

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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SENATE BILL 960

Short Title: Modernized Children with Disabilities Funding. (Public)

Sponsors: Senator Grafstein (Primary Sponsor).

Referred to: Rules and Operations of the Senate

May 4, 2026

A BILL TO BE ENTITLED

AN ACT TO RAISE THE CAP ON THE MAXIMUM PERCENTAGE OF STUDENTS FOR WHICH A PUBLIC SCHOOL UNIT CAN RECEIVE FUNDS, TO PROVIDE ADDITIONAL SUPPORT FOR HIGH-COST DISABILITIES, AND TO APPROPRIATE FUNDS FOR THOSE PURPOSES.

Whereas, North Carolina public schools are required under federal law through the Individuals with Disabilities Education Act (IDEA) to provide appropriate educational services to all eligible students with disabilities; and

Whereas, the current State funding formula for Exceptional Children services caps funding at 13% of a school district's Average Daily Membership (ADM); and

Whereas, many North Carolina school districts now serve a higher percentage of students with disabilities than the current funding cap reflects; and

Whereas, when State funding does not align with the number of students requiring services, school districts must redirect funds from general classroom instruction to meet federally mandated special education obligations; Now, therefore,

The General Assembly of North Carolina enacts:

SECTION 1.(a) 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~~ sixteen percent ~~(13%)~~ (16%) of its allotted average daily membership in the local school administrative unit for the current school year."

SECTION 1.(b) There is appropriated from the General Fund to the Department of Public Instruction the sum of eighty-two million eight hundred thousand dollars (\$82,800,000) in recurring funds beginning with the 2026-2027 fiscal year for funding for children with disabilities.

SECTION 2.(a) Part 1F of Article 9 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-111.11. High-Cost Disabilities Support Fund.

(a) The Department of Public Instruction shall maintain a High-Cost Disabilities Support Fund (HCDSF) to be used to provide funds to local school administrative units and charter schools for the extraordinary costs associated with educating children with disabilities who require intensive and specialized services. The Department shall allocate funds for the following purposes:



- 1 (1) To provide additional State reimbursement for students whose special
2 education services exceed a cost threshold determined by the State Board of
3 Education.
- 4 (2) To help districts support students with complex needs while maintaining
5 stability in local budgets.
- 6 (3) To ensure that districts do not incur undue financial hardship for serving
7 students requiring the most intensive services.

8 (b) The State Board of Education shall adopt rules governing the use of funds from the
9 HCDSF consistent with the requirements of this section, including at least the following:

- 10 (1) Eligibility to receive funds.
- 11 (2) Reimbursement thresholds for specific uses of funds.
- 12 (3) Reporting requirements for uses of funds."

13 **SECTION 2.(b)** There is appropriated from the General Fund to the Department of
14 Public Instruction the sum of fifteen million dollars (\$15,000,000) in recurring funds beginning
15 with the 2026-2027 fiscal year to be used for the purposes set out in G.S. 115C-111.11, as enacted
16 by this act.

17 **SECTION 3.** This act becomes effective July 1, 2026, and applies to funds allocated
18 for children with disabilities beginning with the 2026-2027 school year.