Three New Visitor Centers	DNCR23-7
45	Thomas Day House–Site Development	DNCR23-8
46	Lake Waccamaw State Park–New Campground	DNCR23-12
47	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
48	NC Maritime Museum at Southport	DNCR23-14
49	NC Transportation Museum	DNCR23-15
50	Fort Fisher Historic Site	DNCR23-16
51	<u>Fort Fisher Aquarium Expansion & Renovations</u>	<u>DNCR25-17</u>

1	<u>Stone Mountain State Park – New Visitor Center</u>	<u>DNCR25-18</u>
2	<u>State Historic Sites – Maintenance and Services Facilities</u>	<u>DNCR25-19</u>
3	<u>NC Museum of Art at Winston-Salem Expansion</u>	<u>DNCR25-20</u>
4	<u>NC Zoo Modular Staff Offices</u>	<u>DNCR25-21</u>
5	<u>African American Monument at the State Capitol</u>	<u>DNCR25-22</u>
6	<u>State Parks – Chimney Rock</u>	<u>DNCR25-23</u>
7	<u>NC Zoo Park Security & Safety</u>	<u>DNCR25-24</u>
8		
9	Department of Administration	
10	State Government Executive Headquarters	DOA22-1
11	Department of Instruction Building Renovation	DOA22-3
12	Service Campus	DOA23-1
13	State Agency Lease	DOA23-2
14	Archdale Building Demolition	DOA23-3
15	Caswell Square Demolition	DOA23-4
16	Parking Deck–Wilmington Street	DOA23-5
17	Albemarle Building Facility Improvements	DOA23-6
18	<u>Secure Records and Technology Center</u>	<u>DOA25-7</u>
19	<u>Bicentennial Mall Replacement</u>	<u>DOA25-8</u>
20	<u>State Government Child Care Centers</u>	<u>DOA25-9</u>
21	<u>Replacement Administration Building</u>	<u>DOA25-10</u>
22		
23	Department of Commerce	
24	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
25		
26	Department of Adult Correction	
27	Stun Fencing	DAC23-1
28	DARTCenter–Exterior Envelope Repairs	DAC23-2
29	Sampson CC–Gatehouse	DAC23-3
30	Gaston CC–Modular Medical Office	DAC23-4
31	Storage Buildings	DAC23-6
32	<u>Institution Roof Systems</u>	<u>DAC25-7</u>
33	<u>Institution Perimeter Security</u>	<u>DAC25-8</u>
34	<u>Institution Interior Life Safety Fire Alarm Systems</u>	<u>DAC25-9</u>
35	<u>HVAC Enhancements</u>	<u>DAC25-10</u>
36		
37	Department of Public Safety	
38	<u>Samarcan Training Academy for Safer Schools Supplemental</u>	<u>DPS25-1</u>
39	State Highway Patrol–	
40	Viper Building	DPS21-6
41	Auditorium	DPS23-3
42	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
43	Training Center Cadet Dorm & Training Bldg.	DPS23-7
44	State Bureau of Investigation–	
45	Headquarters & Building 12 Renovation	DPS21-9
46	Logistics Building Phase 1	DPS23-11
47	Juvenile Justice–	
48	Richmond YDC	DPS21-1
49	New Youth Detention Center	DPS23-1
50	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
51	Cabarrus–New Modular Office	DPS23-6

1	<u>Richmond Juvenile Detention Center</u>	<u>DPS25-7</u>
2	Emergency Management–	
3	Badin Logistics Support Center Shed	DPS23-8
4	Badin Warehouse Expansion	DPS23-9
5	Badin Lot Acquisition	DPS23-10
6	National Guard–	
7	NCNG Matching Fund	NG23-1
8	Ballentine Building/NCNG Museum	NG23-2
9	Constable Building	NG23-3
10	Rocky Mount Complex/MILCON	NG23-4
11	Special Forces Complex	NG23-5
12	Winston Salem Storage Buildings	NG23-6
13	Louisburg Readiness Center	NG23-9
14	<u>National Guard Matching Fund</u>	<u>NG25-10</u>
15	<u>Western Region RSOI Site – Morganton</u>	<u>NC25-11</u>
16		
17	<u>State Bureau of Investigation</u>	
18	<u>Headquarters & Building 12 Renovation</u>	<u>DPS21-9</u>
19	<u>Logistics Building – Phase 1</u>	<u>DPS23-11</u>
20	<u>Logistics Building – Phase 2</u>	<u>SBI25-1</u>
21	<u>State Highway Patrol Maintenance Building</u>	<u>SBI25-2</u>
22		
23	Department of Public Instruction	
24	Center for the Advancement of Teaching	DPI21-1
25		
26	Department of Insurance	
27	Office of State Fire Marshal–	
28	Land Development & Training Center	DOI21-1
29	<u>Statewide Building Evaluations</u>	<u>DOI25-2</u>
30		
31	Department of Transportation	
32	North Carolina Global TransPark Authority–	
33	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
34	DOT– New County Buildings	TRAN23-2
35		
36	General Assembly	
37	Education Campus Project	NCGA21-3
38	Education Campus Parking Deck	NCGA23-1
39	Education Campus Demolition	NCGA23-2
40	<u>Education Campus Supplemental</u>	<u>NCGA25-4</u>
41		
42	<u>Department of Military and Veterans Affairs</u>	
43	<u>Fayetteville Veterans Home</u>	<u>DMVA25-1</u>
44		
45	The University of North Carolina	
46	Appalachian State University–	
47	Peacock Hall/Business	UNC/ASU21-1
48	Hickory Campus	UNC/ASU22-1
49	Walker Hall–Interior Renovation	UNC/ASU23-1
50	University of North Carolina at Charlotte–	
51	Smith Hall–Comprehensive Renovation	UNC/CLT23-1

1	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
2	Esports	UNC/CLT23-3
3	Stadium Upgrades	UNC/CLT23-4
4	University of North Carolina at Chapel Hill–	
5	Business School	UNC/CH20-1
6	Nursing School Renovation	UNC/CH20-2
7	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
8	<u>Wilson Library – Comprehensive Renovation</u>	<u>UNC/CH25-3</u>
9	<u>Carolina North Infrastructure</u>	<u>UNC/CH25-4</u>
10	Elizabeth City State University–	
11	Flight School	UNC/ECS21-4
12	Infrastructure Repairs–Phase 3	UNC/ECS23-1
13	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
14	<u>Sky Bridge Increase</u>	<u>UNC/ECS25-5</u>
15	East Carolina University–	
16	Brody School of Medicine	UNC/ECU21-1
17	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
18	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
19	Medical Examiner Office	UNC/ECU23-3
20	Regional Children's Behavioral Health Facility	UNC/ECU23-4
21	Dental School Planning	UNC/ECU23-5
22	<u>Brody School of Medicine Expansion</u>	<u>UNC/ECU25-6</u>
23	<u>UNC Coastal Studies Institute Housing</u>	<u>UNC/ECU25-7</u>
24	Fayetteville State University–	
25	College of Education	UNC/FSU21-2
26	Butler Targeted Renovation	UNC/FSU23-1
27	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
28	North Carolina Agricultural & Technical State University–	
29	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
30	Health and Human Sciences Bldg.	UNC/A&T23-2
31	North Carolina Central University–	
32	Dent Building–Comprehensive Renovation	UNC/NCC23-1
33	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
34	University Theater Renovation	UNC/NCC23-3
35	North Carolina State University–	
36	S.T.E.M. Building	UNC/NCS20-1
37	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
38	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
39	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
40	Veterinary School–Large Animal Hospital	UNC/NCS23-4
41	Engineering Classroom Building	UNC/NCS23-5
42	Nuclear Study	UNC/NCS23-6
43	Business School	UNC/NCS23-7
44	<u>Poe Hall</u>	<u>UNC/NCS25-8</u>
45	North Carolina School of Science and Math–	
46	Morganton Campus	
47	Wellness Center	UNC/SSM23-1
48	Durham Campus	
49	Renovation of Residence Halls	UNC/SSM23-2
50	Academic Commons Addition	UNC/SSM23-4
51	University of North Carolina at Asheville–	

1	Lipinsky Hall—Comp. Modernization/Addition	UNC/AVL23-1
2	Sherrill Center	UNC/AVL23-2
3	Gateway Signage	UNC/AVL23-3
4	Repairs & Renovations	UNC/AVL23-4
5	University of North Carolina at Greensboro—	
6	Moore Building—Renovation	UNC/GBO23-1
7	University of North Carolina at Pembroke—	
8	Health Sciences Center	UNC/PEM21-1
9	Givens Performing Arts Center—Renovation	UNC/PEM23-1
10	University of North Carolina School of the Arts—	
11	Stevens Center—Renovation, Phase 2	UNC/SA23-1
12	New High School Residence Hall	UNC/SA23-2
13	University of North Carolina at Wilmington—	
14	Cameron Hall—Comprehensive Renovation/Expansion	UNC/WIL23-1
15	Kenan Auditorium—Comprehensive Renovation/Expansion	UNC/WIL23-2
16	DeLoach Hall—Modernization	UNC/WIL23-3
17	Health Education Bldg.	UNC/WIL23-4
18	Western Carolina University—	
19	Replacement Engineering Building	UNC/WCU23-1
20	Winston-Salem State University—	
21	K.R. Williams Auditorium	UNC/WSS21-1
22	Eller Hall—Renovation & Elevator Addition	UNC/WSS23-1
23	Pegram Hall—Renovation & Elevator Addition	UNC/WSS23-2
24	Campus Police Improvements	UNC/WSS23-3
25	<u>New Dining Hall</u>	<u>UNC/WSS25-4</u>
26	<u>West Campus Regional Heating Plant</u>	<u>UNC/WSS25-5</u>
27	<u>New Parking Deck</u>	<u>UNC/WSS25-6</u>
28	UNC Board of Governors—	
29	UNC Lease Funds	UNC/BOG21-1
30	NC Care Health Clinics	UNC/BOG23-1
31	NC Care Hospital Investment	UNC/BOG23-2
32	Children's Hospital	UNC/BOG23-3
33	PBS North Carolina	UNC/PBS23-1
34		
35	Repairs and Renovations—The University of North Carolina	UNC/R&R21
36	Repairs and Renovations—State Agencies (non-UNC)	R&R21
37	SCIF-Related Personnel	PERS21
38	OSBM Flexibility Funds	FLEX21
39	Debt Payoff	DST23-1
40	Wildlife Resources Commission—Setzer Hatchery Revision	WRC23-1
41	SECTION 40.1.(b) This subsection authorizes the following capital projects in the	
42	2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The	
43	authorizations provided in this subsection represent the maximum amount of funding from the	
44	State Capital and Infrastructure Fund that may be expended on each project and do not reflect	
45	authorizations from other non-State Capital and Infrastructure Fund sources. An additional action	
46	by the General Assembly is required to increase the maximum authorization for any of the	
47	projects listed:	
48	Capital Improvements—	
49	State Capital and	Previous
50	Infrastructure Fund	Project Authorization
51	DACS21-2	\$3,518,000
		New/Updated
		Project Authorization
		\$7,018,000

1	DACS21-4	4,000,000	8,100,000
2	DACS23-1	N/A	2,500,000
3	DACS23-2	N/A	200,000
4	DACS23-3	N/A	13,000,000
5	DACS23-4	N/A	1,750,000
6	DACS23-5	N/A	749,000
7	DACS23-6	N/A	750,000
8	DACS23-7	N/A	4,000,000
9	DACS23-8	N/A	5,000,000
10	DACS23-9	N/A	750,000
11	DACS23-10	N/A	6,200,000
12	DACS23-11	N/A	3,000,000
13	DACS23-12	N/A	4,000,000
14	DACS23-13	N/A	5,000,000
15	DACS23-14	N/A	12,000,000
16	<u>DACS25-15</u>	<u>N/A</u>	<u>1,500,000</u>
17	<u>DACS25-16</u>	<u>N/A</u>	<u>2,000,000</u>
18	<u>DACS25-17</u>	<u>N/A</u>	<u>2,250,000</u>
19	<u>DACS25-18</u>	<u>N/A</u>	<u>10,000,000</u>
20	<u>DACS25-19</u>	<u>N/A</u>	<u>3,500,000</u>
21	DEQ21-1	55,000,000	68,300,000
22	<u>DEQ25-2</u>	<u>N/A</u>	<u>48,000,000</u>
23	<u>DEQ25-3</u>	<u>N/A</u>	<u>8,000,000</u>
24	<u>DEQ25-4</u>	<u>N/A</u>	<u>3,070,250</u>
25	<u>DEQ25-5</u>	<u>N/A</u>	<u>2,878,615</u>
26	<u>DEQ25-6</u>	<u>N/A</u>	<u>1,889,462</u>
27	<u>DEQ25-7</u>	<u>N/A</u>	<u>1,976,154</u>
28	<u>DEQ25-8</u>	<u>N/A</u>	<u>437,994</u>
29	<u>DEQ25-9</u>	<u>N/A</u>	<u>125,000</u>
30	<u>DEQ25-10</u>	<u>N/A</u>	<u>400,000</u>
31	DHHS23-1	N/A	1,352,000
32	DHHS23-2	N/A	5,983,000
33	DHHS23-3	N/A	5,405,000
34	DHHS23-4	N/A	20,000,000
35	<u>DHHS25-5</u>	<u>N/A</u>	<u>21,303,730</u>
36	<u>DHHS25-6</u>	<u>N/A</u>	<u>4,668,701</u>
37	<u>DHHS25-7</u>	<u>N/A</u>	<u>35,260,920</u>
38	DNCR21-5	15,000,000	45,000,000
39	DNCR21-13	60,000,000	180,000,000
40	DNCR23-1	N/A	60,000,000
41	DNCR23-2	N/A	15,000,000
42	DNCR23-4	N/A	620,000
43	DNCR23-5	N/A	10,000,000
44	DNCR23-6	N/A	5,500,000
45	DNCR23-7	N/A	16,721,240
46	DNCR23-8	N/A	4,000,000
47	DNCR23-12	N/A	3,000,000
48	DNCR23-13	N/A	2,500,000
49	DNCR23-14	N/A	2,000,000
50	DNCR23-15	N/A	5,000,000
51	DNCR23-16	N/A	2,800,000

1	<u>DNCR25-17</u>	<u>N/A</u>	<u>20,000,000</u>
2	<u>DNCR25-18</u>	<u>N/A</u>	<u>10,662,000</u>
3	<u>DNCR25-19</u>	<u>N/A</u>	<u>9,150,000</u>
4	<u>DNCR25-20</u>	<u>N/A</u>	<u>4,400,000</u>
5	<u>DNCR25-21</u>	<u>N/A</u>	<u>5,800,000</u>
6	<u>DNCR25-22</u>	<u>N/A</u>	<u>5,000,000</u>
7	<u>DNCR25-23</u>	<u>N/A</u>	<u>2,630,000</u>
8	<u>DNCR25-24</u>	<u>N/A</u>	<u>7,600,000</u>
9	DOA22-1	88,000,000	88,000,000
10	DOA22-3	15,000,000	60,000,000
11	DOA23-1	N/A	33,744,000
12	DOA23-2	N/A	4,500,000
13	DOA23-3	N/A	11,000,000
14	DOA23-4	N/A	15,000,000
15	DOA23-5	N/A	45,000,000
16	DOA23-6	N/A	5,000,000
17	<u>DOA25-7</u>	<u>N/A</u>	<u>102,172,000</u>
18	<u>DOA25-8</u>	<u>N/A</u>	<u>8,746,960</u>
19	<u>DOA25-9</u>	<u>N/A</u>	<u>1,000,000</u>
20	<u>DOA25-10</u>	<u>N/A</u>	<u>1,400,000</u>
21	COMM231	N/A	250,000
22	DAC23-1	N/A	23,992,000
23	DAC23-2	N/A	2,960,212
24	DAC23-3	N/A	1,521,000
25	DAC23-4	N/A	1,078,000
26	DAC236	N/A	3,488,000
27	<u>DAC25-7</u>	<u>N/A</u>	<u>97,376,135</u>
28	<u>DAC25-8</u>	<u>N/A</u>	<u>80,000,000</u>
29	<u>DAC25-9</u>	<u>N/A</u>	<u>50,000,000</u>
30	<u>DAC25-10</u>	<u>N/A</u>	<u>12,480,000</u>
31	DPS21-1	10,702,952	14,702,952
32	DPS21-6	7,139,374	10,634,998
33	DPS23-1	N/A	40,450,000
34	DPS23-3	N/A	35,000,000
35	DPS23-4	N/A	194,000,000
36	DPS23-5	N/A	886,000
37	DPS23-6	N/A	690,000
38	DPS23-7	N/A	43,336,785
39	DPS23-8	N/A	527,000
40	DPS23-9	N/A	5,048,828
41	DPS23-10	N/A	4,198,414
42	DPS23-11	N/A	13,883,000
43	<u>DPS25-1</u>	<u>N/A</u>	<u>36,200,000</u>
44	<u>DPS25-7</u>	<u>N/A</u>	<u>2,802,000</u>
45	NG23-2	N/A	12,500,000
46	NG23-3	N/A	16,428,582
47	NG23-4	N/A	8,500,000
48	NG23-5	N/A	8,000,000
49	NG23-6	N/A	550,000
50	NG23-9	N/A	3,666,667
51	<u>NG25-10</u>	<u>N/A</u>	<u>10,000,000</u>

1	<u>NC25-11</u>	<u>N/A</u>	<u>6,600,000</u>
2	<u>SBI25-1</u>	<u>N/A</u>	<u>24,048,000</u>
3	<u>SBI25-2</u>	<u>N/A</u>	<u>7,039,000</u>
4	DPI21-1	23,416,952	30,416,952
5	DOI21-1	3,500,000	58,500,000
6	<u>DOI25-2</u>	<u>N/A</u>	<u>7,500,000</u>
7	TRAN23-1	N/A	350,000,000
8	TRAN23-2	N/A	3,400,000
9	NCGA21-3	269,000,000	320,000,000
10	NCGA23-1	N/A	65,000,000
11	NCGA23-2	N/A	10,000,000
12	<u>NCGA25-4</u>	<u>N/A</u>	<u>11,300,000</u>
13	<u>DMVA25-1</u>	<u>N/A</u>	<u>10,000,000</u>
14	UNC/ASU21-1	25,000,000	40,000,000
15	UNC/ASU22-1	9,000,000	50,000,000
16	UNC/ASU23-1	N/A	18,000,000
17	UNC/CLT23-1	N/A	36,000,000
18	UNC/CLT23-2	N/A	45,000,000
19	UNC/CLT23-3	N/A	1,500,000
20	UNC/CLE23-4	N/A	25,000,000
21	UNC/CH20-1	75,000,000	89,250,000
22	UNC/CH20-2	65,200,000	87,900,000
23	UNC/CH23-1	N/A	25,000,000
24	<u>UNC/CH25-3</u>	<u>N/A</u>	<u>150,000,000</u>
25	<u>UNC/CH25-4</u>	<u>N/A</u>	<u>80,000,000</u>
26	UNC/ECS21-4	34,000,000	54,000,000
27	UNC/ECS23-1	N/A	20,000,000
28	UNC/ECS23-2	N/A	12,500,000
29	<u>UNC/ECS25-5</u>	<u>N/A</u>	<u>5,000,000</u>
30	UNC/ECU21-1	215,000,000	265,000,000
31	UNC/ECU23-1	N/A	46,000,000
32	UNC/ECU23-2	N/A	18,900,000
33	UNC/ECU23-3	N/A	35,000,000
34	UNC/ECU23-4	N/A	50,000,000
35	UNC/ECU23-5	N/A	1,000,000
36	<u>UNC/ECU25-6</u>	<u>N/A</u>	<u>10,000,000</u>
37	<u>UNC/ECU25-7</u>	<u>N/A</u>	<u>15,000,000</u>
38	UNC/FSU23-1	N/A	20,750,000
39	UNC/FSU23-2	N/A	10,000,000
40	UNC/A&T23-1	N/A	9,700,000
41	UNC/A&T23-2	N/A	125,500,000
42	UNC/NCC23-1	N/A	12,073,798
43	UNC/NCC23-2	N/A	12,999,424
44	UNC/NCC23-3	N/A	8,500,000
45	UNC/NCS23-1	N/A	30,000,000
46	UNC/NCS23-2	N/A	80,000,000
47	UNC/NCS23-3	N/A	63,000,000
48	UNC/NCS23-4	N/A	120,000,000
49	UNC/NCS23-5	N/A	200,000,000
50	UNC/NCS23-6	N/A	3,000,000
51	UNC/NCS23-7	N/A	4,500,000

1	<u>UNC/NCS25-8</u>	<u>N/A</u>	<u>180,000,000</u>
2	UNC/SSM23-1	N/A	12,000,000
3	UNC/SSM23-2	N/A	28,988,042
4	UNC/SSM23-4	N/A	10,000,000
5	UNC/AVL23-1	N/A	26,150,000
6	UNC/AVL23-2	N/A	5,000,000
7	UNC/AVL23-3	N/A	1,000,000
8	UNC/AVL23-4	N/A	4,000,000
9	UNC/GBO23-1	N/A	24,200,000
10	UNC/PEM23-1	N/A	61,000,000
11	UNC/SA23-1	N/A	51,000,000
12	UNC/SA23-2	N/A	24,500,000
13	UNC/WIL23-1	N/A	40,050,000
14	UNC/WIL23-2	N/A	21,600,000
15	UNC/WIL23-3	N/A	12,150,000
16	UNC/WIL23-4	N/A	8,000,000
17	UNC/WCU23-1	N/A	95,300,000
18	UNC/WSS23-1	N/A	10,800,000
19	UNC/WSS23-2	N/A	16,000,000
20	UNC/WSS23-3	N/A	4,000,000
21	<u>UNC/WSS25-4</u>	<u>N/A</u>	<u>25,000,000</u>
22	<u>UNC/WSS25-5</u>	<u>N/A</u>	<u>14,000,000</u>
23	<u>UNC/WSS25-6</u>	<u>N/A</u>	<u>25,000,000</u>
24	UNC/BOG21-1	15,000,000	18,750,000
25	UNC/BOG23-1	N/A	210,000,000
26	UNC/BOG23-2	N/A	150,000,000
27	UNC/BOG23-3	N/A	319,746,392
28	UNC/PBS23-1	N/A	49,500,000
29	FLEX21	100,000,000	175,000,000
30	WRC/23-1	N/A	20,000,000
31	..."		

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.4. Section 40.2 of S.L. 2023-134 reads as rewritten:

"SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2023-2025 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
UNC/R&R21	280,503	250,000	200,000 210,000	200,000	200,000	200,000
R&R21	200,000	200,000	200,000 210,000	200,000	200,000	200,000
DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
DACS21-4	750	1,850	1,500	N/A	N/A	N/A
DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000

1	DACS23-9	N/A	N/A	750	N/A	N/A	N/A
2	DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
3	DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
4	DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
5	DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
6	<u>DACS25-15</u>	<u>N/A</u>	<u>N/A</u>	<u>1,500</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
7	<u>DACS25-16</u>	<u>N/A</u>	<u>N/A</u>	<u>2,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
8	<u>DACS25-17</u>	<u>N/A</u>	<u>N/A</u>	<u>1,000</u>	<u>1,250</u>	<u>N/A</u>	<u>N/A</u>
9	<u>DACS25-18</u>	<u>N/A</u>	<u>N/A</u>	<u>2,000</u>	<u>6,000</u>	<u>2,000</u>	<u>N/A</u>
10	<u>DACS25-19</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>750</u>	<u>2,750</u>	<u>N/A</u>
11	DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
12	<u>DEQ25-2</u>	<u>N/A</u>	<u>N/A</u>	<u>5,000</u>	<u>15,000</u>	<u>15,000</u>	<u>13,000</u>
13	<u>DEQ25-3</u>	<u>N/A</u>	<u>N/A</u>	<u>4,000</u>	<u>4,000</u>	<u>N/A</u>	<u>N/A</u>
14	<u>DEQ25-4</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>3,070.25</u>	<u>N/A</u>	<u>N/A</u>
15	<u>DEQ25-5</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2,878.615</u>	<u>N/A</u>	<u>N/A</u>
16	<u>DEQ25-6</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1,889.462</u>	<u>N/A</u>	<u>N/A</u>
17	<u>DEQ25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1,976.154</u>	<u>N/A</u>	<u>N/A</u>
18	<u>DEQ25-8</u>	<u>N/A</u>	<u>N/A</u>	<u>437.994</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
19	<u>DEQ25-9</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>125</u>	<u>N/A</u>	<u>N/A</u>
20	<u>DEQ25-10</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>400</u>	<u>N/A</u>	<u>N/A</u>
21	<u>DHHS25-5</u>	<u>N/A</u>	<u>N/A</u>	<u>10,000</u>	<u>10,000</u>	<u>N/A</u>	<u>N/A</u>
22	<u>DHHS25-6</u>	<u>N/A</u>	<u>N/A</u>	<u>4,668.701</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
23	<u>DHHS25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>17,630.46</u>	<u>17,630.46</u>	<u>N/A</u>	<u>N/A</u>
24	DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
25	DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
26	DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
27	<u>DNCR25-17</u>	<u>N/A</u>	<u>N/A</u>	<u>20,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
28	<u>DNCR25-18</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>10,662</u>	<u>N/A</u>	<u>N/A</u>
29	<u>DNCR25-19</u>	<u>N/A</u>	<u>N/A</u>	<u>1,650</u>	<u>7,500</u>	<u>N/A</u>	<u>N/A</u>
30	<u>DNCR25-20</u>	<u>N/A</u>	<u>N/A</u>	<u>4,400</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
31	<u>DNCR25-21</u>	<u>N/A</u>	<u>N/A</u>	<u>1,000</u>	<u>4,800</u>	<u>N/A</u>	<u>N/A</u>
32	<u>DNCR25-22</u>	<u>N/A</u>	<u>N/A</u>	<u>5,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
33	<u>DNCR25-23</u>	<u>N/A</u>	<u>N/A</u>	<u>2,630</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
34	<u>DNCR25-24</u>	<u>N/A</u>	<u>N/A</u>	<u>1,600</u>	<u>6,000</u>	<u>N/A</u>	<u>N/A</u>
35	DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
36	DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
37	DOA23-1	500	N/A	N/A 1,500	N/A 16,122	15,622	20,244 N/A
38	DOA23-2	2,900	800	800	N/A	N/A	N/A
39	DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
40	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
41	DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
42	<u>DOA25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>12,000</u>	<u>30,000</u>	<u>30,000</u>	<u>20,000</u>
43	<u>DOA25-8</u>	<u>N/A</u>	<u>N/A</u>	<u>8,746.96</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
44	<u>DOA25-9</u>	<u>N/A</u>	<u>N/A</u>	<u>1,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
45	<u>DOA25-10</u>	<u>N/A</u>	<u>N/A</u>	<u>1,400</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
46	DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
47	<u>DOI25-2</u>	<u>N/A</u>	<u>N/A</u>	<u>7,500</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
48	DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
49	DAC23-6	N/A	449	2,439	600	N/A	N/A
50	<u>DAC25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
51	<u>DAC25-8</u>	<u>N/A</u>	<u>N/A</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

1	<u>DAC25-9</u>	<u>N/A</u>	<u>N/A</u>	<u>50,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
2	<u>DAC25-10</u>	<u>N/A</u>	<u>N/A</u>	<u>12,480</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
3	DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
4	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A
5	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
6	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
7	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
8	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
9	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
10	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
11	<u>DPS25-1</u>	<u>N/A</u>	<u>N/A</u>	<u>27,100</u>	<u>9,120</u>	<u>N/A</u>	<u>N/A</u>
12	<u>DPS25-12</u>	<u>N/A</u>	<u>N/A</u>	<u>3,623</u>	<u>10,212.5</u>	<u>10,212.5</u>	<u>N/A</u>
13	<u>DPS25-13</u>	<u>N/A</u>	<u>N/A</u>	<u>1,070</u>	<u>2,984.5</u>	<u>2,984.5</u>	<u>N/A</u>
14	<u>DPS25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>2,802</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
15	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
16	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
17	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
18	NG23-5	N/A	N/A	800	4,000	3,200	N/A
19	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
20	<u>NG25-10</u>	<u>N/A</u>	<u>N/A</u>	<u>10,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
21	<u>NG25-11</u>	<u>N/A</u>	<u>N/A</u>	<u>600</u>	<u>6,000</u>	<u>N/A</u>	<u>N/A</u>
22	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
23	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
24	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
25	<u>NCGA25-4</u>	<u>N/A</u>	<u>N/A</u>	<u>11,300</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
26	<u>DMVA25-1</u>	<u>N/A</u>	<u>N/A</u>	<u>10,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
27	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
28	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
29	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
30	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
31	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
32	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
33	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
34	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
35	<u>UNC/CH25-3</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2,000</u>	<u>N/A</u>	<u>N/A</u>
36	<u>UNC/CH25-4</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>4,000</u>	<u>N/A</u>	<u>N/A</u>
37	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
38	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
39	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
40	<u>UNC/ECS25-5</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>5,000</u>	<u>N/A</u>	<u>N/A</u>
41	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
42	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
43	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
44	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
45	<u>UNC/ECU25-6</u>	<u>N/A</u>	<u>N/A</u>	<u>1,250</u>	<u>8,750</u>	<u>N/A</u>	<u>N/A</u>
46	<u>UNC/ECU25-7</u>	<u>N/A</u>	<u>N/A</u>	<u>1,500</u>	<u>N/A</u>	<u>5,102.8</u>	<u>8,397.2</u>
47	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
48	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
49	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
50	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
51	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825

1	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
2	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
3	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
4	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
5	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
6	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
7	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
8	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
9	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
10	<u>UNC/NCS25-8</u>	<u>N/A</u>	<u>N/A</u>	<u>25,048.753</u>	<u>74,957.88</u>	<u>79,993.367</u>	<u>N/A</u>
11	UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
12	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
13	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
14	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
15	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
16	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
17	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
18	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575
19	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
20	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
21	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
22	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
23	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
24	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
25	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
26	<u>UNC/WSS25-4</u>	<u>N/A</u>	<u>N/A</u>	<u>2,462.965</u>	<u>N/A</u>	<u>N/A</u>	<u>15,597.035</u>
27	<u>UNC/WSS25-5</u>	<u>N/A</u>	<u>N/A</u>	<u>1,000</u>	<u>N/A</u>	<u>N/A</u>	<u>8,000</u>
28	<u>UNC/WSS25-6</u>	<u>N/A</u>	<u>N/A</u>	<u>1,500</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
29	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
30	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
31	UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
32	UNC/PBS23-1	N/A	4,950	N/A	17,325	27,225	N/A
33	"						

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.5. 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:

Name of Project	Amount of Non-General Fund/Non-SCIF Funding Authorized	
	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	
Department of Agriculture and Consumer Services		
NC Forest Service Nursery Greenhouse	0	250,000
Department of Public Safety		
Alcoholic Beverage Control-		

1	ABC Warehouse Repairs	1,150,000	0
2	Wildlife Resources Commission		
3	Sykes Depot Greenhouse	331,600	0
4	D7 Storage Building	400,000	0
5	Caswell Shooting Range Renovation	3,850,000	0
6	Coastal Restoration and Resiliency	6,500,000	0
7	Ransom Road Depot	9,000,000	0
8	Land Acquisition	5,000,000	5,000,000
9	WRC Game Land Improvements	0	2,000,000
10	Butner Lab and Office Building	0	0
11	McKinney Lake Hatchery Building Replacement	1,300,000	0
12	Table Rock Hatchery Residence	0	640,000
13	WRC New Shooting Range	0	2,000,000
14	New Tillery Office Depot	0	1,500,000
15	Caswell Depot Expansion	100,000	0
16			
17	TOTAL AMOUNT OF NON-GENERAL		
18	FUND/NON-SCIF CAPITAL PROJECTS		
19	AUTHORIZED	\$33,526,600	\$13,290,000

PUBLIC SCHOOL BOND ACT OF 2025

SECTION 40.6.(a) Short Title. – This section may be cited as the "Public School Bond Act of 2025."

SECTION 40.6.(b) Purpose. – It is the intent of the General Assembly by this act to provide, subject to a vote of the qualified voters of the State, for the issuance of four billion (\$4,00,000,000) providing funds, with any other available funds, to invest in the State's public school facilities, without limitation, for construction, repair, renovation, and furnishing of new facilities in order to ensure that the people of North Carolina have access to high quality educational facilities.

SECTION 40.6.(c) Findings – The General Assembly also finds:

- (1) There is a documented need of over \$13 billion for the construction and renovation of Public School Facilities.
- (2) The State has prudently managed its finances.
- (3) The State has achieved the highest credit rating available by independent credit rating agencies.
- (4) The debt proposed by this Act is affordable and preferable to address the needs of the people of the State.
- (5) According to the Debt Affordability Advisory Committee, the State's General Fund has additional debt capacity of approximately \$9.96 billion in the 2025-2026 fiscal year.
- (6) With issuance of this bond, debt service would not exceed the 2024-2025 fiscal year level of \$466,138,169 until the 2030-2031 fiscal year and then decline again beginning in the 2032-2033 fiscal year.

SECTION 40.6.(d) Definitions. – The following definitions apply in this section unless the context otherwise requires:

- (1) Bonds. – Bonds issued under this section.
- (2) Cost. – The term includes all of the following:
 - a. The cost of constructing, reconstructing, renovating, repairing, enlarging, acquiring, and improving State capital facilities, including the acquisition of land, rights of way, easements, franchises, equipment, machinery, furnishings, and other interests in real or

- 1 personal property acquired or used in connection with a State capital
2 facility.
- 3 b. The cost of engineering, architectural, and other consulting services as
4 may be required.
- 5 c. Administrative expenses and charges.
- 6 d. The cost of providing personnel to ensure effective project
7 management.
- 8 e. The cost of bond insurance, investment contracts, credit enhancement
9 and liquidity facilities, interest rate swap agreements or other
10 derivative products, financial and legal consultants, and related costs
11 of bond and note issuance, to the extent and as determined by the State
12 Treasurer.
- 13 f. Finance charges, reserves for debt service, and other types of reserves
14 required pursuant to the terms of any bond or note or related
15 documents, interest before and during construction or acquisition of a
16 State capital facility and, if considered advisable by the State
17 Treasurer, for a period not exceeding two years after the estimated date
18 of completion of construction or acquisition.
- 19 g. The cost of bond insurance, investment contracts, credit enhancement
20 facilities and liquidity facilities, interest rate swap agreements or other
21 derivative products, financial and legal consultants, and related costs
22 of the incurrence or issuance of any bond or note.
- 23 h. The cost of reimbursing the State for any payments made for any cost
24 described in this subdivision.
- 25 i. Any other costs and expenses necessary or incidental to the purposes
26 of this section.
- 27 (3) Credit facility. – An agreement entered into by the State Treasurer on behalf
28 of the State with a bank, savings and loan association, or other banking
29 institution, an insurance company, reinsurance company, surety company or
30 other insurance institution, a corporation, investment banking firm, or other
31 investment institution, or any financial institution or other similar provider of
32 a credit facility, which provider may be located within or without the United
33 States, such agreement providing for prompt payment of all or any part of the
34 principal or purchase price (whether at maturity, presentment or tender for
35 purchase, redemption, or acceleration), redemption premium, if any, and
36 interest on any bonds or notes payable on demand or tender by the owner, in
37 consideration of the State agreeing to repay the provider of the credit facility
38 in accordance with the terms and provisions of such agreement.
- 39 (4) Notes. – Notes issued under this section.
- 40 (5) Par formula. – A provision or formula adopted by the State to provide for the
41 adjustment, from time to time, of the interest rate or rates borne by any bonds
42 or notes, including the following:
- 43 a. A provision providing for such adjustment so that the purchase price
44 of such bonds or notes in the open market would be as close to par as
45 possible.
- 46 b. A provision providing for such adjustment based upon a percentage or
47 percentages of a prime rate or base rate, which percentage or
48 percentages may vary or be applied for different periods of time.
- 49 c. Such other provision as the State Treasurer may determine to be
50 consistent with this act and will not materially and adversely affect the

financial position of the State and the marketing of bonds or notes at a reasonable interest cost to the State.

(6) State. – The State of North Carolina, including any State agency.

(7) State agency. – Any agency, institution, board, commission, bureau, council, department, division, officer, or employee of the State. The term does not include counties, municipal corporations, political subdivisions, local boards of education, or other local public bodies.

SECTION 40.6.(e) Authorization of Bonds and Notes. – Subject to a favorable vote of a majority of the qualified voters of the State who vote on the question of issuing public improvement bonds in the election called and held as provided in this section, the State Treasurer is hereby authorized, by and with the consent of the Council of State, to issue and sell, at one time or from time to time, general obligation bonds of the State to be designated "State of North Carolina Public Improvement Bonds," with any additional designations as may be determined to indicate the issuance of bonds from time to time, or notes of the State as provided in this section, in an aggregate principal amount not exceeding four billion dollars (\$4,000,000,000) for the purpose of providing funds, with any other available funds, for the purposes authorized in this section.

SECTION 40.6.(f) Pursuant to the provisions of part (e) of this section, no more than four hundred million dollars (\$400,000,000) of bonds shall be issued in the 2026-2027 fiscal year, and no more than eight hundred million dollars (\$800,000,000) shall be issued in the 2027-2028 fiscal year to ensure that debt service does not increase above the cost incurred in the 2024-2025 fiscal year.

SECTION 40.6.(g) Use of Public Improvement Bond and Note Proceeds. – (1) Subject to the provisions of subdivision (2) of this subsection, the proceeds of public improvement bonds and notes, including premium thereon, if any, shall be used for the projects in the following general amounts set forth below:

Public Instruction

Public Schools

Capital Assistance Program	New Schools, Additions, Renovations	\$4,000,000,000
Total for Public Instruction		\$4,000,000,000

(1b) Process for Allocating Funds from the Unforeseen Costs Reserve. – The Office of State Budget and Management (OSBM) shall set out the process for applying for funds from the Unforeseen Costs Reserve, together with the criteria for assessing such applications, in a Budget Memo. OSBM may allocate funds from the Unforeseen Costs Reserve only when it is satisfied that the conditions set out under these criteria have been met. Once agreed, funds may only be drawn down as needed, in line with project cashflow requirements.

(2) Special Allocation Provisions. – In determining the use of the proceeds of public improvement bonds and notes, including premium thereon, if any, set forth in subdivision (1) of this subsection, the following special allocation provisions apply:

a. The proceeds of public improvement bonds and notes, including premium thereon, if any, for public instruction for public schools capital assistance, as provided in subdivision (1) of this subsection, shall be allocated as follows:

1. One billion one hundred and fifty million (\$1,150,000,000) of such proceeds shall be allocated equally to each local education

- 1 agency (LEA). Each LEA shall receive a base payment of five
2 million dollars (\$10,000,000).
- 3 2. Two billion eight hundred fifty million (\$2,850,000,000) of
4 such proceeds shall be allocated among local school
5 administrative units on the basis of average daily membership
6 for the 2024-2025 fiscal year where the numerator is average
7 daily membership for the local administrative unit and the
8 denominator is the total average daily membership for the state
9 for the 2024-2025 fiscal year.
- 10 3. Any county receiving bond proceeds allocated shall provide
11 local matching funds from county funds, other non-State funds,
12 or a combination of these sources for such proceeds, unless
13 they are a county designated as a development tier one area.
14 The amount of matching funds shall be (i) one dollar (\$1.00)
15 of local matching funds for every two dollars (\$2.00) of such
16 proceeds for a local school administrative unit located in a
17 county that is a development tier two area, as defined in
18 G.S. 143B-437.08, and (iii) one dollar (\$1.00) of local
19 matching funds for every one dollar (\$1.00) of such proceeds
20 for a local school administrative unit located in a county that is
21 a development tier three area, as defined in G.S. 143B-437.08.
22 The match requirement may be satisfied by non-State
23 expenditures for public school facilities made on or after
24 January 1, 2021. If a debt has been incurred since January 1,
25 2021, for the general purpose of public school facilities, then
26 the face amount of the debt shall be considered as a non-State
27 expenditure for public school facilities for the purpose of the
28 match. No other expenditures made or debts incurred before
29 January 1, 2022, may be used to satisfy the match requirement.
30 As counties satisfy the match requirements of this subsection,
31 they shall document the extent to which they have done so in
32 periodic reports to the State Board of Education. These reports
33 shall include any information and documentation required by
34 the State Board of Education. The State Board of Education
35 shall certify to the State Treasurer from time to time the extent
36 to which the match requirements of this subsection have been
37 met with respect to each county. Bond proceeds shall be
38 distributed for expenditure only as, and to the extent, the
39 matching requirement of this section are satisfied, as certified
40 by the State Board of Education. The State Board of Education
41 shall also require counties to report annually on the impact of
42 funds provided under this act on the property tax rate for that
43 year. These reports shall be public documents and shall be
44 furnished to any citizen upon request. If the State Board of
45 Education determines that a county has not met the matching
46 requirement set forth in this subdivision by January 1, 2031,
47 the State Board of Education shall certify that fact to the State
48 Treasurer by March 1, 2031. The State Board of Education
49 shall reallocate unmatched funds in the following manner:
- 50 (i) Proceeds allocated under subdivision (1) shall be
51 reallocated to local administrative units receiving funds

- 1 under subdivision (1) for which the State Board of
2 Educated has certified matching funds.
- 3 (ii) Proceeds allocated under subdivision (2) shall be
4 reallocated to local administrative units receiving funds
5 under subdivision (2) for which the State Board of
6 Educated has certified matching funds.
- 7 4. A local school administrative unit that receives proceeds under
8 this section shall ensure that such proceeds are used:
- 9 (i) For acquisition of real property and construction,
10 acquisition, reconstruction, enlargement, renovation,
11 or replacement of buildings and other structures, and
- 12 (ii) To supplement local funds for public school capital
13 outlay projects and shall not decrease local funds for
14 those projects from one fiscal year to the next fiscal
15 year, as measured by the most recent five-year annual
16 average capital outlay expenditure.

17 **SECTION 40.6.(h) Allocation and Tracking of Proceeds. –**

- 18 (1) Public improvement bonds. – The proceeds of public improvement bonds and
19 notes, including premium thereon, if any, except the proceeds of bonds the
20 issuance of which has been anticipated by bond anticipation notes or the
21 proceeds of refunding bonds or notes, shall be placed by the State Treasurer
22 in a special fund to be designated "Public Improvement Bonds Fund," which
23 may include such appropriate special accounts therein as may be determined
24 by the State Treasurer and shall be disbursed as provided in this section.
25 Monies in the Public Improvement Bonds Fund shall be allocated and
26 expended as provided in this section.

27 Any additional monies that may be received by means of a grant or grants
28 from the United States of America or any agency or department thereof or
29 from any other source for deposit to the Public Improvement Bonds Fund may
30 be placed in the Public Improvement Bonds Fund or in a separate account or
31 fund and shall be disbursed, to the extent permitted by the terms of the grant
32 or grants, without regard to any limitations imposed by this section.

33 Monies in the Public Improvement Bonds Fund or any separate account
34 established under this section may be invested from time to time by the State
35 Treasurer in the same manner permitted for investment of monies belonging
36 to the State or held in the State treasury, except with respect to grant money
37 to the extent otherwise directed by the terms of the grant. Investment earnings,
38 except investment earnings with respect to grant monies to the extent
39 otherwise directed or restricted by the terms of the grant, may be (i) credited
40 to the Public Improvement Bonds Fund, (ii) used to pay debt service on the
41 bonds authorized by this section, (iii) used to satisfy compliance with
42 applicable requirements of the federal tax law, or (iv) transferred to the
43 General Fund of the State.

44 The proceeds of public improvement bonds and notes, including premium
45 thereon, if any, may be used with any other monies made available by the
46 General Assembly for funding the projects authorized by this section,
47 including the proceeds of any other State bond issues, whether heretofore
48 made available or that may be made available at the session of the General
49 Assembly at which this section is ratified or any subsequent sessions. The
50 proceeds of public improvement bonds and notes, including premium thereon,
51 if any, shall be expended and disbursed under the direction and supervision of

the Director of the Budget. The funds provided by this section shall be disbursed for the purposes provided in this section upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the State Budget Act, Chapter 143C of the General Statutes.

(2) Tracking of bond proceeds. – The State Treasurer or the State Treasurer's designee is hereby authorized and directed to set up a comprehensive system of tracking the proceeds of the public improvement bonds and notes, including premium thereon, if any, to the extent necessary to enable the State Treasurer or the State Treasurer's designee to properly account for the use of such proceeds for compliance with applicable requirements of the federal tax law or otherwise. All recipients of such proceeds shall comply with any tracking system implemented by the State Treasurer or the State Treasurer's designee for this purpose. The State Treasurer may withhold such proceeds from any State agency or department not complying with this subdivision.

(3) Costs. – Allocations to the costs of a capital improvement or undertaking in each case may include allocations to pay the costs set forth in subdivisions c. through g. of subdivision (2) of subsection (d) of this section in connection with the issuance of bonds for that capital improvement or undertaking.

SECTION 40.6.(i) Election. – The question of the issuance of the bonds authorized by this section shall be submitted to the qualified voters of the State at a Statewide election to be held in November of 2025. Any other primary, election, or referendum validly called or scheduled by law at the time the election on the bond question provided for in this subsection is held may be held as called or scheduled. Notice of the election shall be given in the manner and at the times required by G.S. 163-33(8). The election and the registration of voters therefore shall be held under and in accordance with the general laws of the State.

Ballots, voting systems authorized by Article 14A of Chapter 163 of the General Statutes, or both may be used in accordance with rules prescribed by the State Board of Elections. The bond question to be used in the ballots or voting systems shall be in substantially the following form:

"[] FOR [] AGAINST

Authorize the issuance of four billion dollars (\$4,000,000,000) in public school bonds, plus interest, to pay the cost of constructing and renovating public school buildings, secured by a pledge of the faith and credit and taxing power of the State." If a majority of those voting on the bond question in the election vote in favor of the issuance of the bonds described in the question, those bonds may be issued as provided in this section. If a majority of those voting on a bond question in the election do not vote in favor of the issuance of the bonds described in the question, those bonds shall not be issued. The results of the election shall be canvassed and declared as provided by law for elections for State officers; the results of the election shall be certified by the State Board of Elections to the Secretary of State in the manner and at the time provided by the general election laws of the State."

SECTION 40.6.(j) Issuance of Bonds and Notes. –

(1) Terms and conditions. – Bonds or notes may bear a date or dates, may be serial or term bonds or notes, or any combination thereof, may mature in such amounts and at such time or times, not exceeding 40 years from their date or dates, may be payable at such place or places, either within or without the United States of America, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, may bear interest at such rate or rates, which may vary from time to time, and may be made redeemable before maturity, at the option of

the State or otherwise as may be provided by the State, at such price or prices, including a price less than or greater than the face amount of the bonds or notes, and under such terms and conditions, all as may be determined by the State Treasurer, by and with the consent of the Council of State.

(2) Signatures; form and denomination; registration. – Bonds or notes may be issued in certificated or uncertificated form. If issued in certificated form, bonds or notes shall be signed on behalf of the State by the Governor or shall bear the Governor's facsimile signature, shall be signed by the State Treasurer or shall bear the State Treasurer's facsimile signature, and shall bear the Great Seal of the State, or a facsimile of the Seal shall be impressed or imprinted thereon. If bonds or notes bear the facsimile signatures of the Governor and the State Treasurer, the bonds or notes shall also bear a manual signature which may be that of a bond registrar, trustee, paying agent, or designated assistant of the State Treasurer. Should any officer whose signature or facsimile signature appears on bonds or notes cease to be such officer before the delivery of the bonds or notes, the signature or facsimile signature shall nevertheless have the same validity for all purposes as if the officer had remained in office until delivery. Bonds or notes may bear the facsimile signatures of persons, who at the actual time of the execution of the bonds or notes shall be the proper officers to sign any bond or note, although at the date of the bond or note such persons may not have been such officers. The form and denomination of bonds or notes, including the provisions with respect to registration of the bonds or notes and any system for their registration, shall be as the State Treasurer may determine in conformity with this section.

(3) Manner of sale; expenses. – Subject to the approval by the Council of State as to the manner in which bonds or notes shall be offered for sale, whether at public or private sale, whether within or without the United States, and whether by publishing notices in certain newspapers and financial journals, mailing notices, inviting bids by correspondence, negotiating contracts of purchase, or otherwise, the State Treasurer is authorized to sell bonds or notes at one time or from time to time at any rates of interest, which may vary from time to time, and at any prices, including a price less than or greater than the face amount of the bonds or notes, as the State Treasurer may determine. All expenses incurred in the preparation, sale, and issuance of bonds or notes shall be paid by the State Treasurer from the proceeds of bonds or notes or other available moneys.

(4) Notes; repayment. –

a. By and with the consent of the Council of State, the State Treasurer is hereby authorized to borrow money and to execute and issue notes of the State for the same, but only in the following circumstances and under the following conditions:

1. For anticipating the sale of bonds, the issuance of which the Council of State has approved, if the State Treasurer considers it advisable to postpone the issuance of the bonds;
2. For the payment of interest on or any installment of principal of any bonds then outstanding, if there are not sufficient funds in the State treasury with which to pay the interest or installment of principal as they respectively become due;
3. For the renewal of any loan evidenced by notes authorized in this section;
4. For the purposes authorized in this section; and

5. For refunding bonds or notes as authorized in this section.
- b. Funds derived from the sale of bonds or notes may be used in the payment of any bond anticipation notes issued under this section. Funds provided by the General Assembly for the payment of interest on or principal of bonds shall be used in paying the interest on or principal of any notes and any renewals thereof, the proceeds of which shall have been used in paying interest on or principal of the bonds.
- (5) Refunding bonds and notes. – By and with the consent of the Council of State, the State Treasurer is authorized to issue and sell refunding bonds and notes pursuant to the provisions of the State Refunding Bond Act for the purpose of refunding bonds or notes issued pursuant to this section. The refunding bonds and notes may be combined with any other issues of State bonds and notes similarly secured. Refunding bonds or notes may be issued at any time prior to the final maturity of the debt obligation to be refunded. The proceeds from the sale of any refunding bonds or notes shall be applied to the immediate payment and retirement of the bonds or notes being refunded or, if not required for the immediate payment of the bonds or notes being refunded, the proceeds shall be deposited in trust to provide for the payment and retirement of the bonds or notes being refunded and to pay any expenses incurred in connection with the refunding. Money in a trust fund may be invested in (i) direct obligations of the United States government, (ii) obligations the principal of and interest on which are guaranteed by the United States government, (iii) obligations of any agency or instrumentality of the United States government if the timely payment of principal and interest on the obligations is unconditionally guaranteed by the United States government, or (iv) certificates of deposit issued by a bank or trust company located in the State if the certificates are secured by a pledge of any of the obligations described in (i), (ii), or (iii) above having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured. This section does not limit the duration of any deposit in trust for the retirement of bonds or notes being refunded but that have not matured and are not presently redeemable, or if presently redeemable, have not been called for redemption.
- (6) Tax exemption. – Bonds and notes shall at all times be free from taxation by the State or any political subdivision or any of their agencies, excepting estate, inheritance, or gift taxes, income taxes on the gain from the transfer of bonds or notes, and franchise taxes. The interest on bonds or notes is not subject to taxation as income.
- (7) Investment eligibility. – Bonds and notes are securities in which all of the following may invest, including capital in their control or belonging to them: public officers, agencies, and public bodies of the State and its political subdivisions, all insurance companies, trust companies, investment companies, banks, savings banks, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees, and other fiduciaries. Bonds and notes are hereby made securities which may properly and legally be deposited with and received by any officer or agency of the State or political subdivision of the State for any purpose for which the deposit of bonds, notes, or obligations of the State or any political subdivision is now or may hereafter be authorized by law.

(8) Faith and credit. – The faith and credit and taxing power of the State are hereby pledged for the payment of the principal of and the interest on bonds and notes. The State expressly reserves the right to amend any provision of this section to the extent it does not impair any contractual right of a bond owner.

(9) Other agreements. – The State Treasurer may authorize, execute, obtain, or otherwise provide for bond insurance, investment contracts, credit and liquidity facilities, interstate swap agreements and other derivative products, and any other related instruments and matters the State Treasurer determines are desirable in connection with issuance, incurrence, carrying, or securing of bonds or notes. The State Treasurer is authorized to employ and designate any financial consultants, underwriters, and bond attorneys to be associated with any bond or note issue under this section as the State Treasurer considers necessary.

SECTION 40.6.(k) Variable Rate Demand Bonds and Notes. – In fixing the details of bonds and notes, the State Treasurer may provide that any of the bonds or notes may:

- (1) Be made payable from time to time on demand or tender for purchase by the owner, if a credit facility supports the bonds or notes, unless the State Treasurer specifically determines that a credit facility is not required upon a finding and determination by the State Treasurer that the absence of a credit facility will not materially and adversely affect the financial position of the State and the marketing of the bonds or notes at a reasonable interest cost to the State;
- (2) Be additionally supported by a credit facility;
- (3) Be made subject to redemption or a mandatory tender for purchase prior to maturity;
- (4) Bear interest at a rate or rates that may vary for any period of time, as may be provided in the proceedings providing for the issuance of the bonds or notes, including, without limitation, such variations as may be permitted pursuant to a par formula; and
- (5) Be made the subject of a remarketing agreement whereby an attempt is made to remarket bonds or notes to new purchasers prior to their presentment for payment to the provider of the credit facility or to the State.

If the aggregate principal amount payable by the State under a credit facility is in excess of the aggregate principal amount of bonds or notes secured by the credit facility, whether as a result of the inclusion in the credit facility of a provision for the payment of interest for a limited period of time or the payment of a redemption premium or for any other reason, then the amount of authorized but unissued bonds or notes during the term of such credit facility shall not be less than the amount of such excess, unless the payment of such excess is otherwise provided for by agreement of the State executed by the State Treasurer.

SECTION 40.6.(l) Interpretation of Section. –

- (1) Additional method. – The foregoing subsections of this section shall be deemed to provide an additional and alternative method for the doing of the things authorized under it and shall be regarded as supplemental and additional to powers conferred by other laws and shall not be regarded as in derogation of any powers now existing.
- (2) Statutory references. – References in this section to specific sections or Chapters of the General Statutes or to specific acts are intended to be references to such sections, Chapters, or acts as they may be amended from time to time by the General Assembly.

- (3) Broad construction. – This section, being necessary for the health and welfare of the people of the State, shall be broadly construed to effect the purposes thereof.
- (4) Inconsistent provisions. – Insofar as the provisions of this section are inconsistent with the provisions of any general, special, or local laws, or parts thereof, the provisions of this section shall be controlling.
- (5) Severability. – If any provision of this section or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the section which can be given effect without the invalid provision or application, and to this end the provisions of this section are declared to be severable.

SECTION 40.6.(m) This section is effective when it becomes law.

UNC REPAIR AND RENOVATION PROGRAM

SECTION 40.7. The Board of Governors of The University of North Carolina shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in subsection 40.1.(d) of S.L. 2021-180. The cost for any single repair and renovation project other than those specifically listed in Section 40.1.(d) of S.L. 2021-180 shall not exceed fifteen million dollars (\$15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b) or to projects listed in subsection 40.1.(d) of S.L. 2021-180; provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution. The provisions of G.S. 143C-8-13(b)(4), as enacted by Section 40.10(b) of this act, shall not apply to the projects listed in subsection 40.1.(d) of S.L. 2021-180. The Board of Governors shall report actions taken under G.S. 143C-8-13(b)(4) to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Oversight Committee on Capital Improvements.

PART XLI. TRANSPORTATION

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 41.1.(a) Subsections (b) and (c) of Section 41.1 of S.L. 2023-134 are repealed.

SECTION 41.1.(b) The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2027-2028	\$ 3,399 million
For Fiscal Year 2028-2029	\$ 3,553 million
For Fiscal Year 2029-2030	\$ 3,612 million
For Fiscal Year 2030-2031	\$ 3,666 million
For Fiscal Year 2031-2032	\$ 3,723 million.

SECTION 41.1.(c) The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2027-2028	\$ 2,614 million
For Fiscal Year 2028-2029	\$ 2,685 million
For Fiscal Year 2029-2030	\$ 2,738 million
For Fiscal Year 2030-2031	\$ 2,780 million
For Fiscal Year 2031-2032	\$ 2,853 million.

SECTION 41.1.(d) The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash

flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

CAPITAL, REPAIRS, AND RENOVATIONS

SECTION 41.2.(a) For the 2023-2025 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Department of Transportation for capital, repairs, and renovations shall be used as follows:

Capital – Highway Fund

	FY 2025-26	FY 2026-27
Jones County Maintenance Yard Relocation	\$3,143,356	\$18,541,168
Wake County Maintenance Yard Relocation	\$3,569,383	\$29,252,105

SECTION 41.2.(b) The Governor and General Assembly anticipate appropriating the following additional funds in the 2027-28 fiscal year to complete the projects set out in subsection (a) of this section:

Capital – Highway Fund

	FY 2027-28
Jones County Maintenance Yard	\$6,650,000;
Wake County Maintenance Yard	\$14,100,000.

FERRY CAPITAL SPECIAL FUND

SECTION 41.3. G.S. 136.82 reads as rewritten:

"...

(c2) Ferry Capital Special Fund. – The Ferry Capital Special Fund is established as a special fund separate from the Highway Fund within the Department of Transportation, to fund ferry vessel replacement projects, ferry facilities and other ferry capital projects.

(d) Use of Toll Proceeds. – The Department of Transportation shall deposit the proceeds from tolls collected on North Carolina Ferry System routes and route-generated receipts authorized under subsection (f) of this section to fund codes within the Ferry Capital Special Fund for each of the Highway Divisions in which system terminals are located and fares are earned. For the purposes of this subsection, fares are earned based on the terminals from which a passenger trip originates and terminates. Commuter pass receipts shall be deposited proportionately to each fund code based on the distribution of trips originating and terminating in each Highway Division. The proceeds deposited to each fund code shall be used exclusively for prioritized North Carolina Ferry System ferry passenger vessel replacement projects or related facilities or buildings in the Division in which the proceeds are earned. Proceeds may be used to fund ferry passenger vessel replacement projects or supplement funds allocated for ferry passenger vessel replacement projects approved in the Transportation Improvement Program.

...."

AMEND SAFETY INSPECTION FEE

SECTION 41.4. G.S. 20-183.7 reads as rewritten:

"§ 20-183.7. Fees for performing an inspection and issuing an electronic inspection authorization to a vehicle; use of civil penalties.

(a) Fee Amount. – When a fee applies to an inspection of a vehicle or the issuance of an electronic inspection authorization, the fee must be collected. The following fees apply to an inspection of a vehicle and the issuance of an electronic inspection authorization:

<u>Type</u>	<u>Inspection</u>	<u>Authorization</u>
-------------	-------------------	----------------------

1	Safety Only	\$12.75	\$1.85 \$2.00
2	Emissions and Safety	23.75	6.25.

3 The fee for performing an inspection of a vehicle applies when an inspection is performed,
4 regardless of whether the vehicle passes the inspection. The fee for an electronic inspection
5 authorization applies when an electronic inspection authorization is issued to a vehicle. The fee
6 for inspecting after-factory tinted windows shall be ten dollars (\$10.00), and the fee applies only
7 to an inspection performed with a light meter after a safety inspection mechanic determined that
8 the window had after-factory tint. A safety inspection mechanic shall not inspect an after-factory
9 tinted window of a vehicle for which the Division has issued a medical exception permit pursuant
10 to G.S. 20-127(f).

11 A vehicle that is inspected at an inspection station and fails the inspection is entitled to be
12 reinspected at the same station at any time within 60 days of the failed inspection without paying
13 another inspection fee.

14 The inspection fee for an emissions and safety inspection set out in this subsection is the
15 maximum amount that an inspection station or an inspection mechanic may charge for an
16 emissions and safety inspection of a vehicle. An inspection station or an inspection mechanic
17 may charge the maximum amount or any lesser amount for an emissions and safety inspection
18 of a vehicle. The inspection fee for a safety only inspection set out in this subsection may not be
19 increased or decreased. The authorization fees set out in this subsection may not be increased or
20 decreased.

21 (b) Self-Inspector. – The fee for an inspection does not apply to an inspection performed
22 by a self-inspector. The fee for issuing an electronic inspection authorization to a vehicle applies
23 to an inspection performed by a self-inspector.

24 (c) Fee Distribution. – Fees collected for electronic inspection authorizations are payable
25 to the Division of Motor Vehicles. The amount of each fee listed in the table below shall be
26 credited to the Highway Fund, the Volunteer Rescue/EMS Fund established in G.S. 58-87-5, the
27 Rescue Squad Workers' Relief Fund established in G.S. 58-88-5, and the Division of Air Quality
28 of the Department of Environmental Quality:

29 <u>Recipient</u>	30 <u>Safety Only</u> 31 <u>Electronic</u> 32 <u>Authorization</u>	33 <u>Emissions and</u> 34 <u>Safety</u> 35 <u>Electronic</u> 36 <u>Authorization</u>
34 Highway Fund	.55 1.43	5.30
35 Volunteer Rescue/EMS Fund	.18	.18
36 Rescue Squad Workers' Relief Fund	.12	.12
37 Division of Air Quality	.00 .27	.65
38"		

40 PART XLII. FINANCE PROVISIONS

42 MAINTAIN PERSONAL INCOME TAX RATE

43 **SECTION 42.1.(a)** G.S. 105-153.7(a) reads as rewritten:

44 "§ 105-153.7. Individual income tax imposed.

45 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income
46 of every individual. The tax shall be levied, collected, and paid annually. ~~Except as otherwise~~
47 ~~provided in subsection (a1) of this section, t~~The tax is a percentage of the taxpayer's North
48 Carolina taxable income computed as follows:

49 Taxable Years Beginning	Tax
50 In 2022	4.99%
51 In 2023	4.75%

In 2024	4.5%
In 2025 After 2024	4.25% 4.25%.
After 2025	3.99%."

SECTION 42.1.(b) G.S. 105-153.7.(a1) is repealed.

SECTION 42.1.(c) This section is effective for taxable years beginning on or after January 1, 2025."

MAINTAIN COMPETITIVE CORPORATE INCOME TAX RATE

SECTION 42.2.(a) G.S. 105-130.3 reads as rewritten:

"§ 105-130.3. Corporations

A tax is imposed on the State net income of every C Corporation doing business in this State.

An S Corporation is not subject to the tax levied in this section. The tax is ~~a percentage of the~~ equal to 2.25% the taxpayer's State net income ~~income~~. computed as follows:

Taxable Years Beginning	Tax
In 2025	2.25%
In 2026	2%
In 2028	1%
After 2029	0%."

SECTION 42.2.(b) This section is effective for taxable years beginning on or after January 1, 2025."

ENACT BACK TO SCHOOL SALES AND USE TAX HOLIDAY

SECTION 42.3(a) Part 3 of Article 5 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-164.13G. Educational sales and use tax holiday.

(a) The state and local taxes imposed by this Article do not apply to the following items of tangible personal property if sold between 12:01 AM on the first Friday of August and the 11:59PM the following Sunday:

- (1) Clothing with a sales price of one hundred dollars (\$100.00) or less per item.
- (2) School supplies with a sales price of one hundred dollars (\$100.00) or less per item.
- (3) Computers with a sales price of seven hundred and fifty dollars (\$750) or less per item.
- (3a) Computer supplies with a sales price of two hundred fifty dollars (\$250.00) or less per item.

(b) The exemption allowed by this section does not apply to the following:

- (1) Sales of clothing accessories or equipment.
- (2) Sales of protective equipment.
- (3) Sales of furniture.
- (4) Sales of an item for use in a trade or business.
- (5) Rentals.

(c) Hold Harmless. – The purpose of this section is to hold county and municipal governments harmless for the revenue losses resulting from the sales tax holiday established in this section (a) of this section. The amount each county may receive is determined as follows:

- (1) Distribution Amount. – The distribution amount is nine million three hundred thousand (\$9,300,000) for the fiscal year beginning July 1, 2025. For fiscal years beginning on or after July 1, 2026, the distribution amount is equal to the amount for the preceding year multiplied by 3.5% and rounded to the nearest one hundred thousand dollars (\$100,000).
- (2) County Allocation. – The Secretary shall, in October of each fiscal year, allocate to each taxing county the distribution amount on a per capita basis as

calculated in G.S. 105-486(a). For the purposes of this section, "taxing county" means a county that levies the first one-half cent (1/2¢) local sales and use tax under Article 40 of this Chapter."

SECTION 42.3(b) This section is effective for fiscal years beginning on or after July 1, 2025."

ENACT WORKING FAMILIES TAX CREDIT

SECTION 42.4(a) G.S. 105-151.31 is reenacted as it existed immediately before its expiration and reads as rewritten:

"§ 105-151.31. ~~Earned Income~~Working Families Tax Credit.

(a) Credit. An individual who claims for the taxable year an earned income tax credit under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to a ~~percentage twenty percent (20%)~~ of the amount of credit the individual qualified for under section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105 134.5(b) or (c), as appropriate. ~~The percentage is as follows:~~

(1) ~~For taxable year 2013, four and one-half percent (4.5%).~~

(2) ~~For all other taxable years, five percent (5%).~~

(b) Credit Refundable. If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section. In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits."

SECTION 42.4(b) Section (c) of G.S. 105-151.31 is repealed.

SECTION 42.4(c) This section is effective for taxable years beginning on or after January 1, 2025."

REPLACE CHILD TAX DEDUCTION WITH A REFUNDABLE CHILD CREDIT

SECTION 42.5(a) Section (a1) of G.S. 105-153.5 is repealed.

SECTION 42.5.(b) G.S. 105-153.10 is reenacted as it existed immediately before its expiration and reads as rewritten:

"§ 105-153.10. Credit for children.

(a) Credit. ~~—A taxpayer who is allowed a federal child tax credit under section 24 of the Code for the taxable year is allowed a credit against the tax imposed by this Part for each dependent child for whom the taxpayer is allowed the federal credit. A taxpayer is allowed a credit against the tax imposed by this Part for each qualifying child of the taxpayer. A "qualifying child" is defined by section 152(c) of the Code. The amount of credit allowed under this section for the taxable year is equal to the amount listed in the table below based on the taxpayer's adjusted gross income, as calculated under the Code:~~

Filing Status	Agi	Credit Amount
Married, filing jointly/ surviving spouse	Up to \$40,000	\$125.00 <u>\$150</u>
	Over \$40,000	
	Up to \$60,000	<u>125</u>
	Over \$60,000	
	Up to \$80,000	<u>100</u>
	Over \$80,000	
	Up to \$100,000	\$100.00 <u>75</u>
	Over \$100,000	<u>0</u>
	Up to \$120,000	<u>50</u>

1		Over \$120,000	
2		Up to \$140,000	25
3		Over \$140,000	0
4	Head of Household	Up to \$30,000 \$32,000	\$125.00 \$150
5		Over \$30,000 \$32,000	
6		Up to \$45,000	125
7		Over \$45,000	
8		Up to \$60,000	100
9		Over \$60,000	
10		Up to \$80,000 \$75,000	\$100.00 75
11		Over \$80,000 \$75,000	0
12		Up to \$90,000	50
13		Over \$90,000	
14		Up to \$105,000	25
15		Over \$105,000	0
16	Single	Up to \$20,000	\$125.00 \$150
17		Over \$20,000	
18		Up to \$30,000	125
19		Over \$30,000	
20		Up to \$40,000	100
21		Over \$40,000	
22		Up to \$50,000	\$100.00 75
23		Over \$50,000	0
24		Up to \$60,000	50
25		Over \$60,000	
26		Up to \$70,000	25
27		Over \$70,000	0
28	Married, filing separately	Up to \$20,000	\$125.00 \$150
29		Over \$20,000	
30		Up to \$30,000	125
31		Over \$30,000	
32		Up to \$40,000	100
33		Over \$40,000	
34		Up to \$50,000	\$100.00 75
35		Over \$50,000	0
36		Up to \$60,000	50
37		Over \$60,000	
38		Up to \$70,000	25
39		Over \$70,000	0.

(b) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. ~~The credit allowed under this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowed, except payments of tax made by or on behalf of the taxpayer.~~ G.S. 105-153.4. Married individuals qualifying for a credit under this section who file separate returns may not collectively claim more than the maximum credit allowed under a joint return.

(c) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. In

computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits."

SECTION 42.5.(c) This section is effective for taxable years beginning on or after January 1, 2025."

REENACT MODIFIED CHILD AND DEPENDENT CARE TAX CREDIT

SECTION 42.6.(a) G.S. 105-151.11 is reenacted as it existed immediately before its expiration, is recodified as G.S. 105-153.11, and reads as rewritten:

"§ 105-151.11. Credit for child care and certain employment-related expenses.

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Part an amount equal to ~~the applicable percentage~~ 50% of the amount of the credit provided for in Section 21 of the ~~Code~~ Code, except as reduced by the percentage reduction in subsection (c), which is claimed and allowed pursuant to the Internal Revenue Code. To claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary of Revenue.

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

Filing Status	Adjusted Gross Income	Percentage A	Percentage B
Head of Household	Up to \$20,000	9%	13%
	Over \$20,000 up to \$32,000	8%	11.5%
	Over \$32,000	7%	10%
Surviving Spouse or Joint Return	Up to \$25,000	9%	13%
	Over \$25,000 up to \$40,000	8%	11.5%
	Over \$40,000	7%	10%
Single	Up to \$15,000	9%	13%
	Over \$15,000 up to \$24,000	8%	11.5%
	Over \$24,000	7%	10%
Married Filing Separately	Up to \$12,500	9%	13%

Over \$12,500		
up to \$20,000	8%	11.5%
Over \$20,000	10%	

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

(c) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed below, rounded to the nearest percentage point, based on the taxpayer's adjusted gross income as calculated under the Code:

<u>Filing Status</u>	<u>For AGI Exceeding</u>	<u>Percentage Reduction</u>
<u>Married, filing jointly</u>	<u>\$150,000</u>	<u>The lesser of 100% or</u> <u>$[(\text{Taxpayer's AGI} - \\$150,000) / \\$50,000]$</u>
<u>Head of Household</u>	<u>\$112,500</u>	<u>The lesser of 100% or</u> <u>$[(\text{Taxpayer's AGI} - \\$112,500) / \\$37,500]$</u>
<u>Single or Married,</u>		<u>The lesser of 100% or</u>
<u>Filing Separately</u>	<u>\$75,000</u>	<u>$[(\text{Taxpayer's AGI} - \\$75,000) / \\$25,000]$</u>

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

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

SECTION 42.6.(b) This section is effective for taxable years beginning on or after January 1, 2025.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. 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.

MOST TEXT APPLIES ONLY TO THE 2025-2027 FISCAL BIENNIUM

SECTION 43.2. 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.

EFFECT OF HEADINGS

SECTION 43.3. 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 43.4. 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 43.5. Except as otherwise provided, this act becomes effective July 1, 2025.